

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

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

*The Notes will NOT be "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.*

**\$12,000,000**

**PORT BYRON CENTRAL SCHOOL DISTRICT  
CAYUGA AND WAYNE COUNTIES, NEW YORK**

**GENERAL OBLIGATIONS**

**\$12,000,000 Bond Anticipation Notes, 2024 Series B**  
(Referred to herein as the "Notes")

**Dated: July 25, 2024**

**Due: July 17, 2025**

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

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

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

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinion as to the validity of the Notes of WJ Marquardt PLLC, Bond Counsel, Skaneateles, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or at such place as may be agreed upon with the purchaser(s) on or about July 25, 2024.

**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com) on July 11, 2024 by no later than 11:00 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

July 2, 2024

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

# PORT BYRON CENTRAL SCHOOL DISTRICT CAYUGA AND WAYNE COUNTIES, NEW YORK

## SCHOOL DISTRICT OFFICIALS

### 2024-2025 BOARD OF EDUCATION

MELINDA QUANBECK  
President



DR. PAUL RYAN  
Vice President

CHRISTOPHER RECCKIO  
PETER V. SVITAVSKY  
JOSEPH VERDI  
TODD DELANEY  
BENJAMIN VITALE

\* \* \* \* \*

## ADMINISTRATION

MIKE JORGENSEN  
Superintendent of Schools

MITCHELL TOLESON  
Assistant Superintendent for Business and Finance

JULIE PODOLAK  
Treasurer

JANET TAMILIO  
District Clerk

FERRARA FIORENZA P.C.  
School District Attorney



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

**WJ MARQUARDT** PLLC  
Bond Counsel

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

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
<b>NATURE OF OBLIGATION .....</b>	<b>1</b>	<b>SPECIAL PROVISIONS AFFECTING</b>	
<b>THE NOTES .....</b>	<b>2</b>	<b>REMEDIES UPON DEFAULT .....</b>	<b>27</b>
Description of the Notes.....	2	<b>MARKET AND RISK FACTORS.....</b>	<b>28</b>
No Optional Redemption.....	3	COVID-19.....	29
Purpose of Issue .....	3	Cybersecurity .....	29
<b>BOOK-ENTRY-ONLY SYSTEM .....</b>	<b>3</b>	<b>TAX MATTERS .....</b>	<b>29</b>
Certificated Notes.....	5	<b>LEGAL MATTERS.....</b>	<b>30</b>
<b>THE SCHOOL DISTRICT .....</b>	<b>5</b>	<b>LITIGATION.....</b>	<b>30</b>
General Information .....	5	<b>RATINGS .....</b>	<b>30</b>
District Population .....	5	<b>CONTINUING DISCLOSURE.....</b>	<b>31</b>
Recent Economic Developments.....	6	Historical Continuing Disclosure Compliance.....	31
Five Largest Employers.....	6	<b>MUNICIPAL ADVISOR.....</b>	<b>31</b>
Selected Wealth and Income Indicators.....	6	<b>CUSIP IDENTIFICATION NUMBERS .....</b>	<b>31</b>
Unemployment Rate Statistics.....	7	<b>MISCELLANEOUS.....</b>	<b>31</b>
Form of School Government .....	7	<b>APPENDIX – A</b>	
Budgetary Procedures and Recent Budget Votes.....	7	<b>GENERAL FUND - Balance Sheets</b>	
Investment Policy .....	8	<b>APPENDIX – A1</b>	
State Aid.....	8	<b>GENERAL FUND – Revenues, Expenditures and</b>	
State Aid Revenues .....	12	<b>Changes in Fund Balance</b>	
District Facilities .....	12	<b>APPENDIX – A2</b>	
Enrollment Trends.....	12	<b>GENERAL FUND – Revenues, Expenditures and</b>	
Employees.....	13	<b>Changes in Fund Balance - Budget and Actual</b>	
Status and Financing of Employee Pension Benefits.....	13	<b>APPENDIX – B</b>	
Other Post-Employment Benefits.....	15	<b>BONDED DEBT SERVICE</b>	
Financial Statements .....	16	<b>APPENDIX – B1</b>	
New York State Comptroller Reports of Examination .....	16	<b>CURRENT BONDS OUTSTANDING</b>	
The State Comptroller’s Fiscal Stress Monitoring System .....	17	<b>APPENDIX – C</b>	
Other Information.....	18	<b>MATERIAL EVENT NOTICES</b>	
<b>TAX INFORMATION .....</b>	<b>18</b>	<b>APPENDIX – D</b>	
Taxable Assessed Valuations .....	18	<b>FORM OF OPINION OF BOND COUNSEL</b>	
Tax Rate Per \$1,000 (Assessed).....	18	<b>APPENDIX – E</b>	
Tax Collection Procedure .....	19	<b>AUDITED FINANCIAL STATEMENTS –</b>	
Tax Levy and Tax Collection Record.....	19	<b>Fiscal Year Ended June 30, 2023</b>	
Real Property Tax Revenues .....	19		
Ten Largest Taxpayers – 2023 for 2023-24 District Tax Roll .....	20		
STAR - School Tax Exemption.....	20		
Additional Tax Information.....	21		
<b>TAX LEVY LIMITATION LAW .....</b>	<b>21</b>		
<b>STATUS OF INDEBTEDNESS.....</b>	<b>22</b>		
Constitutional Requirements .....	22		
Statutory Procedure .....	22		
Debt Outstanding End of Fiscal Year .....	23		
Details of Outstanding Indebtedness .....	23		
Debt Statement Summary.....	24		
Bonded Debt Service.....	24		
Cash Flow Borrowings.....	24		
Energy Performance Contract .....	25		
Capital Project Plans .....	25		
Estimated Overlapping Indebtedness.....	26		
Debt Ratios.....	26		

PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
of the  
**PORT BYRON CENTRAL SCHOOL DISTRICT**  
**CAYUGA AND WAYNE COUNTIES, NEW YORK**  
Relating To  
**\$12,000,000 Bond Anticipation Notes, 2024 Series B**

This Official Statement, which includes the cover page, inside cover page and appendices, has been prepared by the Port Byron Central School District, Cayuga and Wayne Counties, New York (the “School District” or “District”, “Counties”, and “State”, respectively) in connection with the sale by the School District of \$12,000,000 Bond Anticipation Notes, 2024 Series B (referred to herein as the “Notes”).

The factors affecting the School 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 School 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 School 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 School District relating thereto are qualified in their entirety by reference to the definitive forms of the Notes and such proceedings.

**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.

## **THE NOTES**

### **Description of the Notes**

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

The Notes will be dated July 25, 2024 and will mature July 17, 2025. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) registered certificated form registered in the name of the purchaser, in denominations of \$5,000 each, as may be determined by the successful bidder or (ii) at the option of the purchaser, in book-entry-only form, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See “BOOK-ENTRY-ONLY SYSTEM” herein.

### **No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

### **Purpose of Issue**

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on January 9, 2023 authorizing the issuance of up to \$13,900,000 serial bonds or bond anticipation notes to finance a capital improvement project consisting of the reconstruction and renovation of, and the construction of improvements, additions and upgrades to various District buildings and facilities and the sites thereof, the purchase of original furnishings, equipment, machinery, and apparatus required in connection with the purpose for which such buildings, facilities and sites are used, all to include site, access, parking, athletic field and playfield improvements, demolition, utility, mechanical, plumbing, and electrical improvements as well as payment of professional fees and all other necessary costs incidental to such work at a total sum not to exceed \$15,900,000, of which \$2,000,000 is to be funded with capital reserves.

On April 18, 2024 the District issued \$4,000,000 bond anticipation notes to mature July 26, 2024 as the initial borrowing against the aforementioned authorization. The proceeds of the Notes will fully redeem and renew the outstanding \$4,000,000 bond anticipation notes and provide an additional \$8,000,000 in new financing for the aforementioned capital project.

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

### **Certificated Notes**

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

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

## **THE SCHOOL DISTRICT**

### **General Information**

The District, with an area of approximately 75 square miles, includes all of the Village of Port Byron, much of the Towns of Mentz, Montezuma and Throop and a lesser portion of the Towns of Conquest, Aurelius and Savannah.

The District is located in the northwest portion of Cayuga County, and is approximately 25 miles west of the City of Syracuse and 10 miles north of the City of Auburn. The New York State Thruway and airlines operating from the Syracuse International Airport serve the area.

The District is primarily residential and agricultural in character with many residents being employed in the Syracuse and Auburn areas. Commercial and professional services are available in the Village of Port Byron as well as in the Cities of Syracuse and Auburn.

Source: District officials.

### **District Population**

The 2022 estimated population of the District is 6,104. (Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates.)



## Larger Employers

The larger employers located within the area in and around the District include:

<u>Name</u>	<u>Type</u>	<u>Approximate Number Employed</u>
Port Byron Central School District	Education	151
Ed & Jean's Market	Retail/Grocery	40
A-Verdi	Storage Containers	25
TDS Telecom	Telecommunications	12
Dollar General	Retail	12
True Value Hardware	Retail	5
Herbst Pharmacy	Retail/Pharmacy	5

Source: District officials.

## Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the Towns and the 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 Continuing Disclosure Statement that the Towns or the 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>2018-2022</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>
Towns of:						
Aurelius	\$ 29,332	\$ 39,130	\$ 46,957	\$ 68,710	\$ 79,079	\$100,417
Brutus	23,567	34,839	38,206	55,903	85,042	98,397
Conquest	24,472	32,117	36,655	56,406	76,932	83,393
Mentz	19,701	25,782	28,877	46,771	63,500	51,964
Montezuma	20,290	26,959	28,773	53,421	64,917	80,833
Savannah	19,018	22,143	25,672	44,773	61,625	69,583
Throop	23,463	34,937	41,569	65,139	89,632	102,273
Counties of:						
Cayuga	22,959	30,996	35,579	58,761	73,590	85,900
Wayne	24,092	32,513	36,834	60,324	76,002	90,790
State of:						
New York	30,48	40,898	47,173	67,405	87,270	100,846

Note: 2019-2023 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2006-2010, 2016-2020, and 2018-2022 American Community Survey data.

## Unemployment Rate Statistics

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are Cayuga and Wayne Counties. The figures set below with respect to such Counties and the State of New York are included for information only. It should not be inferred from the inclusion of such data in the Continuing Disclosure Statement that the Counties or State are necessarily representative of the District, or vice versa.

	<u>Annual Averages</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Cayuga County	5.0%	4.5%	4.1%	7.9%	4.7%	3.4%	3.6%
Wayne County	4.9	4.1	3.9	7.4	4.5	3.2	3.4
New York State	4.6	4.1	3.8	9.9	6.9	4.3	4.2

	<u>2023 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>
Cayuga County	4.6%	4.6%	4.3%	3.8%	N/A	N/A
Wayne County	4.5	4.7	4.3	3.7	N/A	N/A
New York State	4.3	4.5	4.2	3.9	N/A	N/A

Note: Unemployment rates for May and June 2024 are unavailable as of the date of this Official Statement.

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

## Form of School Government

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

The administrative officers of the District implement the policies of the Board of Education and supervise the operation of the school system.

## Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the District for the ensuing fiscal year. This tentative budget must be completed at least fourteen days before the annual District meeting at which it is to be presented. Copies are available upon request to taxpayers within the District, fourteen days preceding such meeting and at each such meeting. The Board must also give notice that a copy of the tentative budget may be obtained at each schoolhouse within the District.

The Board of Education causes a notice to be published stating the time, date, place and purpose of the annual or district meeting. At least forty-five days must elapse between the first publication of such notice and the date specified for such meeting. The meeting must be held at the time and place specified but it may be adjourned to permit voting on the following day. If the qualified voters at the annual or School District meeting approve the tentative budget, the Board of Education, by resolution adopts the tentative budget as the budget of the District for the ensuing year.

If by majority vote the budget is rejected, the Board of Education may make any change, alteration or revision to the budget and may hold a second public hearing and referendum. If no budget is approved, the Board of Education, must, pursuant to law, adopt by resolution an austerity budget for the ensuing fiscal year. The Board of Education may then levy a tax for ordinary contingent expenses of the School District, which includes debt service.

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

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

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

#### Recent Budget Vote Results

The budget for the 2023-24 fiscal year was approved by qualified voters on May 16, 2023 by a vote of 203 to 88. The District’s adopted budget for the 2023-24 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 1.2%, which was below the District’s tax levy limit of 2.89%.

The budget for the 2024-25 fiscal year was approved by qualified voters on May 21, 2024 by a vote of 195 to 92. The District’s adopted budget for the 2024-25 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 1.2%, which was below the District’s tax levy limit of 2.21%.

#### Investment Policy

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

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

The District does not invest in so-called “derivatives” including reverse purchase agreements, which are not authorized investments for municipalities and school districts in the State.

#### State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2024-25 fiscal year, approximately 65.46% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

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

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 and 2021 to 2023 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 adoption of the State budget, which is due at the start of the State's fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017 and the State's 2023-24 Budget which was not adopted until May 3, 2023. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

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

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

Since March 2020, the State has been awarded over \$14 billion in Federal education COVID response funding through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act; Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSA"); and the American Rescue Plan ("ARP") Act. These funds are supporting the ability of local educational agencies to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in the State.

The District has been allocated \$2,367,743 under the American Rescue Plan (ARP) and \$765,038 under the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). The District has received \$1,153,896 ARP funds and \$672,625 CRRSA funds as of June 30, 2023.

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

## *Building Aid*

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2024-25 preliminary building aid ratios, the District expects to receive State building aid of approximately 86.5% 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 (2019-2020):* The State 2019-2020 Enacted Budget included a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6% and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increased the minimum community schools funding amount from \$75,000 to \$100,000. This ensured all high-need districts across the State could apply the funds to a wide-range of activities.

*School district fiscal year (2020-2021):* Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State aid, in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

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

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

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

### *State Aid Litigation*

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity v. New York* (“CFE”) 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 *CFE* 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 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.

The foundation aid formula is being reviewed for potential revisions. Any revisions to the formula could result in less State aid to the District.

## State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total State Aid</u> <sup>(1)</sup>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2018-2019	\$ 20,381,606	\$ 13,536,575	66.42 %
2019-2020	21,584,217	14,715,463	68.18
2020-2021	21,657,760	14,211,371	65.62
2021-2022	22,406,345	15,072,951	67.27
2022-2023	24,095,054	16,098,535	66.81
2023-2024 (Budgeted)	24,118,125	16,197,600	67.16
2023-2024 (Unaudited)	24,670,251	16,117,756	65.33
2024-2025 (Budgeted)	24,867,816	16,277,551	65.46

<sup>(1)</sup> General Fund only.

Source: Audited Financial Statements for the 2018-2019 through 2022-2023 fiscal years, adopted budget and unaudited figures for the 2023-2024 fiscal year, and adopted budget for the 2024-25 fiscal year. This table is not audited.

## District Facilities

The District currently operates the following facilities:

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
AA Gates Elementary School	UPK-6	638	1953, '65, '78, '03
Dana L. West Junior-Senior High School	7-12	703	1990, '03

Source: District Officials.

## Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2019-2020	898	2024-2025	873
2020-2021	857	2025-2026	850
2021-2022	815	2026-2027	850
2022-2023	844	2027-2028	850
2023-2024	835	2028-2029	850

Source: District officials.



## Employees

The District employs approximately 129 full-time employees. The number of members, the collective bargaining units which represent them, and their current contract expiration dates are as follows:

<u>Employees</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
70	Port Byron Teachers' Association (NYSUT Affiliate)	June 30, 2025
24	Clerical, SEIU, Local 200	June 30, 2028
23	Cayuga Local CSEA, Inc.	June 30, 2028
5	Port Byron Administrators' Association of NYS	June 30, 2024 <sup>(1)</sup>
8	Port Byron Support Staff Administrator's Association	June 30, 2024 <sup>(1)</sup>

<sup>(1)</sup> 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 had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the fiscal years 2018-2019 through and including 2022-2023, budgeted and unaudited figures for the 2023-2024 fiscal year, and budgeted contributions for the 2024-2025 fiscal year are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-2019	\$ 160,540	\$ 672,312
2019-2020	230,487	701,795
2020-2021	119,517	541,637
2021-2022	167,434	530,989
2022-2023	117,746	581,433
2023-2024 (Budgeted)	150,000	700,000
2023-2024 (Unaudited)	167,705	737,119
2024-2025 (Budgeted)	200,000	850,000

Source: District records.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2019-20 to 2023-24) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019-20	14.6%	8.86%
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11*

\*Estimated

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

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

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

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

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

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

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

## **Other Post-Employment Benefits**

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75 for the fiscal year ended June 30, 2017. The implementation of this statement requires school districts to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position.

