

PRELIMINARY OFFICIAL STATEMENT DATED JULY 2, 2024

**NEW/RENEWAL 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.*

**\$38,360,000**

**WAVERLY CENTRAL SCHOOL DISTRICT  
TIOGA AND CHEMUNG COUNTIES, NEW YORK**



**GENERAL OBLIGATIONS**

**\$38,360,000 Bond Anticipation Notes, 2024  
(the "Notes")**

**Dated: July 25, 2024**

**Due: July 11, 2025**

The Notes are general obligations of the Waverly Central School District, Tioga and Chemung Counties, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "THE NOTES – Nature of Obligation" and "TAX LEVY LIMITATION LAW" herein. The Notes will not be subject to redemption prior to maturity.

At the option of the purchaser(s), the Notes will be issued in (i) registered form 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 School District. The Notes will be issued in denominations of \$5,000 or integral 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 approving legal opinion as to the validity of the Notes of WJ Marquardt, PLLC, Bond Counsel, Skaneateles, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on 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 9, 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 School 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 SCHOOL DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12, EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE SCHOOL DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX-C. MATERIAL EVENT NOTICES" HEREIN.

# WAVERLY CENTRAL SCHOOL DISTRICT TIOGA AND CHEMUNG COUNTIES, NEW YORK

## SCHOOL DISTRICT OFFICIALS

### 2024-2025 BOARD OF EDUCATION

PARVIN MENSCH  
President

COLLEEN TALADA  
Vice President

JENNIFER VAUGHN  
RENEE KINSLEY  
BEAU ROSKOW  
CORY ROBINSON  
JANEL GOLDEN  
DAVID ACKLAND  
KRISTI ZIMMER

\* \* \* \* \*

ERIC KNOLLES  
Superintendent of Schools

KATHY J. ROTE  
School District Business Administrator

PAMELA BEARD  
School District Treasurer

BRIANA BRONSON  
School District Clerk

FERRARA FIORENZA PC  
School District Attorney



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

WJ MARQUARDT PLLC  
Bond Counsel

No person has been authorized by the Waverly 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 Waverly Central School District.

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
**OF THE**  
**WAVERLY CENTRAL SCHOOL DISTRICT**  
**TIOGA AND CHEMUNG COUNTIES, NEW YORK**  
**RELATING TO**  
**\$38,360,000 Bond Anticipation Notes, 2024**

This Official Statement, which includes the cover page and appendices, has been prepared by the Waverly Central School District, Tioga and Chemung Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$38,360,000 principal amount of Bond Anticipation Notes, 2024 (the "Notes").

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

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

**