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

	Balance beginning at July 1:	2021	2022
		\$ 40,781,460	\$ 41,115,218
<u>Changes for the year:</u>			
Service cost		800,654	719,693
Interest		913,552	1,145,400
Changes in benefit terms		-	109,199
Differences between expected and actual experience		3,309,186	(1,083,196)
Changes in assumptions or other inputs		(3,352,098)	(5,006,173)
Benefit payments		(1,337,536)	(1,361,396)
Net Changes		\$ 333,758	\$ (5,476,473)
	Balance ending at June 30:	2022	2023
		\$ 41,115,218	\$ 35,638,745

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

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

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

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

## Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2023 and may be found attached hereto as "APPENDIX – E" to this Official Statement. Certain financial information of the District can be found attached as Appendices to this Official Statement.

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

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

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

Unaudited Results of Operations for Fiscal Year Ending June 30, 2024.

Based upon preliminary estimates, the District expects to end the fiscal year ended June 30, 2024 with a cumulative unappropriated unreserved fund balance of \$994,713.

Summary of estimated and unaudited information for the General Fund for the period ended June 30, 2024 is as follows:

Revenues:	\$ 24,364,635
Expenditures:	<u>24,261,147</u>
Excess (Deficit) Revenues Over Expenditures:	\$ 103,488
Beginning Fund Balance June 30, 2023:	<u>\$ 9,387,702</u>
Total Fund Balance (including reserves):	<u>\$ 9,491,190</u>

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

**New York State Comptroller Report of Examination**

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

The State Comptroller's office released an audit report of the District on November 24, 2021. The purpose of the audit was to determine whether Port Byron Central School District (District) officials ensured network user account controls were secure for the audit period of July 1, 2019 through June 30, 2021.

Key Findings:

District officials did not ensure that the District's network user account controls were secure.

- District officials did not establish written policies or procedures to add or disable user accounts.
- The District had a total of 19 unneeded network user accounts including 14 non-student accounts, four shared accounts and one generic account.

Sensitive information technology (IT) control weaknesses were communicated confidentially to officials.

Key Recommendations:

- Establish written policies or procedures for managing network user accounts.
- Regularly review network user accounts and disable those that are unnecessary.
- Routinely evaluate shared user accounts and disable those that are no longer needed.

Officials generally agreed with our recommendations and initiated or indicated they plan to initiate corrective action.

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

## The State Comptroller's Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	No Designation	20.0
2022	No Designation	20.0
2021	No Designation	10.0

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

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

### Other Information

The statutory authority for the power to spend money is the Education Law and the Local Finance Law.

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

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

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

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## TAX INFORMATION

### Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Towns of:					
Aurelius	\$ 1,741,915	\$ 1,720,252	\$ 1,728,431	\$ 2,297,411	\$ 2,295,329
Brutus	129,695	129,686	129,668	129,642	129,597
Conquest	40,587,665	39,728,201	47,025,414	47,294,660	47,190,141
Mentz	89,778,814	90,736,631	90,854,067	91,507,250	92,667,883
Montezuma	53,403,000	52,547,665	52,882,978	52,847,704	52,983,639
Savannah	2,012,048	114,075,604	114,241,515	115,296,579	2,335,534
Throop	112,877,304	2,023,863	2,333,087	2,305,594	115,800,349
Total Assessed Values	<u>\$ 300,530,441</u>	<u>\$ 300,961,902</u>	<u>\$ 309,195,160</u>	<u>\$ 311,678,840</u>	<u>\$ 313,402,472</u>

### State Equalization Rates

Towns of:					
Aurelius	83.00%	83.00%	81.00%	100.00%	90.00%
Brutus	95.00%	92.00%	90.00%	78.00%	70.00%
Conquest	97.00%	90.00%	100.00%	94.00%	80.00%
Mentz	97.00%	90.00%	91.00%	88.00%	81.00%
Montezuma	84.00%	77.00%	69.00%	62.00%	56.00%
Savannah	98.00%	90.00%	100.00%	97.00%	84.00%
Throop	98.00%	92.00%	87.00%	77.00%	69.00%
Total Taxable Full Valuation	<u>\$ 317,442,678</u>	<u>\$ 344,368,723</u>	<u>\$ 342,708,210</u>	<u>\$ 363,857,561</u>	<u>\$ 441,348,606</u>

Source: District officials.

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

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Towns of:					
Aurelius	\$ 23.80	\$ 22.38	\$ 21.80	\$ 16.29	\$ 16.36
Brutus	20.79	20.19	19.62	20.89	21.04
Conquest	20.36	20.64	17.66	17.32	18.40
Mentz	20.36	20.64	19.40	18.52	18.18
Montezuma	23.52	24.12	25.59	26.28	26.30
Savannah	20.16	20.19	20.29	16.80	17.53
Throop	20.16	20.64	17.65	21.16	21.34

Source: District officials.

### Tax Collection Procedure

Tax payments are due September 1<sup>st</sup>. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged from October 4<sup>th</sup> to November 4<sup>th</sup> and a 3% penalty from November 5<sup>th</sup> to the 15<sup>th</sup>. On or about November 15<sup>th</sup>, uncollected taxes are returnable to the Counties for collection. The District receives this amount from said Counties prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually.

### Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Tax Levy	\$ 6,270,502	\$ 6,345,748	\$ 6,345,748	\$ 6,421,897	\$ 6,499,741
Amount Uncollected <sup>(1)</sup>	326,705	323,304	323,304	329,493	352,010
% Uncollected	5.21%	5.09%	5.09%	5.13%	5.42%

<sup>(1)</sup> The District is reimbursed by the County for all unpaid taxes. See "Tax Collection Procedure" herein.

Source: District officials.

## Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2018-2019	\$ 20,381,606	\$ 6,213,373	30.49 %
2019-2020	21,584,217	6,291,305	29.15
2020-2021	21,657,760	6,365,106	29.39
2021-2022	22,406,345	6,370,770	28.43
2022-2023	24,095,054	6,450,223	26.77
2023-2024 (Budgeted)	24,118,125	6,512,415	27.00
2023-2024 (Unaudited)	24,670,251	6,499,741	26.35
2024-2025 (Budgeted)	24,867,816	6,576,945	26.45

<sup>(1)</sup> General Fund only.

Source: Audited Financial Statements for the 2018-2019 through 2022-2023 fiscal years, adopted budget and unaudited figures for the 2023-2024 fiscal year, and adopted budget for the 2024-2025 fiscal year. This table is not audited.

## Ten Largest Taxpayers – 2023 Assessment Roll for 2023-24 District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
New York State Electric & Gas	Utility	\$8,091,733
CSX Transportation Inc.	Railroad	5,831,754
Empire State Pipeline	Utility	4,911,055
Tennessee Gas Pipeline	Utility	2,488,759
Port Byron Telephone Co.	Utility	2,275,007
Gray Rock Properties LLC	Commercial	1,922,500
Nevin M Horst	Farm	1,344,700
Wethey Associates	Commercial	1,084,500
Silver Ridge Properties, LLC	Commercial	966,300
CST New York, LLC	Commercial	765,000

The ten larger taxpayers listed above have a total estimated full valuation of \$39,681,308, which represents 6.73% of the tax base of the District for the 2023-2024 fiscal year.

As of the date of this Continuing Disclosure Statement, the level of known tax certiorari filings is within acceptable norms and is not anticipated or expected to have a material impact on the District's finances.

Source: District tax rolls.

## STAR – School Tax Exemption

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

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



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

The below table lists the basic and enhanced exemption amounts for the 2023-24 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>
Aurelius	\$ 75,600	\$ 27,430	4/9/2024
Brutus	58,800	21,390	4/9/2024
Conquest	68,100	25,100	4/9/2024
Mentz	68,040	24,300	4/9/2024
Montezuma	47,040	16,800	4/9/2024
Savannah	70,560	25,900	4/9/2024
Throop	84,000	30,000	4/9/2024

\$991,452 of the District's \$6,498,957 school tax levy for the 2023-24 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2024.

Approximately \$865,200 of the District's \$6,576,945 school tax levy for the 2024-25 fiscal year is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State by January 2025.

#### **Additional Tax Information**

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-55%, Commercial-20%, and Agricultural-25%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$1,473 (School District taxes alone).

#### **TAX LEVY LIMITATION LAW**

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

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

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

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

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

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

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

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

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

## **STATUS OF INDEBTEDNESS**

### **Constitutional Requirements**

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

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

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

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

## Statutory Procedure

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

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

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

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

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

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

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

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

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

## Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 16,700,000	\$ 15,215,000	\$ 13,235,000	\$ 11,635,000	\$ 9,990,000
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>4,000,000</u>
Total Debt Outstanding	<u>\$ 16,700,000</u>	<u>\$ 15,215,000</u>	<u>\$ 13,235,000</u>	<u>\$ 11,635,000</u>	<u>\$ 13,990,000</u>

## Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of July 2, 2024:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2034	\$ 9,990,000
<u>Bond Anticipation Notes</u> Capital Project	July 26, 2024	<u>4,000,000 <sup>(1)</sup></u>
	Total	\$ 13,990,000

<sup>(1)</sup> To be fully redeemed and renewed with the proceeds of the Notes

## Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of July 2, 2024:

Full Valuation of Taxable Real Property .....	\$ 441,348,606
Debt Limit – 10% thereof .....	44,134,861

### Inclusions:

Bonds.....	\$ 9,990,000	
Bond Anticipation Notes (BANs): .....	<u>4,000,000</u>	
Total Inclusions prior to issuance of the Notes .....	<u>13,990,000</u>	
Less: BANs being redeemed from appropriations .....	0	
Add: New money proceeds of the Notes .....	<u>8,000,000</u>	
Total Net Inclusions after issuance of the Notes .....		\$ 21,990,000

### Exclusions:

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

Total Net Indebtedness <u>after issuance of the Notes</u> .....	\$ <u>21,990,000</u>
Net Debt-Contracting Margin .....	\$ <u>22,144,861</u>
The percent of debt contracting power exhausted is .....	49.82%

<sup>(1)</sup> Based on 2024-2025 preliminary building aid estimates, the District anticipates State Building aid of 86.5% 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 statutory debt limit of the District.

## Bonded Debt Service

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

## Cash Flow Borrowings

The District, historically, does not issue tax anticipation notes and/or revenue anticipation notes, and does not expect to issue such notes in the current fiscal year.

## Capital Project Plans

On December 13, 2022, a \$15,900,000 capital improvement project was approved by District voters. The project will be funded with \$2,000,000 capital reserve funds of the District and the issuance of bond anticipation notes and serial bonds.

On April 18, 2024 the District issued \$4,000,000 bond anticipation notes to mature July 26, 2024 as the initial borrowing against the aforementioned authorization. The proceeds of the Notes will fully redeem and renew the outstanding \$4,000,000 bond anticipation notes and provide an additional \$8,000,000 in new financing for the aforementioned capital project. Based on construction costs, it is anticipated the entire authorization will be utilized by July 2025.

There are presently no other capital projects authorized and unissued by the District.

## Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>Exclusions</u> <sup>(2)</sup>	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Cayuga	6/29/2023	\$ 13,885,000 <sup>(3)</sup>	\$ -	\$ 13,885,000	6.54%	\$ 908,079
Wayne	6/29/2023	10,016,000 <sup>(3)</sup>	607,000	9,409,000	0.04%	3,764
Town of:						
Aurelius	12/31/2022	5,061,730 <sup>(4)</sup>	- <sup>(5)</sup>	5,061,730	0.81%	41,000
Brutus	12/31/2022	3,649,905 <sup>(4)</sup>	- <sup>(5)</sup>	3,649,905	0.06%	2,190
Conquest	12/31/2022	198,554 <sup>(4)</sup>	- <sup>(5)</sup>	198,554	40.30%	80,017
Mentz	12/31/2022	193,440 <sup>(4)</sup>	- <sup>(5)</sup>	193,440	99.90%	193,247
Montezuma	12/31/2022	1,064,296 <sup>(4)</sup>	- <sup>(5)</sup>	1,064,296	100.00%	1,064,296
Savannah	12/31/2022	940,207 <sup>(4)</sup>	- <sup>(5)</sup>	940,207	2.58%	24,257
Throop	12/31/2022	972,000 <sup>(4)</sup>	- <sup>(5)</sup>	972,000	90.01%	874,897
Village of:						
Port Byron	5/31/2022	2,966,921 <sup>(4)</sup>	- <sup>(5)</sup>	2,966,921	100.00%	<u>2,966,921</u>
Total:						<u>\$ 6,158,668</u>

- (1) 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 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 dated as of February 13, 2024.
- (5) Information regarding excludable debt not available.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Year Ended in 2021 and 2022.

**Debt Ratios**

The following table sets forth certain ratios relating to the District's indebtedness as of July 2, 2024:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 21,990,000	\$ 3,602.56	4.98%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	28,148,668	4,611.51	6.38

- (a) The 2022 estimated population of the District is 6,104. (See "THE SCHOOL DISTRICT – Population" herein.)
- (b) The District's full value of taxable real estate for the 2023-24 fiscal year is \$441,348,606. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
- (d) Estimated net overlapping indebtedness is \$6,158,668. (See "Estimated Overlapping Indebtedness" herein.)

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

**SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT**

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

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

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

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

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

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

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

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

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

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

## **MARKET AND RISK FACTORS**

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

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

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

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

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

### **Cybersecurity**

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

## **TAX MATTERS**

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

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

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



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

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

## **LEGAL MATTERS**

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

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

## **LITIGATION**

The New York State Child Victims Act (CVA) has allowed a limited time "look back" window allowing claims of child sexual abuse to be filed regardless of when the alleged abuse occurred. The District is defending 2 such litigation matters that were brought in response to the CVA, some of which claims may not be covered by insurance. At this time the scope of any such potential damages cannot be predicted. Any liability of the District in excess of any insurance coverage that may be available would be a District charge and would be funded either through budgetary appropriations or through the issuance of notes or bonds. The District intends to obtain bond/note financing, if necessary, to fund any settlements, in order to minimize the impact of these costs on programming for current students.

Subject to the disclosure in the above paragraph, the District is also 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.

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

## **RATINGS**

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

S&P Global Ratings, a business unit of Standard & Poor’s Financial Services LLC (“S&P”) 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, and any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38<sup>th</sup> 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.

## **CONTINUING DISCLOSURE**

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into a Continuing Disclosure Undertaking, the form of which is attached hereto as “APPENDIX – C, MATERIAL EVENT NOTICES”.

### **Historical Continuing Disclosure Compliance**

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

## **MUNICIPAL ADVISOR**

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

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## CUSIP IDENTIFICATION NUMBERS

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

## MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The School District's contact information is as follows: Mr. Mitchell Toleson, Assistant Superintendent for Business and Finance, Port Byron Central School District, 30 Maple Avenue, Port Byron, New York 13140, Phone: (315) 776-5728, Telefax: (315) 776-4050, Email: [mtolseon@pbcschools.org](mailto:mtolseon@pbcschools.org)

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

**PORT BYRON CENTRAL SCHOOL DISTRICT**

**Dated: July 2, 2024**

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

**GENERAL FUND**  
**Balance Sheets**

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ -	\$ 957,810	\$ 1,051,676	\$ 160,526	\$ -
Restricted Cash	3,803,927	4,810,736	6,499,017	7,400,063	7,700,711
Accounts Receivable	85,388	28,492	31,238	296,269	87,772
Due from Other Funds	1,250,110	335,023	-	271,275	612,982
Due from Fiduciary Funds	-	2,833	-	-	-
Due from Other Governments	1,597,349	1,700,165	1,366,478	1,743,767	2,082,584
Due from Federal & State Governments	213,992	312,848	413,838	237,856	303,352
Prepaid Items	-	-	-	-	-
<b>TOTAL ASSETS</b>	<b>\$ 6,950,766</b>	<b>\$ 8,147,907</b>	<b>\$ 9,362,247</b>	<b>\$ 10,109,756</b>	<b>\$ 10,787,401</b>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 129,464	\$ 673,497	\$ 25,542	\$ 25,262	\$ -
Accrued Liabilities	697,328	599,963	592,648	637,795	616,650
Due to Other Funds	222	-	48,221	-	-
Due to Other Governments	55,533	74,232	-	-	-
Notes Payable	-	564,874	-	-	-
Due to Teachers' Retirement System	721,720	42,222	594,647	655,290	737,120
Due to Employees' Retirement System	39,127	-	49,000	48,165	45,669
Deferred Revenues	81,037	134,098	37,763	37,763	-
Overpayments & Collections in Advance	-	-	1,658	606	260
<b>TOTAL LIABILITIES</b>	<b>1,724,431</b>	<b>2,088,886</b>	<b>1,349,479</b>	<b>1,404,881</b>	<b>1,399,699</b>
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,984,784	4,810,736	6,260,535	7,400,063	7,787,125
Assigned	360,959	356,899	843,406	369,967	621,852
Unassigned	880,592	891,386	908,827	934,845	978,725
<b>TOTAL FUND EQUITY</b>	<b>5,226,335</b>	<b>6,059,021</b>	<b>8,012,768</b>	<b>8,704,875</b>	<b>9,387,702</b>
<b>TOTAL LIABILITIES &amp; FUND EQUITY</b>	<b>\$ 6,950,766</b>	<b>\$ 8,147,907</b>	<b>\$ 9,362,247</b>	<b>\$ 10,109,756</b>	<b>\$ 10,787,401</b>

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

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

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<b>REVENUES</b>					
Real Property Taxes	\$ 4,805,702	\$ 4,893,722	\$ 5,016,209	\$ 5,134,339	\$ 5,219,017
Real Property Tax Items	1,341,385	1,319,651	1,275,096	1,230,767	1,151,753
Charges for Services	64,683	86,720	81,654	36,660	99,415
Use of Money & Property	86,451	105,318	51,317	134,717	135,507
Sale of Property and					
Compensation for Loss	16,354	8,832	14,145	40,253	3,359
Miscellaneous	385,563	408,008	399,434	607,208	591,950
Revenues from State Sources	13,883,570	13,536,575	14,715,463	14,211,371	15,072,951
Revenues from Federal Sources	44,206	22,780	30,899	262,445	132,393
Total Revenues	<u>\$ 20,627,914</u>	<u>\$ 20,381,606</u>	<u>\$ 21,584,217</u>	<u>\$ 21,657,760</u>	<u>\$ 22,406,345</u>
Other Sources:					
Interfund Transfers	<u>44,661</u>	<u>44,661</u>	<u>44,661</u>	<u>211,767</u>	<u>104,563</u>
Total Revenues and Other Sources	<u>\$ 20,672,575</u>	<u>\$ 20,426,267</u>	<u>\$ 21,628,878</u>	<u>\$ 21,869,527</u>	<u>\$ 22,510,908</u>
<b>EXPENDITURES</b>					
General Support	\$ 2,501,685	\$ 2,442,158	\$ 3,036,060	\$ 2,684,074	\$ 2,840,748
Instruction	10,390,571	10,929,607	10,236,712	10,138,964	11,039,693
Pupil Transportation	1,400,268	1,527,584	1,497,058	1,074,699	1,624,414
Community Services	-	-	-	-	-
Employee Benefits	3,794,541	3,806,335	3,757,776	3,799,529	3,500,641
Debt Service	1,328,481	1,201,701	2,153,775	2,122,284	2,662,868
Total Expenditures	<u>\$ 19,415,546</u>	<u>\$ 19,907,385</u>	<u>\$ 20,681,381</u>	<u>\$ 19,819,550</u>	<u>\$ 21,668,364</u>
Other Uses:					
Interfund Transfers	<u>109,573</u>	<u>112,976</u>	<u>114,811</u>	<u>96,230</u>	<u>150,437</u>
Total Expenditures and Other Uses	<u>\$ 19,525,119</u>	<u>\$ 20,020,361</u>	<u>\$ 20,796,192</u>	<u>\$ 19,915,780</u>	<u>\$ 21,818,801</u>
Excess (Deficit) Revenues Over					
Expenditures	<u>1,147,456</u>	<u>405,906</u>	<u>832,686</u>	<u>1,953,747</u>	<u>692,107</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	3,672,973	4,820,429	5,226,335	6,059,021	8,012,768
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 4,820,429</u>	<u>\$ 5,226,335</u>	<u>\$ 6,059,021</u>	<u>\$ 8,012,768</u>	<u>\$ 8,704,875</u>

<sup>(1)</sup> Following the successful vote for the capital project, the District transferred \$1.5 million from the Capital Reserve to the Capital Fund. Net of this transfer, the District would have had a small surplus in the 2016-17 fiscal year.

<sup>(2)</sup> The restatement for the employees' retirement system liability increased General Fund unassigned balance by \$106,523.

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

Fiscal Years Ending June 30:	<b>2023</b>			<b>2024</b>	<b>2025</b>
	Original Budget	Final Budget	Audited Actual	Adopted Budget	Adopted Budget
<b>REVENUES</b>					
Real Property Taxes	\$ 6,421,897	\$ 6,421,897	\$ 5,370,646	\$ 6,498,957	\$ 6,576,945
Other Tax Items	10,000	10,000	1,079,577	13,458	13,458
Charges for Services	-	27,500	115,470	-	25,500
Use of Money & Property	-	136,650	396,905	-	542,447
Sale of Property and Compensation for Loss	-	1,000	170,877	-	2,500
Miscellaneous	1,032,683	1,264,946	776,478	1,408,110	1,014,460
Revenues from State Sources	15,556,536	15,456,536	16,098,535	16,197,600	16,187,551
Revenues from Federal Sources	-	100,000	86,566	-	90,000
Total Revenues	<u>\$ 23,021,116</u>	<u>\$ 23,418,529</u>	<u>\$ 24,095,054</u>	<u>\$ 24,118,125</u>	<u>\$ 24,452,861</u>
Other Sources:					
Appropriated Reserves	350,000	2,019,967	-	350,000	350,000
Prior Year Encumbrances	-	-	-	-	-
Proceeds from Obligations	-	-	-	-	-
Interfund Transfers	-	43,237	-	-	64,955
Total Revenues and Other Sources	<u>\$ 23,371,116</u>	<u>\$ 25,481,733</u>	<u>\$ 24,095,054</u>	<u>\$ 24,468,125</u>	<u>\$ 24,867,816</u>
<b>EXPENDITURES</b>					
General Support	\$ 3,706,298	\$ 2,993,851	\$ 2,692,033	\$ 4,516,868	\$ 4,711,292
Instruction	10,843,485	11,878,151	10,990,527	10,935,910	11,105,314
Pupil Transportation	1,842,993	1,948,493	1,699,561	1,965,994	2,124,320
Community Services	-	-	-	-	-
Employee Benefits	4,619,932	4,299,103	3,711,208	4,660,212	4,879,126
Debt Service	2,243,408	2,240,318	2,214,344	2,124,141	1,773,764
Total Expenditures	<u>\$ 23,256,116</u>	<u>\$ 23,359,916</u>	<u>\$ 21,307,673</u>	<u>\$ 24,203,125</u>	<u>\$ 24,593,816</u>
Other Uses:					
Interfund Transfers	115,000	2,121,817	2,104,554	265,000	274,000
Total Expenditures and Other Uses	<u>\$ 23,371,116</u>	<u>\$ 25,481,733</u>	<u>\$ 23,412,227</u>	<u>\$ 24,468,125</u>	<u>\$ 24,867,816</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>682,827</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	-	-	8,704,875	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,387,702</u>	<u>\$ -</u>	<u>\$ -</u>

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

**APPENDIX - B**  
**Port Byron Central School District**

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	\$ 1,390,000	\$ 401,146.75	\$ 1,791,146.75
2026	1,430,000	354,741.50	1,784,741.50
2027	1,150,000	306,713.50	1,456,713.50
2028	995,000	262,989.50	1,257,989.50
2029	815,000	221,465.50	1,036,465.50
2030	850,000	182,477.00	1,032,477.00
2031	890,000	141,738.50	1,031,738.50
2032	850,000	115,500.00	965,500.00
2033	880,000	90,000.00	970,000.00
2034	920,000	46,000.00	966,000.00
TOTALS	\$ 10,170,000	\$ 2,122,772.25	\$ 12,292,772.25



**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending June 30th	2015 Refunding of 2006 Serial Bonds					
	Principal	Interest	Total			
2025	\$ 235,000	\$ 10,681.25	\$ 245,681.25			
2026	240,000	5,100.00	245,100.00			
TOTALS	\$ 475,000	\$ 15,781.25	\$ 490,781.25			

  

Fiscal Year Ending June 30th	2016 Construction and Reconstruction			2019 Construction and Reconstruction		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 60,000	\$ 9,961.50	\$ 69,961.50	\$ 615,000	\$ 350,000.00	\$ 965,000.00
2026	60,000	8,587.50	68,587.50	645,000	319,250.00	964,250.00
2027	60,000	7,213.50	67,213.50	685,000	287,000.00	972,000.00
2028	60,000	5,839.50	65,839.50	715,000	252,750.00	967,750.00
2029	65,000	4,465.50	69,465.50	750,000	217,000.00	967,000.00
2030	65,000	2,977.00	67,977.00	785,000	179,500.00	964,500.00
2031	65,000	1,488.50	66,488.50	825,000	140,250.00	965,250.00
2032	-	-	-	850,000	115,500.00	965,500.00
2033	-	-	-	880,000	90,000.00	970,000.00
2034	-	-	-	920,000	46,000.00	966,000.00
TOTALS	\$ 435,000	\$ 40,533.00	\$ 475,533.00	\$ 7,670,000	\$ 1,997,250.00	\$ 9,667,250.00

  

Fiscal Year Ending June 30th	2020 School Buses			2021 Refunding of 2013 Serial Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 90,000	\$ 2,304.00	\$ 92,304.00	\$ 390,000	\$ 28,200.00	\$ 418,200.00
2026	90,000	1,404.00	91,404.00	395,000	20,400.00	415,400.00
2027	-	-	-	405,000	12,500.00	417,500.00
2028	-	-	-	220,000	4,400.00	224,400.00
TOTALS	\$ 180,000	\$ 3,708.00	\$ 183,708.00	\$ 1,410,000	\$ 65,500.00	\$ 1,475,500.00

**MATERIAL EVENT NOTICES**

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

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

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

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

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

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

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

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

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

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

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

## FORM OF OPINION OF BOND COUNSEL

July 25, 2024

Port Byron Central School District  
Counties of Cayuga and Wayne,  
State of New York

Re: Port Byron Central School District, Cayuga and Wayne Counties, New York  
\$12,000,000 Bond Anticipation Notes, 2024 Series B

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$12,000,000 Bond Anticipation Notes, 2024 Series A (referred to herein as the “Notes”), of the Port Byron Central School District, Cayuga and Wayne Counties, State of New York (the “District”). The Notes are dated July 25, 2024 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, a resolution of the District in respect of the Notes and a Certificate of Determination dated on or before July 25, 2024 of the President of the Board of Education relative to the form and terms of the Notes.

In our opinion, the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all taxable real property within the District is subject to levy of ad valorem real estate taxes to pay the Notes and interest thereon, without limitation as to rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereinafter enacted.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. The President of the Board of Education of the District, in executing the Arbitrage and Use of Proceeds Certificate, has certified to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that interest on the Notes is excluded from gross income under Section 103 of the Code. We have examined such Arbitrage and Use of Proceeds Certificate of the District delivered concurrently with the delivery of the Notes, and, in our opinion, such certificate contains provisions and procedures under which such requirements can be met.

In our opinion (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

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

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

Very truly yours,

WJ Marquardt PLLC

**PORT BYRON CENTRAL SCHOOL DISTRICT  
CAYUGA AND WAYNE COUNTIES, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2023**

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

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

**PORT BYRON  
CENTRAL SCHOOL DISTRICT**

**Port Byron, New York**

**FINANCIAL REPORT**

**For the Year Ended  
June 30, 2023**



# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **TABLE OF CONTENTS**

Independent Auditors' Report	1-4
Required Supplementary Information	
Management's Discussion and Analysis	5-5g
Basic Financial Statements	
District-Wide Financial Statements	
Statement of Net Position	6-7
Statement of Activities	8
Governmental Fund Financial Statements	
Balance Sheet - Governmental Funds	9
Reconciliation of Governmental Funds Balance Sheet to the	
Statement of Net Position	10
Statement of Revenues, Expenditures, and Changes in Fund Balance -	
Governmental Funds	11
Reconciliation of Governmental Funds Statement of Revenues, Expenditures,	
and Changes in Fund Balance to the Statement of Activities	12
Statement of Fiduciary Net Position	13
Statement of Changes in Fiduciary Net Position	14
Notes to Financial Statements	15-49

---

Required Supplementary Information	
Schedule of Revenues Compared to Budget (Non-U.S. GAAP) - General Fund	50
Schedule of Expenditures Compared to Budget (Non-U.S. GAAP) - General Fund	51
Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans	52-53
Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability	54
Schedule of Changes in the School District's Total OPEB Liability and Related Ratios	55
Notes to Required Supplementary Information	56-57



# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **TABLE OF CONTENTS**

### Supplementary Financial Information

Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	58
Schedule of Project Expenditures - Capital Projects Fund	59
Schedule of Net Investment in Capital Assets	60
Balance Sheet - Non-Major Governmental Funds	61
Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds	62

### Report Required Under *Government Auditing Standards*

Independent Auditors' Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>	63-64
---	-------

### Reports Required Under the Single Audit Act (Uniform Guidance)

Independent Auditors' Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by Uniform Guidance	65-67
Schedule of Expenditures of Federal Awards	68
Notes to Schedule of Expenditures of Federal Awards	69
Schedule of Findings and Questioned Costs	70-72



## INDEPENDENT AUDITORS' REPORT

Board of Education  
Port Byron Central School District  
Port Byron, New York

### Report on the Audit of the Financial Statements

#### Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Port Byron Central School District (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying 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 School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### Basis for Opinions

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

#### Responsibilities of Management for the Financial Statements

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

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

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

In performing an audit in accordance with GAAS 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 School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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; budgetary comparison schedules; the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; Schedule of Changes in the District's Total OPEB Liability and Related Ratios; and related notes be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds; Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information); and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information 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 September 21, 2023, on our consideration of the 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 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 the School District's internal control over financial reporting and compliance.

Respectfully submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 21, 2023

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

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

**JUNE 30, 2023**

The following is a discussion and analysis of Port Byron Central School District's (the School District) financial performance for the fiscal year ended June 30, 2023. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and Governmental Fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

### **OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of three parts: MD&A (this section), the basic financial statements, and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year; a Schedule of Changes in the School District's Total OPEB Liability and Related Ratios related to the School District's postemployment benefits; and information related to the School District's pension obligations.

### **District-Wide Financial Statements**

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position includes all of the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

The two District-wide financial statements report the School District's net position and how they have changed. Net position (the difference between the School District's assets, deferred outflows and deferred inflows of resources, and liabilities) is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

### **Governmental Fund Financial Statements**

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

- **Governmental Funds:** Most of the School District's basic services are included in Governmental Funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out; and (2) the balances left at year end that are available for spending. Consequently, the Governmental Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Student Activities Funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

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

The School District's combined net deficit for the fiscal year ended June 30, 2023 decreased by \$3,880,763. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

# **PORT BYRON CENTRAL SCHOOL DISTRICT**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

*Figure 1*

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Current Assets</i>	\$ 3,607,642	\$ 3,373,413	\$ 234,229
<i>Noncurrent Assets</i>	9,349,028	13,887,416	(4,538,388)
<i>Capital Assets, Net</i>	29,457,552	30,059,979	(602,427)
<b><i>Total Assets</i></b>	<b>42,414,222</b>	<b>47,320,808</b>	<b>(4,906,586)</b>
<i>Deferred Charges on Defeased Debt</i>	43,317	68,789	(25,472)
<i>OPEB</i>	2,091,466	3,778,478	(1,687,012)
<i>Pensions</i>	4,448,445	4,359,464	88,981
<b><i>Total Deferred Outflows of Resources</i></b>	<b>6,583,228</b>	<b>8,206,731</b>	<b>(1,623,503)</b>
<i>Current Liabilities</i>	3,483,253	3,523,265	(40,012)
<i>Noncurrent Liabilities</i>	49,017,061	54,597,788	(5,580,727)
<b><i>Total Liabilities</i></b>	<b>52,500,314</b>	<b>58,121,053</b>	<b>(5,620,739)</b>
<i>OPEB</i>	7,257,906	4,407,791	2,850,115
<i>Pensions</i>	404,859	8,045,087	(7,640,228)
<b><i>Total Deferred Inflows of Resources</i></b>	<b>7,662,765</b>	<b>12,452,878</b>	<b>(4,790,113)</b>
<i>Net Investment in Capital Assets</i>	16,680,346	15,410,768	1,269,578
<i>Restricted</i>	9,782,130	7,965,445	1,816,685
<i>Unrestricted (Deficit)</i>	(37,628,105)	(38,422,605)	794,500
<b><i>Total Net (Deficit)</i></b>	<b>\$ (11,165,629)</b>	<b>\$ (15,046,392)</b>	<b>\$ 3,880,763</b>

Significant changes from the prior year are as follows:

- Current assets increased primarily due to increases in restricted cash and investments in the capital fund to fund ongoing capital projects along with increases in receivables.
- Capital assets decreased due to current year depreciation expense exceeding capital outlay.
- The decrease in noncurrent assets and deferred inflows of resources - pensions, and the increase in deferred outflows of resources - pensions, are related to changes in the actuarially determined proportionate share of the pension systems plan's net pension (asset)/liability and related deferred outflows and inflows of resources.
- The decrease in noncurrent liabilities along with changes in deferred outflows of resources - OPEB, and deferred inflows of resources - OPEB, are primarily due to recognition of GASB Statement No. 75, based on an actuarial valuation of the School District's Other Postemployment Benefits (OPEB) plan.
- Net investment in capital assets increased due to capital outlay and debt principal payments exceeding debt proceeds and depreciation expense for the current year. The increase in restricted net position is primarily based on increases in Board-approved reserves in the General Fund.



# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

Our analysis in *Figure 2* considers the operations of the School District's activities.

***Figure 2***

<b><i>Changes in Net Position</i></b>	<b><i>Governmental Activities and Total School District</i></b>		<b><i>Total Dollar Change</i></b>
	<b><i>2023</i></b>	<b><i>2022</i></b>	
<b><i>REVENUES</i></b>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 214,112	\$ 185,543	\$ 28,569
<i>Operating Grants</i>	2,696,153	2,648,426	47,727
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	5,370,646	5,219,017	151,629
<i>Other Tax Items</i>	1,079,577	1,151,753	(72,176)
<i>State Sources</i>	16,098,535	15,072,951	1,025,584
<i>Use of Money and Property</i>	413,438	136,471	276,967
<i>Other General Revenues</i>	952,334	661,106	291,228
<b><i>Total Revenues</i></b>	<b>\$ 26,824,795</b>	<b>\$ 25,075,267</b>	<b>\$ 1,749,528</b>
<b><i>PROGRAM EXPENSES</i></b>			
<i>General Support</i>	3,188,194	3,087,118	101,076
<i>Instruction</i>	17,044,473	15,989,457	1,055,016
<i>Pupil Transportation</i>	1,681,008	1,569,322	111,686
<i>School Lunch Program</i>	690,100	580,872	109,228
<i>Interest on Debt</i>	340,257	383,173	(42,916)
<b><i>Total Expenses</i></b>	<b>\$ 22,944,032</b>	<b>\$ 21,609,942</b>	<b>\$ 1,334,090</b>
<b><i>CHANGE IN NET POSITION</i></b>	<b>\$ 3,880,763</b>	<b>\$ 3,465,325</b>	<b>\$ 415,438</b>

Significant changes from the prior year are as follows:

- Total revenues for the School District's Governmental Activities increased by 7.0%, and total expenses increased by 6.2%.
- State sources increased due to increased allocations of general and BOCES aid in the current year.
- Other general revenues increased due to larger refund from BOCES.
- Use of money and property increased due to NY-CLASS investments in the current year.
- Expenses as a whole increased due to increased revenues, inflation, and results of operation.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

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

*Figure 3* shows the change in the School District's fund balances for the year.

As the School District completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a combined fund balance of \$11,398,689. The increase in General Fund fund balance stems from revenues and other financing sources in excess of expenses and other financing uses.

*Figure 3*

<b><i>Governmental Fund Balances</i></b>	<b><i>2023</i></b>	<b><i>2022</i></b>	<b><i>Total Dollar Change</i></b>
<i>Major Funds:</i>			
<i>General Fund</i>	<b>\$ 9,387,702</b>	<b>\$ 8,704,875</b>	<b>\$ 682,827</b>
<i>Capital Projects Fund</i>	<b>1,508,475</b>	<b>-</b>	<b>1,508,475</b>
<i>Non-Major Funds:</i>			
<i>School Lunch Fund</i>	<b>385,819</b>	<b>465,055</b>	<b>(79,236)</b>
<i>Debt Service Fund</i>	<b>50,519</b>	<b>43,268</b>	<b>7,251</b>
<i>Miscellaneous Special Revenue Fund</i>	<b>66,174</b>	<b>70,540</b>	<b>(4,366)</b>
<b><i>Total Governmental Funds</i></b>	<b>\$ 11,398,689</b>	<b>\$ 9,283,738</b>	<b>\$ 2,114,951</b>

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Over the course of the year, the Superintendent approves budgetary transfers that revise the School District budget line items, which the Board reviews. Typically, these budget amendments consist of budget transfers between functions, which do not increase the overall budget. During the current year, the budget was modified to reflect the appropriation of reserves.

The School District received \$723,938 more in General Fund revenue and other financing sources than budgeted estimates, primarily due to increased state aid. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by \$1,797,654. This is primarily due to lower than expected costs related to general support, instructional programs, pupil transportation, and employee benefit expenditures.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

Figure 4 summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ended June 30, 2023.

***Figure 4***

<b><i>Condensed Budgetary Comparison General Fund - 2023</i></b>	<b><i>Original Budget</i></b>	<b><i>Revised Budget</i></b>	<b><i>Actual w/ Encumbrances</i></b>	<b><i>Favorable (Unfavorable) Variance</i></b>
<b><i>REVENUES</i></b>				
<i>Real Property Taxes</i>	\$ 6,421,897	\$ 6,421,897	\$ 5,370,646	\$ (1,051,251)
<i>Other Tax Items</i>	10,000	10,000	1,079,577	1,069,577
<i>State Sources</i>	15,456,536	15,456,536	16,098,535	641,999
<i>Federal Sources</i>	100,000	100,000	86,566	(13,434)
<i>Other, Including Financing Sources</i>	1,382,683	1,473,333	1,459,730	(13,603)
<b><i>Total Revenues and Other Financing Sources</i></b>	<b>\$ 23,371,116</b>	<b>\$ 23,461,766</b>	<b>\$ 24,095,054</b>	<b>\$ 633,288</b>
<b><i>Prior Year Encumbrances</i></b>	<b>\$ 19,967</b>	<b>\$ 19,967</b>		
<b><i>Appropriated Reserves</i></b>	<b>\$ -</b>	<b>\$ 2,000,000</b>		
<b><i>EXPENDITURES</i></b>				
<i>General Support</i>	\$ 2,983,401	\$ 2,993,851	\$ 2,757,634	\$ 236,217
<i>Instruction</i>	11,586,349	11,878,151	11,052,316	825,835
<i>Pupil Transportation</i>	1,842,993	1,948,493	1,844,023	104,470
<i>Employee Benefits</i>	4,619,932	4,299,103	3,711,208	587,895
<i>Debt Service</i>	2,243,408	2,240,318	2,214,344	25,974
<i>Other Financing Uses</i>	115,000	2,121,817	2,104,554	17,263
<b><i>Total Expenditures and Other Financing (Uses)</i></b>	<b>\$ 23,391,083</b>	<b>\$ 25,481,733</b>	<b>\$ 23,684,079</b>	<b>\$ 1,797,654</b>

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of June 30, 2023, the School District had invested in a broad range of capital assets. Capital assets and intangible assets, net of related depreciation and amortization, decreased \$602,427 during 2023. In addition, the School District reported intangible lease assets of \$395,042, offset by accumulated depreciation of \$273,009.

# **PORT BYRON CENTRAL SCHOOL DISTRICT**

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

**JUNE 30, 2023**

*Figure 5*

<i>Changes in Capital Assets, Net</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Land</i>	\$ 33,145	\$ 33,145	\$ -
<i>Construction in Progress</i>	491,525	-	491,525
<i>Buildings, Net</i>	26,820,769	27,828,535	(1,007,766)
<i>Equipment, Net</i>	1,990,080	1,995,121	(5,041)
<i>Intangible Lease Assets, Net</i>	122,033	203,178	(81,145)
<b><i>Total</i></b>	<b>\$ 29,457,552</b>	<b>\$ 30,059,979</b>	<b>\$ (602,427)</b>

Capital asset activity for the year ended June 30, 2023 included the following:

Construction in Progress	\$ 575,367
Furniture and Equipment	398,756
Total Additions	<u>974,123</u>
(Less) Net Book Value of Disposed Equipment	(88,637)
(Less) Amortization Expense	(81,145)
(Less) Depreciation Expense	<u>(1,406,768)</u>
<b>Net Decrease in Capital Assets</b>	<b><u>\$ (602,427)</u></b>

### **Debt Administration**

Debt including lease liabilities, both short and long-term, considered a liability of Governmental Activities, decreased by \$1,897,477 in 2023, as shown in *Figure 6*. Total indebtedness represented 29.5% of the constitutional debt limit, exclusive of building aid estimates.

*Figure 6*

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Serial Bonds</i>	\$ 12,639,501	\$ 14,430,505	\$ (1,791,004)
<i>Installment Purchase Debt</i>	58,989	84,317	(25,328)
<i>Lease Liabilities</i>	122,033	203,178	(81,145)
<b><i>Total</i></b>	<b>\$ 12,820,523</b>	<b>\$ 14,718,000</b>	<b>\$ (1,897,477)</b>

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to these financial statements.

The School District's bond rating is A, which did not change from the prior year.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023**

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

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

- Legislative mandates and New York State educational department initiatives, which are not accompanied by financial support, continue to be a concern to the School District for the future.
- The School District continues to expand technology for our students.
- The School District has been able to maintain its programs without major cuts in staff.
- The School District continues to be a Community Eligibility Provision (CEP) district for food service, thus offering free breakfast and lunch for all students.
- Voters approved a budget of \$24,468,125 for the 2023-2024 fiscal year.
- The School District continues to use ARP funding, which will end in September 2024. The School District is applying for additional grants to expand opportunities for students.

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

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the School District Office, Port Byron Central School District, at 30 Maple Avenue, Port Byron, New York 13140.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF NET POSITION JUNE 30, 2023**

### **ASSETS**

#### **Current Assets**

Cash and Cash Equivalents - Restricted	\$ 39
Investments - Restricted	382,221
Due From State and Federal Governments	1,039,044
Due From Other Governments	2,082,584
Other Receivables, Net	87,772
Inventories	15,982
<b>Total Current Assets</b>	<b>3,607,642</b>

#### **Noncurrent Assets**

Cash and Cash Equivalents - Restricted	4,443,217
Investments - Restricted	4,905,811
Capital Assets, Net:	
Nondepreciable	524,670
Depreciable	28,810,849
Intangible Lease Asset, Net	122,033
<b>Total Noncurrent Assets</b>	<b>38,806,580</b>
<b>Total Assets</b>	<b>42,414,222</b>

### **DEFERRED OUTFLOWS OF RESOURCES**

OPEB	2,091,466
Pensions	4,448,445
Deferred Charges on Defeased Debt	43,317
<b>Total Deferred Outflows of Financial Resources</b>	<b>6,583,228</b>

### **LIABILITIES**

#### **Current Liabilities**

Accrued Liabilities	768,505
Due to Other Governments	148
Bond Interest and Matured Bonds	20,160
Overpayments and Collections in Advance	260
Due to Teachers' Retirement System	737,120
Due to Employees' Retirement System	48,729
Unearned Revenues - Other	3,219
Current Portion of Long-Term Obligations:	
Bonds Payable	1,817,469
Lease Liabilities	61,138
Installment Purchase Debt	26,505
<b>Total Current Liabilities</b>	<b>3,483,253</b>

*See Notes to Basic Financial Statements*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF NET POSITION (CONTINUED)** **JUNE 30, 2023**

### **Noncurrent Liabilities**

Bonds Payable	\$ 10,822,032
Installment Purchase Debt	32,484
Lease Liabilities	60,895
Compensated Absences Payable	649,919
Other Postemployment Benefits Liability	35,638,745
Net Pension Liability - Proportionate Share	1,812,986
<b>Total Noncurrent Liabilities</b>	<b>49,017,061</b>

<b>Total Liabilities</b>	<b>52,500,314</b>
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### **DEFERRED INFLOWS OF RESOURCES**

OPEB	7,257,906
Pensions	404,859

<b>Total Deferred Inflows of Financial Resources</b>	<b>7,662,765</b>
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### **NET POSITION**

Net Investment in Capital Assets	16,680,346
Restricted	9,782,130
Unrestricted (Deficit)	(37,628,105)

<b>Total Net Position (Deficit)</b>	<b>\$ (11,165,629)</b>
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*See Notes to Basic Financial Statements*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Expenses</b>	<b>Program Revenues</b>			<b>Net (Expense) Revenue and Changes in Net Position</b>
		<b>Charges for Services</b>	<b>Operating Grants</b>	<b>Capital Grants</b>	
<b>FUNCTIONS/PROGRAMS</b>					
General Support	\$ 3,188,194	\$ -	\$ -	\$ -	\$ (3,188,194)
Instruction	17,044,473	115,470	2,149,635	-	(14,779,368)
Pupil Transportation	1,681,008	-	-	-	(1,681,008)
School Lunch Program	690,100	98,642	546,518	-	(44,940)
Interest on Debt	340,257	-	-	-	(340,257)
<b>Total Functions and Programs</b>	<b>\$ 22,944,032</b>	<b>\$ 214,112</b>	<b>\$ 2,696,153</b>	<b>\$ -</b>	<b>(20,033,767)</b>
<b>GENERAL REVENUES</b>					
Real Property Taxes					5,370,646
Other Tax Items					1,079,577
Use of Money and Property					413,438
Unrestricted State Sources					16,098,535
Sale of Property					82,240
Federal Sources					86,566
Miscellaneous					783,528
<b>Total General Revenues</b>					<b>23,914,530</b>
Change in Net Position					3,880,763
Total Net Position (Deficit) - Beginning of Year					(15,046,392)
<b>Total Net Position (Deficit) - End of Year</b>					<b>\$ (11,165,629)</b>

*See Notes to Basic Financial Statements*



# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023**

	<b>Major Funds</b>		<b>Non-Major</b>	<b>Total</b>
	<b>General Fund</b>	<b>Capital Fund</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>ASSETS</b>				
Cash and Cash Equivalents - Restricted	\$ 4,443,215	\$ 39	\$ 2	\$ 4,443,256
Investments - Restricted	3,257,496	1,531,624	498,912	5,288,032
Due From Other Funds	612,982	-	-	612,982
Due From State and Federal Governments	303,352	-	735,692	1,039,044
Due From Other Governments	2,082,584	-	-	2,082,584
Other Receivables, Net	87,772	-	-	87,772
Inventories	-	-	15,982	15,982
<b>Total Assets</b>	<b>\$ 10,787,401</b>	<b>\$ 1,531,663</b>	<b>\$ 1,250,588</b>	<b>\$ 13,569,652</b>
<b>LIABILITIES</b>				
Accrued Liabilities	\$ 616,650	\$ -	\$ 151,855	\$ 768,505
Due to Other Funds	-	23,188	589,794	612,982
Due to Other Governments	-	-	148	148
Overpayments and Collections in Advance	260	-	-	260
Due to Teachers' Retirement System	737,120	-	-	737,120
Due to Employees' Retirement System	45,669	-	3,060	48,729
Unearned Revenues	-	-	3,219	3,219
<b>Total Liabilities</b>	<b>1,399,699</b>	<b>23,188</b>	<b>748,076</b>	<b>2,170,963</b>
<b>FUND BALANCES</b>				
Nonspendable	-	-	15,982	15,982
Restricted	7,787,125	1,508,475	486,530	9,782,130
Assigned	621,852	-	-	621,852
Unassigned	978,725	-	-	978,725
<b>Total Fund Balances</b>	<b>9,387,702</b>	<b>1,508,475</b>	<b>502,512</b>	<b>11,398,689</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,787,401</b>	<b>\$ 1,531,663</b>	<b>\$ 1,250,588</b>	<b>\$ 13,569,652</b>

*See Notes to Basic Financial Statements*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2023**

**Fund Balances - Total Governmental Funds** **\$ 11,398,689**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation and amortization, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 53,859,276	
Less Accumulated Depreciation and Amortization	<u>(24,401,724)</u>	29,457,552

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

Bonds Payable	\$ (11,635,000)	
Installment Purchase Debt	(58,989)	
Lease Liability	(122,033)	
Bond Premium	<u>(1,004,501)</u>	(12,820,523)

The School District's proportion of the collective net pension asset or liability is not reported in the funds.

TRS Net Pension Asset/(Liability) - Proportionate Share	\$ (673,140)	
ERS Net Pension Asset/(Liability) - Proportionate Share	<u>(1,139,846)</u>	(1,812,986)

Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including OPEB and pensions, represents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Deferred Charges on Defeased Debt	\$ 43,317	
Deferred Outflows of Resources - OPEB	2,091,466	
Deferred Inflows of Resources - OPEB	(7,257,906)	
TRS Deferred Inflows of Resources - Pension	(331,561)	
ERS Deferred Inflows of Resources - Pension	(73,298)	
TRS Deferred Outflows of Resources - Pension	3,683,790	
ERS Deferred Outflows of Resources - Pension	<u>764,655</u>	(1,079,537)

Certain accrued obligations and expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in the funds.

Accrued Interest on Long-Term Debt	\$ (20,160)	
Compensated Absences	(649,919)	
Other Postemployment Benefits Liability	<u>(35,638,745)</u>	<u>(36,308,824)</u>

**Net Position (Deficit) of Governmental Activities** **\$ (11,165,629)**

*See Notes to Basic Financial Statements*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Major Fund</b>		<b>Non-Major</b>	<b>Total</b>
	<b>General Fund</b>	<b>Capital Fund</b>	<b>Governmental Funds</b>	<b>Governmental Funds</b>
<b>REVENUES</b>				
Real Property Taxes	\$ 5,370,646	\$ -	\$ -	\$ 5,370,646
Real Property Tax Items	1,074,851	-	-	1,074,851
Nonproperty Taxes	4,726	-	-	4,726
Charges for Services	115,470	-	-	115,470
Use of Money and Property	396,905	-	16,533	413,438
Sale of Property and Compensation for Loss	170,877	-	-	170,877
Other Revenue	776,478	-	89,561	866,039
State Sources	16,098,535	-	490,301	16,588,836
Federal Sources	86,566	-	2,205,852	2,292,418
Sales - School Lunch	-	-	16,131	16,131
<b>Total Revenues</b>	<b>24,095,054</b>	<b>-</b>	<b>2,818,378</b>	<b>26,913,432</b>
<b>EXPENDITURES</b>				
General Support	2,692,033	-	65,903	2,757,936
Instruction	10,990,527	-	2,062,320	13,052,847
Pupil Transportation	1,699,561	-	31,651	1,731,212
Employee Benefits	3,711,208	-	463,110	4,174,318
Debt Service:				
Principal	1,706,473	-	-	1,706,473
Interest	507,871	-	-	507,871
Cost of Sales	-	-	292,457	292,457
Capital Outlay	-	575,367	-	575,367
<b>Total Expenditures</b>	<b>21,307,673</b>	<b>575,367</b>	<b>2,915,441</b>	<b>24,798,481</b>
Excess (Deficiency) of Revenues Over Expenditures	<b>2,787,381</b>	<b>(575,367)</b>	<b>(97,063)</b>	<b>2,114,951</b>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
Operating Transfers In	-	2,083,842	20,712	2,104,554
Operating Transfers (Out)	(2,104,554)	-	-	(2,104,554)
<b>Total Other Financing Sources and (Uses)</b>	<b>(2,104,554)</b>	<b>2,083,842</b>	<b>20,712</b>	<b>-</b>
Net Change in Fund Balances	682,827	1,508,475	(76,351)	2,114,951
Fund Balances - Beginning of Year	8,704,875	-	578,863	9,283,738
<b>Fund Balances - End of Year</b>	<b>\$ 9,387,702</b>	<b>\$ 1,508,475</b>	<b>\$ 502,512</b>	<b>\$ 11,398,689</b>

*See Notes to Basic Financial Statements*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023**

**Net Change in Fund Balances - Total Governmental Funds** **\$ 2,114,951**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense exceeded capital additions.

Capital Additions	\$ 974,123	
Net Book Value of Disposed Assets and Reclassifications	(88,637)	
Depreciation and Amortization Expense	<u>(1,487,913)</u>	(602,427)

Long-term debt proceeds provide current financial resources to Governmental Funds, but issuing debt and the related premiums, increase long-term liabilities in the Statement of Net Position. Repayment of debt principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Repayment of Lease Principal	\$ 81,145	
Repayment of Bond Principal	1,600,000	
Repayment of Installment Purchase Debt	<u>25,328</u>	1,706,473

Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to other postemployment benefits do not affect current financial resources and are, also, not reported in the Governmental Funds.

Other Postemployment Benefits Liability	\$ 939,346	
Compensated Absences	<u>12,128</u>	951,474

Certain expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds. These include the change in accrued interest, lease liabilities, amortization of bond premiums, and deferred amounts from refunding bonds.

Amortization of Deferred Amounts from Refunding Bonds	\$ (25,472)	
Amortization of Premiums on Obligations	191,004	
Change in Accrued Interest	<u>2,082</u>	167,614

Changes in the School District's proportionate share of net pension assets/liabilities have no effect on current financial resources and therefore are not reported as revenues or expenditures in the governmental funds. In addition, changes in the School District's deferred outflows of resources and deferred inflows of resources related to pensions do not affect current financial resources and are, also, not reported in the Governmental Funds.

TRS	\$ (209,548)	
ERS	<u>(247,774)</u>	<u>(457,322)</u>

**Net Change in Net Position of Governmental Activities** **\$ 3,880,763**

*See Notes to Basic Financial Statements*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2023**

	<b><u>Custodial Fund</u></b>
<b>ASSETS</b>	
Cash - Unrestricted	<u>\$ 158,882</u>
<b>Total Assets</b>	<b><u>\$ 158,882</u></b>
 <b>NET POSITION</b>	
Unrestricted	<u>\$ 158,882</u>
<b>Total Net Position</b>	<b><u>\$ 158,882</u></b>

*See Notes to Basic Financial Statements*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Custodial Fund</b>
<b>ADDITIONS</b>	
Extraclassroom Receipts	<u>\$ 176,523</u>
<b>DEDUCTIONS</b>	
Extraclassroom Disbursements	<u>143,063</u>
Change in Net Position	33,460
Net Position - Beginning of Year	<u>125,422</u>
<b>Net Position - End of Year</b>	<b><u>\$ 158,882</u></b>

*See Notes to Basic Financial Statements*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

### ***Note 1*** **Summary of Significant Accounting Policies**

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

#### **Reporting Entity**

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

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

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, "The Financial Reporting Entity," as amended:

- The primary government, which is the School District;
- Organizations for which the primary government is financially accountable; and
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's Business Office, located at 30 Maple Avenue, Port Byron, New York, 13140. The School District accounts for assets held as an agent for various student organizations in a Custodial Fund.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

### ***Note 1*      Summary of Significant Accounting Policies - Continued**

#### **Joint Venture**

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

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

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

BOCES' financial statements may be obtained from the Cayuga-Onondaga BOCES administration office at 1879 West Genesee Street Rd, Auburn New York 13021.

#### **Basis of Presentation - District-Wide Financial Statements**

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

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



# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Basis of Presentation - Governmental Fund Financial Statements**

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

#### **Major Fund**

- General Fund: This is the School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Capital Projects Fund: Accounts for financial resources used for the renovation of the School District's educational complex and the purchase of School District transportation equipment.

#### **Non-Major Funds:**

- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
  - Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for special educational programs.
  - School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.
  - Miscellaneous Special Revenue Fund: Accounts for resources donated to the School District for various purposes. Also, the fund accounts for student scholarships whose funds are restricted as to use.
- Debt Service Fund: Accounts for the accumulation of resources and payment of principal and interest on long-term general obligation debt of Governmental Activities.

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

The School District reports the following Fiduciary Fund:

- Custodial Fund: Strictly custodial in nature and do not involve measurement of results of operations. Assets are held by the School District as agent for Extraclassroom Activity Funds.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

### ***Note 1*      Summary of Significant Accounting Policies - Continued**

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

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

The Governmental Fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within 90 days after the end of the fiscal year.

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

#### **Cash and Investments**

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

#### **Accounts Receivable**

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1*      Summary of Significant Accounting Policies - Continued**

#### **Due To/From Other 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.

#### **Inventories and Prepaid Items**

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount. Prepaid items represent payments made by the School District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and Governmental Fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance equal to inventories and prepaid amounts is reported as nonspendable as these assets are not in spendable form in the current period.

#### **Capital Assets**

Capital assets are reported at actual cost when such data is available including the right to use assets acquired through financed lease arrangements. For assets in which there was no data, estimated historical costs have been estimated based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

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

	<b>Capitalization Threshold</b>	<b>Estimated Useful Life</b>
Buildings	\$ 10,000	40 Years
Building Improvements	10,000	40 Years
Furniture and Equipment	5,000	5-20 Years

Capital assets are depreciated and amortized over their estimated useful lives using the straight-line method.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1*      Summary of Significant Accounting Policies - Continued**

#### **Deferred Outflows and Deferred Inflows of Resources**

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element 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 School District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. The School District also reports deferred outflows of resources related to pensions and OPEB plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions and OPEB plans are described in Notes 9 and 10, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows related to pensions and OPEB plans which are further described in Notes 9 and 10, respectively.

#### **Vested Employee Benefits - Compensated Absences**

Compensated absences consist of unpaid accumulated annual sick and vacation leave.

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

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

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1*      Summary of Significant Accounting Policies - Continued**

#### **Postemployment Benefits**

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District's employees may become eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 10 for additional information.

#### **Leases**

The School District determines if an arrangement is or contains a lease at inception. The School District records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. The School District uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the School District elects to use its incremental borrowing rate in calculating present value of lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and the School District will recognize short-term lease expense for these leases on a straight-line basis over the lease term.

The School District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liabilities and is included in the education expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals, and payments associated with non-lease components are expensed as incurred.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1*      Summary of Significant Accounting Policies - Continued**

#### **Unearned and Unavailable Revenues**

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

The Governmental Fund financial statements also report unavailable revenues as a deferred inflow of resources when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the liability for unavailable revenues is removed and revenues are recorded.

#### **Overpayments and Collections in Advance**

Overpayments and collections in advance arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability is removed and revenues are recorded.

#### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net assets are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

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

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

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

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - District-Wide Financial Statements**

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation, and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of “restricted” or “net investment in capital assets.”

#### **Equity Classifications - Governmental Fund Financial Statements**

The School District follows GASB Statement No. 54, “Fund Balance Reporting and Governmental Fund Type Definitions.”

Fund balances are allocated into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the School District is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable: Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- Restricted: Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District’s legally adopted reserves are reported here.
- Committed: Consists of amounts subject to a purpose constraint imposed by formal action of the School District’s highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- Assigned: Consists of amounts subject to a purpose constraint representing an intended use established by the School District’s highest level of decision-making authority or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

### ***Note 1* Summary of Significant Accounting Policies - Continued**

#### **Equity Classifications - Governmental Fund Financial Statements - Continued**

- Unassigned: Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law (RPL) §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to 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.

The Board of Education of the School District may adopt resolutions to commit or assign fund balance. By resolution, fund balance of the School District may be committed for a specific source by formal action of the Board of Education. Furthermore, the Board of Education delegates authority to assign fund balance for a specific purpose to the Business Official of the School District. The Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

#### **Legally Adopted Reserves**

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. Except for the Encumbrance Reserve, these reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. Reserves currently in use by the School District include the following:

- Workers' Compensation Reserve (GML §6-j): Used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses for administering this self-insurance program. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the succeeding fiscal year's budget. This reserve is accounted for in the General Fund.



# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1*      Summary of Significant Accounting Policies - Continued**

#### **Legally Adopted Reserves - Continued**

- Unemployment Insurance Reserve (GML §6-m): Used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.
- Retirement Contribution Reserve (GML §6-r): Used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the subfund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund.
- Employee Benefit Accrued Liability Reserve (GML §6-p): Used to reserve funds for payment of accrued employee benefits upon termination of an employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Capital Reserve (Education Law §3651): Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a Capital Reserve Fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

### ***Note 1*      Summary of Significant Accounting Policies - Continued**

#### **Legally Adopted Reserves - Continued**

- **Repair Reserve (GML §6-d):** Used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (see Opinion of the State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted in the General Fund.
- **Insurance Reserve (GML §6-n):** 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 (for example, for unemployment compensation insurance). The reserve may be established by board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve, however, the annual contribution to this reserve may not exceed the greater of \$33,000 or 5% of the budget. Settled or compromised claims up to \$25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.
- **Mandatory Debt Service Reserve (GML §6-l):** Used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

#### **Property Taxes**

Real property taxes are levied annually by the Board of Education no later than August 31, 2022 and became a lien on September 1, 2022. Taxes were collected during the period September 1, 2022 to November 15, 2022. Uncollected real property taxes are subsequently enforced by the Counties of Cayuga and Wayne. An amount representing uncollected real property taxes transmitted to the counties for enforcement is paid to the School District no later than the following April 1.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 1*      Summary of Significant Accounting Policies - Continued**

#### **Interfund Transfers**

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance-Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

#### **Use of Estimates**

The preparation of financial statements in conformity with U.S. GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, other postemployment benefits payable, potential contingent liabilities, and useful lives of long-lived assets.

#### **New Accounting Standards**

The School District adopted and implemented the following current Statement of the Governmental Accounting Standards Board (GASB) effective for the year ended June 30, 2023:

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," effective for the year ending June 30, 2023.

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

- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ending June 30, 2025.

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

### ***Note 2*      Participation in BOCES**

During the year ended June 30, 2023, the School District's share of BOCES income amounted to \$2,547,955. The School District was billed \$5,580,942 for BOCES administration and program costs. BOCES' financial statements may be obtained from the Cayuga-Onondaga BOCES administration office at 1879 West Genesee Street Rd, Auburn New York 13021.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 3* Cash and Cash Equivalents - Custodial Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District has established a custodial credit risk policy which requires the School District to maintain collateralized deposits of amounts not covered under FDIC insurance. New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the School District's name.

The School District's aggregate bank balances of \$11,298,170 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

The School District has investments (including donated Scholarship Funds) and chooses to disclose its investments by specifically identifying each.

The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

- 1) Insured or registered, with investments held by the School District or by the School District's agent in the School District's name; or
- 2) Uninsured and unregistered, with investments held by the financial institution's trust department in the School District's name; or
- 3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District's name.

The School District's investments consisted of the following at June 30, 2023:

	<b>Cost</b>	<b>Carrying Amount Fair Value</b>	<b>Type of Investment</b>	<b>Category</b>
General Fund	\$ 3,255,686	\$ 3,255,686	NYCLASS	(1)
Capital Fund	1,531,624	1,531,624	NYCLASS	(1)
School Lunch Fund	384,031	384,031	NYCLASS	(1)
Debt Service Fund	50,517	50,517	NYCLASS	(1)
Miscellaneous Special Revenue Fund	13,754	13,754	NYCLASS	(1)
Miscellaneous Special Revenue Fund	52,420	52,420	Certificates of Deposit	(1)
	<b><u>\$ 5,288,032</u></b>	<b><u>\$ 5,288,032</u></b>		

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

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

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 3*      Cash and Cash Equivalents - Custodial Credit Risk - Continued**

#### **Restricted Cash and Investments**

Restricted cash and investments consist of the following at June 30, 2023:

General Fund Reserves	\$ 7,723,899
Restricted for School Lunch	382,221
Restricted for Debt	50,519
Restricted for Capital	1,508,475
Restricted for Scholarships	<u>66,174</u>
<b>Total Governmental Activities</b>	<b><u>\$ 9,731,288</u></b>

### ***Note 4*      Interfund Balances and Activity**

Interfund balances at June 30, 2023 are as follows:

	<b>Interfund Receivable</b>	<b>Interfund Payable</b>	<b>Interfund Revenues</b>	<b>Interfund Expenditures</b>
General Fund	\$ 612,982	\$ -	\$ -	\$ 2,104,554
Capital Projects Fund	-	23,188	2,083,842	-
Non-Major Funds:				
Special Aid Fund	<u>-</u>	<u>589,794</u>	<u>20,712</u>	<u>-</u>
<b>Total</b>	<b><u>\$ 612,982</u></b>	<b><u>\$ 612,982</u></b>	<b><u>\$ 2,104,554</u></b>	<b><u>\$ 2,104,554</u></b>

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the mandated cost of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to the Capital Projects Funds, as needed, to fund capital projects.

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

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### **Note 5 Capital Assets**

Capital asset balances and activity for the year ended June 30, 2023, were as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reclassifications and Disposals</b>	<b>Ending Balance</b>
Capital Assets That Are Not Depreciated:				
Land	\$ 33,145	\$ -	\$ -	\$ 33,145
Construction in Progress	-	575,367	(83,842)	491,525
<b>Total Nondepreciable Historical Cost</b>	<u>33,145</u>	<u>575,367</u>	<u>(83,842)</u>	<u>524,670</u>
Capital Assets That Are Depreciated:				
Buildings	49,319,067	-	83,842	49,402,909
Furniture and Equipment	3,461,056	398,756	(323,157)	3,536,655
<b>Total Depreciable Historical Cost</b>	<u>52,780,123</u>	<u>398,756</u>	<u>(239,315)</u>	<u>52,939,564</u>
Intangible Lease Asset - Equipment	<u>487,532</u>	<u>-</u>	<u>(92,490)</u>	<u>395,042</u>
Total Historical Cost	<u>53,300,800</u>	<u>974,123</u>	<u>(415,647)</u>	<u>53,859,276</u>
(Less) Accumulated Depreciation:				
Buildings	(21,490,532)	(1,091,608)	-	(22,582,140)
Furniture and Equipment	(1,465,935)	(315,160)	234,520	(1,546,575)
<b>Total Accumulated Depreciation</b>	<u>(22,956,467)</u>	<u>(1,406,768)</u>	<u>234,520</u>	<u>(24,128,715)</u>
(Less) Accumulated Amortization - Equipment	<u>(284,354)</u>	<u>(81,145)</u>	<u>92,490</u>	<u>(273,009)</u>
<b>Total Historical Cost, Net</b>	<u><u>\$ 30,059,979</u></u>	<u><u>\$ (513,790)</u></u>	<u><u>\$ (88,637)</u></u>	<u><u>\$ 29,457,552</u></u>

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

General Support	\$ 65,742
Instruction	1,187,153
Pupil Transportation	219,853
School Lunch Program	<u>15,165</u>
<b>Total</b>	<u><u>\$ 1,487,913</u></u>

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### **Note 6 Long-Term Debt**

At June 30, 2023, the total outstanding indebtedness of the School District represented 29.5% of its statutory debt limit, exclusive of building aid. Long-term debt is classified as follows:

- Serial Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment 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 the capital assets. Statutory Installment Bonds are sometimes issued directly with a financial institution or investor and are not offered for public sale. There are no terms that present additional risk to the School District associated with these direct borrowings or placements.
- Installment Purchase Debt: The School District leases equipment with intent to purchase. Accumulated depreciation and net book value of equipment under capital leases at June 30, 2023 is \$52,281 and \$52,282, respectively.

The following is a summary of the School District's long-term debt for the year ended June 30, 2023.

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
<b>Refunding Bonds</b>				
Refunding Bonds 2015	3/18/2015	6/15/2026	2.00% - 2.375%	\$ 705,000
Refunding Bonds 2016	6/16/2016	6/15/2024	1.50% - 2.00%	385,000
Refunding Bonds 2021	3/03/2021	6/15/2026	1.00% - 2.00%	1,790,000
Total Refunding Bonds				<u>2,880,000</u>
<b>Revenue Bonds</b>				
DASNY Revenue Bond 2019A	6/17/2019	6/15/2034	5.00%	8,265,000
Total Revenue Bonds				<u>8,265,000</u>
<b>Serial Bonds</b>				
Serial Bonds 2016	7/07/2016	6/15/2031	2.29%	490,000
Total Serial Bonds				<u>490,000</u>
<b>Total Bonds</b>				<u>11,635,000</u>
<b>Installment Purchase Debt</b>				
Installment Purchase 2018	8/01/2021	8/01/2025	4.55%	58,989
Total Installment Purchase Debt				<u>58,989</u>
Unamortized Premium on Refunding Bonds				<u>1,004,501</u>
<b>Total Bonds and Installment Purchase Debt Payable</b>				<u><b>\$ 12,698,490</b></u>

# PORT BYRON CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

### Note 6 Long-Term Debt - Continued

Interest expense on long-term debt during the year was comprised of the following:

Interest Paid	\$ 507,871
(Less) Interest Accrued in the Prior Year	(22,242)
Plus Interest Accrued in the Current Year	20,160
Plus Amortization of Deferred Charges on Defeased Debt	25,472
(Less) Amortization of Premiums on Obligations	<u>(191,004)</u>
<b>Total</b>	<b><u>\$ 340,257</u></b>

Interest paid on the serial bonds varies from year to year, in accordance with interest rates specified in the bond agreements.

Long-term debt balances and activity for the year are summarized below.

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Serial Bonds	\$ 545,000	\$ -	\$ (55,000)	\$ 490,000	\$ 55,000
Revenue Bonds	8,840,000	-	(575,000)	8,265,000	595,000
Refunding Bonds	3,850,000	-	(970,000)	2,880,000	995,000
Installment Purchase Debt	84,317	-	(25,328)	58,989	26,505
Subtotal	13,319,317	-	(1,625,328)	11,693,989	1,671,505
Premiums on Obligations	1,195,505	-	(191,004)	1,004,501	172,469
<b>Total</b>	<b><u>\$ 14,514,822</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (1,816,332)</u></b>	<b><u>\$ 12,698,490</u></b>	<b><u>\$ 1,843,974</u></b>

A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges on defeased debt are summarized as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Issued</b>	<b>Redeemed</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
2015 Refunding Bonds	\$ 19,725	\$ -	\$ (7,851)	\$ 11,874	\$ 5,951
2016 Refunding Bonds	4,182	-	(4,182)	-	-
2021 Refunding Bonds	44,882	-	(13,439)	31,443	11,112
<b>Total Deferred Charges on Defeased Debt</b>	<b><u>\$ 68,789</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (25,472)</u></b>	<b><u>\$ 43,317</u></b>	<b><u>\$ 17,063</u></b>



# PORT BYRON CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

### Note 6 Long-Term Debt - Continued

The following is a summary of the maturity of long-term indebtedness:

Year	Serial Bonds		Installment Purchase		Total
	Principal	Interest	Principal	Interest	
2024	\$ 1,645,000	\$ 450,327	\$ 26,505	\$ 2,136	\$ 2,123,968
2025	1,300,000	398,843	27,737	1,648	1,728,228
2026	1,340,000	353,338	4,747	136	1,698,221
2027	1,150,000	306,714	-	-	1,456,714
2028	995,000	262,990	-	-	1,257,990
2029-2033	4,285,000	751,181	-	-	5,036,181
2034	920,000	46,000	-	-	966,000
<b>Total</b>	<b>\$ 11,635,000</b>	<b>\$ 2,569,393</b>	<b>\$ 58,989</b>	<b>\$ 3,920</b>	<b>\$ 14,267,302</b>

### Note 7 Lease Liabilities

The School District enters into lease agreements for certain equipment that are considered leases. The School District is not party to any material short term leases, and current leases do not require any variable payments. At June 30, 2023, the School District reported \$395,042, offset by accumulated amortization of \$273,009, in intangible lease assets included in the lease liability below. Lease liabilities as of June 30, 2023 are as follows:

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2023
2020 Equipment	6/30/2020	6/30/2024	3.42%	\$ 21,058
2021 Equipment	6/30/2021	6/30/2025	1.85%	40,851
2022 Equipment	6/30/2022	6/30/2026	1.01%	60,124
<b>Total</b>				<b>\$ 122,033</b>

The following is a summary of the maturity of lease liabilities:

Year	Principal	Interest	Total
2024	\$ 61,138	\$ 2,079	\$ 63,217
2025	40,653	785	41,438
2026	20,242	203	20,445
<b>Total</b>	<b>\$ 122,033</b>	<b>\$ 3,067</b>	<b>\$ 125,100</b>

Interest paid for the current year amounted to \$4,259.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 8*      **Compensated Absences****

Represents the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds. 2022-2023 activity consisted of the following:

	<b><u>Beginning Balance</u></b>	<b><u>Additions</u></b>	<b><u>Deletions</u></b>	<b><u>Ending Balance</u></b>
Compensated Absences	<u>\$ 662,047</u>	<u>\$ -</u>	<u>\$ (12,128)</u>	<u>\$ 649,919</u>

Changes to long-term compensated absences are reported net, as it is impractical to individually determine the amount of additions and deletions during the fiscal year.

### ***Note 9*      **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)****

#### **Teachers' Retirement System (TRS) (System) - Plan Descriptions and Benefits Provided**

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York (RSSL). 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, New York 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

***Note 9***    **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Teachers' Retirement System (TRS) (System) - Plan Descriptions and Benefits Provided - Continued**

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

**Employees' Retirement System (ERS) (System) - Plan Descriptions and Benefits Provided**

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

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

***Note 9***    **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Employees' Retirement System (ERS) (System) - Plan Descriptions and Benefits Provided - Continued**

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

**Summary of Significant Accounting Policies**

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

**Contributions**

The School District is required to contribute at an actuarially determined rate. The School District's contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
<b>2022</b>	<b>\$ 157,366</b>	<b>\$ 609,016</b>
2021	208,700	557,214
2020	186,974	524,966

# PORT BYRON CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

### Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

At June 30, 2023, the School 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, 2023 for ERS and June 30, 2022 for TRS. The total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset)/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	ERS	TRS
Actuarial Valuation Date	4/1/2022	6/30/2021
Net Pension (Asset)/Liability	\$ 21,444,032,790	\$ 1,918,891,690
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	1,139,846	673,140
School District's Share of the Net Pension (Asset)/Liability	0.005315%	0.035080%

For the year ended June 30, 2023, the School District recognized pension expense of \$402,673 for ERS and \$885,439 for TRS in the District-wide financial statements. At June 30, 2023, the School District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 121,403	\$ 705,365	\$ 32,011	\$ 13,489
Changes of Assumptions	553,583	1,305,777	6,118	271,160
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	869,760	6,697	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	40,940	128,630	28,472	46,912
School District's Contributions Subsequent to the Measurement Date	48,729	674,258	-	-
<b>Total</b>	<b>\$ 764,655</b>	<b>\$ 3,683,790</b>	<b>\$ 73,298</b>	<b>\$ 331,561</b>

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 9* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

<b><u>Year Ending</u></b>	<b><u>ERS</u></b>	<b><u>TRS</u></b>
2024	\$ 152,786	\$ 526,246
2025	(57,766)	284,676
2026	237,093	(90,238)
2027	310,515	1,732,524
2028	-	218,055
Thereafter	-	6,708

### **Actuarial Assumptions**

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

Significant actuarial assumptions used in the valuations were as follows:

	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.4%	1.95% - 5.18%
Cost of Living Adjustments	1.5%	1.3%
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 the Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis.

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

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Actuarial Assumptions - Continued**

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

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2023	June 30, 2022
<b>Asset Type</b>		
Domestic Equity	4.3%	6.5%
International Equity	6.9%	7.2%
Global Equity	0.0%	6.9%
Real Estate Equity	4.6%	6.2%
Private Equity	7.5%	9.9%
Opportunistic/ARC Portfolio	5.4%	0.0%
Real Assets	5.8%	0.0%
Credit	5.4%	0.0%
Fixed Income	1.5%	0.0%
Domestic Fixed Income	0.0%	1.1%
Global Bonds	0.0%	0.6%
Private Debt	0.0%	5.3%
Real Estate Debt	0.0%	2.4%
High-Yield Bonds	0.0%	3.3%
Cash Equivalents	0.0%	(0.3)%

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**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 contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension (asset)/liability.

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

The following presents the School 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 School District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower or higher than the current rate:

	<b>1% Decrease (4.9%)</b>	<b>Current Assumption (5.9%)</b>	<b>1% Increase (6.9%)</b>
<b>ERS</b>			
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 2,754,519	\$ 1,139,846	\$ (209,401)
	<b>1% Decrease (5.95%)</b>	<b>Current Assumption (6.95%)</b>	<b>1% Increase (7.95%)</b>
<b>TRS</b>			
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 6,206,663	\$ 673,140	\$ (3,980,517)



# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 9* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

#### **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:

	<b>Dollars in Thousands</b>	
	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2023	June 30, 2022
Employers' Total Pension	\$ 232,627,259	\$ 133,883,474
Plan Net Position	(211,183,223)	(131,964,582)
<b>Employers' Net Pension (Asset)/Liability</b>	<b>\$ 21,444,036</b>	<b>\$ 1,918,892</b>
Ratio of Plan Net Position to the Employers' Total Pension (Asset)/Liability	90.8%	98.6%

#### **Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$48,729.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 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, 2023 amounted to \$737,120.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

**Note 9 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Summary**

Changes in the net pension (asset)/liability and deferred outflows and inflows of resources for the year ended June 30, 2023 are summarized as follows:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
<b>ERS</b>			
Net Pension (Asset)/Liability	\$ (404,017)	\$ 1,543,863	\$ 1,139,846
Deferred Outflows of Resources	(793,804)	29,149	(764,655)
Deferred Inflows of Resources	1,398,536	(1,325,238)	73,298
Subtotal	<u>200,715</u>	<u>247,774</u>	<u>448,489</u>
<b>TRS</b>			
Net Pension (Asset)/Liability	(5,969,528)	6,642,668	673,140
Deferred Outflows of Resources	(3,565,660)	(118,130)	(3,683,790)
Deferred Inflows of Resources	6,646,551	(6,314,990)	331,561
Subtotal	<u>(2,888,637)</u>	<u>209,548</u>	<u>(2,679,089)</u>
<b>Total</b>	<u><b>\$ (2,687,922)</b></u>	<u><b>\$ 457,322</b></u>	<u><b>\$ (2,230,600)</b></u>

**Note 10 Postemployment Benefits Other Than Pensions (OPEB)**

**General Information about the OPEB Plan**

Plan Description - The School District's defined OPEB plan provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The plan is a single-employer defined benefit healthcare plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the plan.

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

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 10* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

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

Employees Covered by Benefit Terms - At June 30, 2023, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	194
Active Employees Not Fully Eligible for Benefits	105
Active Employees Fully Eligible for Benefits	<u>28</u>
<b>Total</b>	<b><u>327</u></b>

#### **Total OPEB Liability**

The School District's total OPEB liability of \$35,638,745 measured as of March 31, 2023, and was determined by an actuarial valuation as of June 30, 2023.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the June 30, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate:	3.78%
Single Discount Rate	3.78%
Salary Scale	3.53%
Dental Trend Rate	5.00% per year
Marital Assumption	70.00%
Participation Rate	100.00%
Healthcare Cost Trend Rates	5.50% for 2022, increasing to an ultimate rate of 4.00% for 2071 and later years

The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date (or the nearest business day thereto).

The salary scale reflects the rate at which payroll amounts are expected to increase over time for purposes of attributing liabilities under the Entry Age Normal, Level Percent of Pay actuarial cost method. Based on inflation of 1%.

Mortality rates were based on Pub-2010 Public Retirement Plans Mortality Tables, Headcount-Weighted, distinct for Teachers, General, and Safety, without separate Contingent Survivor mortality, using Mortality Improvement Scale MP-2021 for retirees and surviving spouses.

Termination rates were based on 2003 Society of Actuaries small plan withdrawal, scaled 50% for teachers, unscaled for non-teachers.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 10* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

#### **Total OPEB Liability - Continued**

Retirement rates were based on 2021 TRS retirement system retirement rates; separate for males and females.

Healthcare Cost Trend Rates were based on the National Health Expenditure Projections 2014-2030 and reflect the impact of legislative changes in 2022 and future years. Long-term trend rates were developed using the Societies of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2023\_f1 (updated October 2022).

CPI inflation rates were based on the Livingston Survey for June 2022, Long-Term (10-year) Forecast mean rates.

Real GDP rates are based on median rates from OECD 2023-2060 GDP projections, published in 2022.

The actuarial assumptions used in the June 30, 2023 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2022</b>	<b><u>\$ 41,115,218</u></b>
<b>Changes for the Year</b>	
Service Cost	719,693
Interest Cost	1,145,400
Changes of Benefit Terms	109,199
Differences Between Expected and Actual Experience	(1,083,196)
Changes in Assumptions or Other Inputs	(5,006,173)
Benefit Payments	<u>(1,361,396)</u>
Net Change	<u>(5,476,473)</u>
<b>Balance at June 30, 2023</b>	<b><u>\$ 35,638,745</u></b>

# PORT BYRON CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

### Note 10 Postemployment Benefits Other Than Pensions (OPEB) - Continued

#### Changes in the Total OPEB Liability

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

	1% Decrease (2.78%)	Discount Rate (3.78%)	1% Increase (4.78%)
Total OPEB Liability	\$ 41,101,016	\$ 35,638,745	\$ 31,236,483

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

	1% Decrease (4.50% to 3.00%)	Healthcare Cost Trend Rate (5.50% to 4.00%)	1% Increase (6.50% to 5.00%)
Total OPEB Liability	\$ 30,913,412	\$ 35,638,745	\$ 41,561,172

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$428,015.

At June 30, 2023, the School 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	\$ 1,751,117	\$ 878,819
Changes in Assumptions or Other Inputs	-	6,379,087
Contributions Subsequent to Measurement Date	340,349	-
Total	<u>\$ 2,091,466</u>	<u>\$ 7,257,906</u>

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

### ***Note 10* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

#### **OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB - Continued**

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the OPEB liability in the year ending June 30, 2024. Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<b>Fiscal Year</b>	
<b>Ending June 30,</b>	<b>Amount</b>
2024	\$ (1,252,034)
2025	(1,239,774)
2026	(1,239,774)
2027	(1,239,774)
2028	(435,515)
Thereafter	(99,918)

#### **Current Year Activity**

The following is a summary of current year activity:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Other Postemployment Benefits Liability	\$ 41,115,218	\$ (5,476,473)	\$ 35,638,745
Deferred Outflows of Resources	(3,778,478)	1,687,012	(2,091,466)
Deferred Inflows of Resources	4,407,791	2,850,115	7,257,906
<b>Total Effect on Net Position</b>	<b>\$ 41,744,531</b>	<b>\$ (939,346)</b>	<b>\$ 40,805,185</b>

### ***Note 11* Commitments and Contingencies**

#### **Risk Financing and Related Insurance**

##### **General Information**

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

Separate from claims and lawsuits that arise in the ordinary course of business, two lawsuits have been initiated against the School District. The School District has established and funded an insurance reserve to defray any potential financial effects of these matters. As of the report date of the financial statements, the School District's exposure to these claims has not been determined.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 11*    Commitments and Contingencies - Continued**

#### **Health Insurance**

The School District participates in the Cayuga-Onondaga School Employees' Healthcare Plan, a non-risk retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 10 individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$200,000 per insured event. The pool obtains independent coverage for insured events in excess of that limit. The School District has essentially transferred all related risk to the pool.

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling \$2,674,124.

Financial statements for the Plan can be obtained by contacting the BOCES Business Office located at 1879 West Genesee Street Road, Auburn, New York 13021.

#### **Grants**

The School District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the state. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and are subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the School District. Based on prior experience, management expects such amounts to be immaterial.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### **Note 12 Fund Balance Detail**

At June 30, 2023, nonspendable, restricted, and assigned fund balance in the governmental funds was as follows:

			<b>Non-Major Funds</b>		
	<b>General Fund</b>	<b>Capital Projects Fund</b>	<b>School Lunch Fund</b>	<b>Debt Service Fund</b>	<b>Miscellaneous Special Revenue</b>
<b>Nonspendable</b>					
Inventory	\$ -	\$ -	\$ 15,982	\$ -	\$ -
<b>Total Nonspendable Fund Balance</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 15,982</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Restricted</b>					
Workers' Compensation Reserve	\$ 272,847	\$ -	\$ -	\$ -	\$ -
Unemployment Insurance Reserve	694,305	-	-	-	-
Reserve for ERS Contributions	1,043,516	-	-	-	-
Reserve for TRS Contributions	579,295	-	-	-	-
Insurance Reserve	500,000	-	-	-	-
Employee Benefit Accrued Liability Reserve	571,058	-	-	-	-
Repair Reserve	2,273,126	-	-	-	-
Capital Reserve	1,852,978	-	-	-	-
Restricted for Capital Projects	-	1,508,475	-	-	-
School Lunch	-	-	369,837	-	-
Debt	-	-	-	50,519	-
Scholarships	-	-	-	-	66,174
<b>Total Restricted Fund Balance</b>	<b>\$7,787,125</b>	<b>\$ 1,508,475</b>	<b>\$ 369,837</b>	<b>\$ 50,519</b>	<b>\$ 66,174</b>
<b>Assigned</b>					
Appropriated for Next Year's Budget	\$ 350,000	\$ -	\$ -	\$ -	\$ -
Encumbered for:					
General Support	65,601	-	-	-	-
Instruction	61,789	-	-	-	-
Pupil Transportation	144,462	-	-	-	-
<b>Total Assigned Fund Balance</b>	<b>\$ 621,852</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>



# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023**

### ***Note 13*    Reserved Fund Balances**

Portions of restricted fund balance are reserved and not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity of the General Fund, for the year ended June 30, 2023, were as follows:

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Workers Compensation Reserve	\$ 272,843	\$ -	\$ 4	\$ -	\$ 272,847
Unemployment Insurance Reserve	694,294	-	11	-	694,305
Reserve for ERS Contributions	1,043,500	-	16	-	1,043,516
Reserve for TRS Contributions	454,288	125,000	7	-	579,295
Insurance Reserve	-	500,000	-	-	500,000
Employee Benefit Accrued Liability Reserve	662,047	-	9	(90,998)	571,058
Repair Reserve	2,273,091	-	35	-	2,273,126
Capital Reserve	2,000,000	1,816,052	36,926	(2,000,000)	1,852,978
<b>Total</b>	<b><u>\$ 7,400,063</u></b>	<b><u>\$ 2,441,052</u></b>	<b><u>\$ 37,008</u></b>	<b><u>\$ (2,090,998)</u></b>	<b><u>\$ 7,787,125</u></b>

### ***Note 14*    Stewardship, Compliance, and Accountability**

#### **Deficit Net Position**

At June 30, 2023, the District-wide Statement of Net Position had a deficit net position of \$(11,165,629). This is largely the result of recording the other postemployment benefit liability as required by GASB Statement No. 75 with no requirement or mechanism to fund this liability (see Note 10). The deficit is not expected to be eliminated during the normal course of operations.

#### **Deficit Restricted Cash**

At June 30, 2023, the School District reported \$(7,787,125) of Board-approved reserve funds. During the year, mostly due to funding capital projects prior to debt issuance, the School District had to use cash set aside to fund these reserves creating a deficiency of cash to fully fund the reserve balances at year end of \$63,226. The District anticipates resolving this deficit in the 2023 - 2024 school year.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual</b>	<b>Variance Favorable (Unfavorable)</b>
<b>REVENUES</b>				
<b>Local Sources</b>				
Real Property Taxes	\$ 6,421,897	\$ 6,421,897	\$ 5,370,646	\$ (1,051,251)
Other Tax Items	10,000	10,000	1,079,577	1,069,577
Charges for Services	27,500	27,500	115,470	87,970
Use of Money and Property	136,650	136,650	396,905	260,255
Sale of Property and Compensation for Loss	1,000	1,000	170,877	169,877
Miscellaneous	1,174,296	1,264,946	776,478	(488,468)
	-			
<b>Total Local Sources</b>	7,771,343	7,861,993	7,909,953	47,960
State Sources	15,456,536	15,456,536	16,098,535	641,999
Federal Sources	100,000	100,000	86,566	(13,434)
<b>Total Revenues</b>	23,327,879	23,418,529	24,095,054	676,525
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In	43,237	43,237	-	(43,237)
<b>Total Revenues and Other Financing Sources</b>	23,371,116	23,461,766	<b>\$ 24,095,054</b>	<b>\$ 633,288</b>
Appropriated Reserves and Encumbrances Carried Forward From Prior Year	19,967	2,019,967		
<b>Total Revenues, Appropriated Reserves, and Designated Fund Balance</b>	<b>\$ 23,391,083</b>	<b>\$ 25,481,733</b>		

*See Notes to Required Supplementary Information*

# **PORT BYRON CENTRAL SCHOOL DISTRICT**

## **SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Actual</b>	<b>Encumbrances</b>	<b>Variance Favorable (Unfavorable)</b>
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of Education	\$ 40,343	\$ 51,993	\$ 50,667	\$ -	\$ 1,326
Central Administration	264,773	250,073	241,391	-	8,682
Finance	572,893	497,993	464,625	-	33,368
Staff	80,872	76,272	64,678	-	11,594
Central Services	1,743,258	1,843,958	1,601,911	65,601	176,446
Special Items	281,262	273,562	268,761	-	4,801
<b>Total General Support</b>	<b>2,983,401</b>	<b>2,993,851</b>	<b>2,692,033</b>	<b>65,601</b>	<b>236,217</b>
<b>Instruction</b>					
Instruction, Administration, and Improvement	849,811	1,045,361	932,313	46,105	66,943
Teaching - Regular School	4,698,989	4,555,137	4,425,281	-	129,856
Programs for Students With Disabilities	3,205,152	2,695,852	2,649,705	-	46,147
Occupational Education	705,986	705,986	705,986	-	-
Teaching - Special School	143,600	26,900	1,842	-	25,058
Instructional Media	1,141,451	1,956,378	1,516,275	13,145	426,958
Pupil Services	841,360	892,537	759,125	2,539	130,873
<b>Total Instruction</b>	<b>11,586,349</b>	<b>11,878,151</b>	<b>10,990,527</b>	<b>61,789</b>	<b>825,835</b>
Pupil Transportation	1,842,993	1,948,493	1,699,561	144,462	104,470
Employee Benefits	4,619,932	4,299,103	3,711,208	-	587,895
<b>Debt Service</b>					
Principal	1,710,500	1,706,645	1,706,473	-	172
Interest	532,908	533,673	507,871	-	25,802
<b>Total Debt Service</b>	<b>2,243,408</b>	<b>2,240,318</b>	<b>2,214,344</b>	<b>-</b>	<b>25,974</b>
<b>Total Expenditures</b>	<b>23,276,083</b>	<b>23,359,916</b>	<b>21,307,673</b>	<b>271,852</b>	<b>1,780,391</b>
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	115,000	2,121,817	2,104,554	-	17,263
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 23,391,083</b>	<b>\$ 25,481,733</b>	<b>23,412,227</b>	<b>\$ 271,852</b>	<b>\$ 1,797,654</b>
Net Change in Fund Balance			682,827		
Fund Balance - Beginning of Year			8,704,875		
<b>Fund Balance - End of Year</b>			<b>\$ 9,387,702</b>		

*See Notes to Required Supplementary Information*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Contractually Required Contribution	<b>\$ 157,366</b>	\$ 208,700	\$ 186,974	\$ 179,097	\$ 160,540	\$ 147,983	\$ 138,817	\$ 135,714	\$ 234,087	\$ 231,105
Contributions in Relation to the Contractually Required Contribution	<b>(157,366)</b>	(208,700)	(186,974)	(179,097)	(160,540)	(147,983)	(138,817)	(135,714)	(234,087)	*
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	*
School District's Covered Payroll for Year Ended June 30,	<b>1,574,595</b>	1,407,447	1,444,207	1,326,630	1,222,331	1,104,785	1,001,067	934,922	919,110	*
Contributions as a Percentage of Covered Payroll	<b>10.0%</b>	14.8%	12.9%	13.5%	13.1%	13.4%	13.9%	14.5%	25.5%	*

*\*Information Not Readily Available*

## **SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS**

	<b><u>2023</u></b>	<b><u>2022</u></b>	<b><u>2021</u></b>	<b><u>2020</u></b>	<b><u>2019</u></b>	<b><u>2018</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
Contractually Required Contribution	<b>\$ 674,258</b>	\$ 609,016	\$ 557,214	\$ 524,966	\$ 672,312	\$ 600,410	\$ 710,220	\$ 769,016	\$ 1,041,471	\$ 917,208
Contributions in Relation to the Contractually Required Contribution	<b>(674,258)</b>	(609,016)	(557,214)	(524,966)	(672,312)	(600,410)	(710,220)	(769,016)	(1,041,471)	*
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	*
School District's Covered Payroll for Year Ended June 30,	<b>6,552,556</b>	6,214,449	5,846,946	5,925,124	6,330,621	6,126,633	5,799,517	5,941,078	5,644,357	*
Contributions as a Percentage of Covered Payroll	<b>10.3%</b>	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%

*\*Information Not Readily Available*

*See Notes to Required Supplementary Information*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
School District's Proportion of the Net Pension (Asset)/Liability	<b>0.005315%</b>	0.004942%	0.004575%	0.004649%	0.004366%	0.004167%	0.003553%	0.004264%	0.004196%
School District's Proportionate Share of the Net Pension (Asset)/Liability	<b>\$ 1,139,846</b>	\$ (404,017)	\$ 4,556	\$ 1,230,989	\$ 309,358	\$ 134,489	\$ 333,814	\$ 586,848	\$ 141,750
School District's Covered Payroll During the Measurement Period	<b>1,594,868</b>	1,402,193	1,423,863	1,304,539	1,206,162	1,070,992	982,358	919,110	919,110
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<b>71.5%</b>	(28.8)%	0.32%	94.36%	25.65%	12.56%	33.98%	63.85%	15.42%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	<b>90.8%</b>	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
<b>The Following is a Summary of Changes of Assumptions</b>									
Inflation	<b>2.90%</b>	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	<b>4.40%</b>	4.40%	4.50%	4.20%	3.80%	3.80%	3.80%	3.80%	3.80%
Cost of Living Adjustments	<b>1.50%</b>	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Investment Rate of Return	<b>5.90%</b>	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.00%
Discount Rate	<b>5.90%</b>	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.00%
Society of Actuaries' Mortality Scale	<b>MP-2021</b>	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

*Schedule is Intended to Show Information for 10 Years.*

*Additional Years Will Be Displayed as They Become Available.*

*See Notes to Required Supplementary Information*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
School District's Proportion of the Net Pension (Asset)/Liability	<b>0.035080%</b>	0.034448%	0.034909%	0.037899%	0.037612%	0.038241%	0.038394%	0.039233%	0.038320%
School District's Proportionate Share of the Net Pension (Asset)/Liability	<b>\$ 673,140</b>	\$ (5,969,528)	\$ 964,623	\$ (984,609)	\$ (680,130)	\$ (290,668)	\$ 411,213	\$ (4,075,072)	\$ (4,268,589)
School District's Covered Payroll During the Measurement Period	<b>6,214,449</b>	5,846,946	5,925,124	6,330,621	6,126,633	5,799,517	5,941,078	5,941,078	5,644,357
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	<b>10.8%</b>	(102.1)%	16.3%	(15.6)%	(11.1)%	(5.0)%	6.9%	(68.6)%	(75.6)%
Plan Fiduciary Net Position as a Percentage of the Total Pension (Asset)/Liability	<b>98.6%</b>	113.2%	97.8%	102.20%	101.50%	100.70%	99.00%	110.50%	111.50%
<b>The Following is a Summary of Changes of Assumptions</b>									
Inflation	<b>2.40%</b>	2.20%	2.20%	2.25%	2.25%	2.50%	3.00%	3.00%	3.00%
Salary Increases	<b>1.95% - 5.18%</b>	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%	4.0% - 10.9%
Cost of Living Adjustments	<b>1.30%</b>	1.30%	1.30%	1.50%	1.50%	1.50%	1.50%	1.63%	1.63%
Investment Rate of Return	<b>6.95%</b>	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Discount Rate	<b>6.95%</b>	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Society of Actuaries' Mortality Scale	<b>MP-2020</b>	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

*Schedule is Intended to Show Information for 10 Years.*

*Additional Years Will Be Displayed as They Become Available.*

*See Notes to Required Supplementary Information*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS**

	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>	<b>2014</b>
Service Cost	\$ 719,693	\$ 800,654	\$ 851,763	\$ 849,328	\$ 759,648	\$ 795,097	\$ 815,751	\$ *	\$ *	\$ *
Interest Cost	1,145,400	913,552	1,011,716	1,368,657	1,602,492	1,635,150	1,456,610	*	*	*
Changes of Benefit Terms	109,199	-	-	88,315	-	-	-	*	*	*
Differences Between Expected and Actual Experience	(1,083,196)	3,309,186	(1,590,920)	(6,686,175)	(5,081,124)	(1,212,747)	1,730,139	*	*	*
Changes in Assumptions or Other Inputs	(5,006,173)	(3,352,098)	565,661	6,740,558	(622,412)	1,762,325	(2,920,089)	*	*	*
Benefit Payments	(1,361,396)	(1,337,536)	(1,354,658)	(1,352,107)	(1,584,268)	(1,512,404)	(1,503,998)	*	*	*
	(5,476,473)	333,758	(516,438)	1,008,576	(4,925,664)	1,467,421	(421,587)	*	*	*
Total OPEB Liability - Beginning of Year	41,115,218	40,781,460	41,297,898	40,289,322	45,214,986	43,747,565	44,169,152	*	*	*
<b>Total OPEB Liability - End of Year</b>	<b>\$ 35,638,745</b>	<b>\$ 41,115,218</b>	<b>\$ 40,781,460</b>	<b>\$ 41,297,898</b>	<b>\$ 40,289,322</b>	<b>\$ 45,214,986</b>	<b>\$ 43,747,565</b>	<b>\$ 44,169,152</b>	<b>\$ *</b>	<b>\$ *</b>
Covered Employee Payroll	\$ 7,797,362	\$ 7,676,551	\$ 7,445,011	\$ 6,972,750	\$ 6,755,232	\$ 6,538,798	\$ 6,538,798	\$ *	\$ *	\$ *
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>457%</b>	<b>536%</b>	<b>548%</b>	<b>592%</b>	<b>596%</b>	<b>691%</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>The Following is a Summary of Changes of Assumptions</b>										
Healthcare Cost Trend Rates	5.5% - 4.0%	6.10% - 4.37%	4.0% - 4.08%	5.2% - 4.18%	5.2% - 4.32%	5.3% - 4.17%	5.3% - 4.17%	5.2% - 3.8%	*	*
Salary Increases	3.53%	3.44%	3.11%	3.22%	3.36%	3.31%	3.31%	3.31%	*	*
Discount Rate	3.78%	2.83%	2.27%	2.48%	3.44%	3.61%	3.80%	3.35%	*	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2016	*	*

\* Information for periods prior to implementation of GASB Statement No. 75 is unavailable.

*See Notes to Required Supplementary Information*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023**

### ***Note 1* Budgetary Procedures and Budgetary Accounting**

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

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The following supplemental appropriations occurred during the year:

Adopted Budget	\$ 23,371,116
Carryover Encumbrances	<u>19,967</u>
Original Budget	23,391,083
Modifications	<u>2,090,650</u>
<b>Final Budget</b>	<b><u>\$ 25,481,733</u></b>

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid, School Lunch, and Miscellaneous Special Revenue Fund). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid Grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund and Miscellaneous Special Revenue Fund are established internally.

### ***Note 2* Reconciliation of the Budget Basis to U.S. GAAP**

No adjustment is necessary to convert the General Fund's excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis. Encumbrances, if present, are presented in a separate column and are not included in the actual results at June 30, 2023.



# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023**

***Note 3***      **Schedule of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

The Schedule of the School District's Proportionate Share of the Net Pension (Asset)/Liability, required supplementary information, presents eight years of information. These schedules will present ten years of information as it becomes available from the pension plans.

***Note 4***      **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

### **NYSLRS**

#### **Changes in Benefit Terms**

The New York State Legislature lowered the vesting requirement for Tier 5 and Tier 6 from ten years to five years (Chapter 56 of the Laws of 2022), prior to the April 1, 2022 actuarial valuation.

### **NYSTRS**

#### **Changes in Benefit Terms**

Effective with the 2022 actuarial valuation, the following plan change was effective: The number of years of credited service required for vesting changed from ten years to five years for Tier 5 and 6 members for purposes of eligibility for a service retirement benefit or a deferred-vested benefit.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2023**

### **CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	<u>\$ 23,371,116</u>
Prior Year's Encumbrances	<u>19,967</u>
Original Budget	<u>23,391,083</u>
Gift and Donations	<u>90,650</u>
Use of Reserves	<u>2,000,000</u>
Total Additions	<u>2,090,650</u>
<b>Final Budget</b>	<b><u>\$ 25,481,733</u></b>

### **§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**

<b>Next Year's Budget is a Voter Approved Budget</b>	<b><u>\$ 24,468,125</u></b>	
Maximum Allowed (4% of the 2023-2024 Budget)		\$ 978,725
General Fund Fund Balance Subject to §1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	\$ 621,852	
Unassigned Fund Balance	<u>978,725</u>	
<b>Total Unrestricted Fund Balance</b>	<u>1,600,577</u>	
Less:		
Appropriated Fund Balance	\$ 350,000	
Encumbrances Included in Assigned Fund Balance	<u>271,852</u>	
<b>Total Adjustments</b>	<u>621,852</u>	
<b>General Fund Fund Balance Subject to §1318 of Real Property Tax Law</b>		<b><u>\$ 978,725</u></b>
Actual Percentage		4.0%

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2023**

<b>PROJECT TITLE</b>	<b>Original Budget</b>	<b>Revised Budget</b>	<b>Expenditures</b>			<b>Unexpended Balance</b>	<b>Proceeds of Obligations</b>	<b>Methods of Financing</b>			<b>Fund Balance June 30, 2023</b>
			<b>Prior Years</b>	<b>Current Year</b>	<b>Total</b>			<b>State Aid</b>	<b>Local Sources</b>	<b>Total</b>	
<u>2022/2023 100K Project</u>	<u>\$ 100,000</u>	<u>\$ 83,842</u>	<u>\$ -</u>	<u>\$ 83,842</u>	<u>\$ 83,842</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83,842</u>	<u>\$ 83,842</u>	<u>\$ -</u>
<u>Repair Reserve Project</u>	<u>15,900,000</u>	<u>15,900,000</u>	<u>-</u>	<u>491,525</u>	<u>491,525</u>	<u>15,408,475</u>	<u>-</u>	<u>-</u>	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,508,475</u>
<u>Subtotal</u>	<u>16,000,000</u>	<u>15,983,842</u>	<u>-</u>	<u>575,367</u>	<u>575,367</u>	<u>\$ 15,408,475</u>	<u>-</u>	<u>-</u>	<u>2,083,842</u>	<u>2,083,842</u>	<u>1,508,475</u>
<u><b>Total</b></u>	<u><b>\$16,000,000</b></u>	<u><b>\$15,983,842</b></u>	<u><b>\$ -</b></u>	<u><b>\$ 575,367</b></u>	<u><b>\$ 575,367</b></u>	<u><b>\$ 15,408,475</b></u>	<u><b>\$ -</b></u>	<u><b>\$ -</b></u>	<u><b>\$2,083,842</b></u>	<u><b>\$2,083,842</b></u>	<u><b>\$ 1,508,475</b></u>

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS JUNE 30, 2023**

Capital Assets, Net	<u>\$ 29,335,519</u>
Add:	
Intangible Assets, Net	<u>122,033</u>
Amounts Deferred on Refunding	<u>43,317</u>
Deduct:	
Premium on Bonds	<u>(1,004,501)</u>
Short-Term Portion of Lease Liability	<u>(61,138)</u>
Long-Term Portion of Lease Liability	<u>(60,895)</u>
Short-Term Portion of Installment Purchase Debt	<u>(26,505)</u>
Long-Term Portion of Installment Purchase Debt	<u>(32,484)</u>
Short-Term Portion of Bonds Payable, Before Deferred Amounts	<u>(1,645,000)</u>
Long-Term Portion of Bonds Payable, Before Deferred Amounts	<u>(9,990,000)</u>
<b>Net Investment in Capital Assets</b>	<b><u><u>\$ 16,680,346</u></u></b>

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2023**

	<b>Special Revenue Funds</b>			<b>Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
	<b>School Lunch Fund</b>	<b>Special Aid Fund</b>	<b>Miscellaneous Special Revenue Fund</b>		
<b>ASSETS</b>					
Cash - Restricted	\$ -	\$ -	\$ -	\$ 2	\$ 2
Investments - Restricted	382,221	-	66,174	50,517	498,912
Receivables:					
State and Federal Aid	1,902	733,790	-	-	735,692
Inventories	15,982	-	-	-	15,982
<b>Total Assets</b>	<b>\$ 400,105</b>	<b>\$ 733,790</b>	<b>\$ 66,174</b>	<b>\$ 50,519</b>	<b>\$ 1,250,588</b>
<b>LIABILITIES</b>					
Accrued Liabilities	\$ 7,859	\$ 143,996	\$ -	\$ -	\$ 151,855
Due to Other Funds	-	589,794	-	-	589,794
Due to Other Governments	148	-	-	-	148
Due to Employees' Retirement System	3,060	-	-	-	3,060
Unearned Revenue	3,219	-	-	-	3,219
<b>Total Liabilities</b>	<b>14,286</b>	<b>733,790</b>	<b>-</b>	<b>-</b>	<b>748,076</b>
<b>FUND BALANCES</b>					
Nonspendable	15,982	-	-	-	15,982
Restricted	369,837	-	66,174	50,519	486,530
<b>Total Fund Balances</b>	<b>385,819</b>	<b>-</b>	<b>66,174</b>	<b>50,519</b>	<b>502,512</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 400,105</b>	<b>\$ 733,790</b>	<b>\$ 66,174</b>	<b>\$ 50,519</b>	<b>\$ 1,250,588</b>

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2023**

	<b>Special Revenue Funds</b>			<b>Debt Service Fund</b>	<b>Total Non-Major Governmental Funds</b>
	<b>School Lunch Fund</b>	<b>Special Aid Fund</b>	<b>Miscellaneous Special Revenue Fund</b>		
<b>REVENUES</b>					
Use of Money and Property	\$ 7,754	\$ -	\$ 1,528	\$ 7,251	\$ 16,533
Miscellaneous	82,511	-	7,050	-	89,561
State Sources	10,174	480,127	-	-	490,301
Federal Sources	536,344	1,669,508	-	-	2,205,852
Sales - School Lunch	16,131	-	-	-	16,131
<b>Total Revenues</b>	<b>652,914</b>	<b>2,149,635</b>	<b>8,578</b>	<b>7,251</b>	<b>2,818,378</b>
<b>EXPENDITURES</b>					
General Support	-	65,903	-	-	65,903
Instruction	340,710	1,708,666	12,944	-	2,062,320
Pupil Transportation	-	31,651	-	-	31,651
Employee Benefits	98,983	364,127	-	-	463,110
Cost of Sales	292,457	-	-	-	292,457
<b>Total Expenditures</b>	<b>732,150</b>	<b>2,170,347</b>	<b>12,944</b>	<b>-</b>	<b>2,915,441</b>
Excess (Deficiency) of Revenues Over Expenditures	(79,236)	(20,712)	(4,366)	7,251	(97,063)
<b>OTHER FINANCING SOURCES AND (USES)</b>					
Operating Transfers In	-	20,712	-	-	20,712
<b>Total Other Sources (Uses)</b>	<b>-</b>	<b>20,712</b>	<b>-</b>	<b>-</b>	<b>20,712</b>
Net Change in Fund Balances	(79,236)	-	(4,366)	7,251	(76,351)
Fund Balances - Beginning of Year	465,055	-	70,540	43,268	578,863
<b>Fund Balances - End of Year</b>	<b>\$ 385,819</b>	<b>\$ -</b>	<b>\$ 66,174</b>	<b>\$ 50,519</b>	<b>\$ 502,512</b>



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

Board of Education  
Port Byron Central School District  
Port Byron, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Port Byron Central School District (the School District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated September 21, 2023.

**Report on Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered the School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the School District's internal control.

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

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

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**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether the School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the Schedule of Findings and Questioned Costs as item 2023-001.

**School District's Response to Findings**

*Government Auditing Standards* requires the auditor to perform limited procedures on the School District's response to the findings identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

**Purpose of This Report**

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

Respectfully submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 21, 2023





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

Board of Education  
Port Byron Central School District  
Port Byron, New York

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

**Opinion on Each Major Federal Program**

We have audited Port Byron Central School District's (the School District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the School District's major federal programs for the year ended June 30, 2023. The School District's major federal programs are identified in the summary of auditors' results section of the accompanying Schedule of Findings and Questioned Costs.

In our opinion, the School District, complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2023.

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

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the 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 the School District's federal programs.

### **Auditors' Responsibilities for the Audit of Compliance**

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

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

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

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

### **Report on Internal Control Over Compliance**

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

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

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

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

Respectfully submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
September 21, 2023

# **PORT BYRON CENTRAL SCHOOL DISTRICT**

## **SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023**

<b>Federal Grantor/Pass - Through Grantor Program Title</b>	<b>Assistance Listing #</b>	<b>Pass - Through Grantor #</b>	<b>Expenditures to Subrecipients</b>	<b>Expenditures</b>
<b>U.S. Department of Education</b>				
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021230300	\$ -	\$ 216,584
Special Education Cluster:				
Special Education - Grants to States	84.027	0032230092	-	247,228
Special Education - Grants to States	84.027	5532220092	-	564
Special Education - Preschool Grants	84.173	0033230092	-	6,677
Special Education - Preschool Grants	84.173	5533220092	-	680
		Subtotal	-	255,149
Supporting Effective Instruction State Grants	84.367	0147230300	-	28,768
Title IV Student Support and Academic Enrichment	84.424	0204230300	-	17,076
Education Stabilization Fund (ESF):				
(COVID-19) Governor's Emergency Education Relief Fund	84.425C	5896210300	-	-
(COVID-19) Elementary and Secondary School Emergency Relief Fund	84.425D	5891210300	-	404,125
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5880210300	-	522,648
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5882210300	-	49,006
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5883210300	-	42,250
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5884210300	-	131,342
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief - Homeless Children and Youth	84.425W	5218210300	-	2,560
		Subtotal	-	1,151,931
			-	1,669,508
<b>Total U.S. Department of Education</b>				
<b>U.S. Department of Agriculture</b>				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	N/A	-	338,273
School Breakfast Program	10.553	N/A	-	139,459
COVID-19 - Summer Food Program	10.559	N/A	-	7,752
		Subtotal	-	485,484
(COVID-19) Pandemic EBT Food Benefits	10.542	N/A - Direct	-	1,256
State Pandemic Electronic Benefit Transfer				
(COVID-19) Administrative Costs Grant	10.649	N/A - Direct	-	49,604
<b>Total U.S. Department of Agriculture</b>			-	536,344
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 2,205,852</b>

*See Notes to Schedule of Expenditures of Federal Awards*

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS JUNE 30, 2023**

***Note 1***     **Basis of Presentation**

The accompanying Schedule of Expenditures of Federal Awards (SEFA) presents the activity of all federal awards programs administered by the Port Byron Central School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the SEFA.

***Note 2***     **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore some amounts presented in this schedule may differ from amounts presented in, or used in, preparation of the financial statements.

***Note 3***     **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

***Note 4***     **Matching Costs**

Matching costs, such as the School District's share of certain program costs, are not included in the reported expenditures.

***Note 5***     **Non-Monetary Federal Program**

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2023, the School District received \$38,863 worth of commodities under the National School Lunch Program (ALN #10.555).

***Note 6***     **Subrecipients**

No amounts were provided to subrecipients.

***Note 7***     **Other Disclosures**

No insurance is carried specifically to cover equipment purchased with federal funds. Any equipment purchased with federal funds has only a nominal value and is covered by the School District's casualty insurance policies.

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

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023**

### **Section I Summary of Auditors' Results**

#### ***Financial Statements***

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?      yes   X   no

Significant deficiency(ies) identified that are not  
considered to be material weakness(es)?      yes   X   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 that are not  
considered to be material weakness(es)?      yes   X   none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported  
in accordance with Uniform Guidance §200.516(a)?      yes   X   no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425</u>	<u>Education Stabilization Fund</u>

Dollar threshold used to distinguish between Type A and Type B  
Programs \$ 750,000

Auditee qualified as low risk?      yes   X   no

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2023**

### **Section II Financial Statement Findings**

#### **2023-001 School Food Account - Net Cash Resources Child Nutrition Cluster**

**Criteria:**

The School Food Authority shall limit its net cash resources to an amount that does not exceed three months' average expenditures for its School Lunch Fund or such other amount as may be approved by the NYS Department of Education in accordance with 7 CFR §210.9(b)(2).

**Condition:**

At June 30, 2023 net cash resources in the School Lunch Fund exceeded the allowable limit by \$150,192.

**Cause:**

Revenues exceeded expenditures by \$15,812 and \$203,019 in the School Lunch Fund for the years ended June 30, 2022 and 2021, respectively. Expenditures exceeded revenues for the year ended June 30, 2023 by \$79,236.

**Effect or Potential Effect:**

The School District is not in compliance with 7 CFR §210.19(a).

**Questioned Costs:**

None.

**Context:**

The amount over the allowable limit of \$219,645 in the amount of \$150,192 at June 30, 2023, and compares with the amounts over the allowable limit in years ended June 30, 2021 and 2020 of \$262,438 and \$270,346, respectively.

**Repeat Finding**

This Finding is a repeat of Finding 2021-001 and 2022-001

**Recommendation:**

We recommend the School District review its net cash resources in the School Lunch Fund and develop a plan to reduce them to an allowable amount.

# ***PORT BYRON CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS (CONTINUED) FOR THE YEAR ENDED JUNE 30, 2023**

### **Section II Financial Statement Findings - Continued**

#### **2023-001 School Food Account - Net Cash Resources Child Nutrition Cluster - Continued**

Views of Responsible Officials of the Auditee:

The School District has begun taking action to address this issue, as follows:

Equipment Improvement - Review a plan to improve and replace equipment over the next several budget years.

Retained Balance for Pending Settlements - Increased wages (extending into 2023-2024 and beyond).

The minimum wage in New York State will rise over the next several years according to legislation signed by former Governor Cuomo.

Annual increases will continue until the rate reaches \$15.00 per hour (a 66% increase from 2015-2016 levels). Annual increases will be published by the Commissioner of Labor and based on a number of economic factors.

Enhanced Meals - Our program is taking steps to improve food options. They include making improvements to center of the plate options and improving local food options as well.

### **Section III Federal Award Findings and Questioned Costs**

None.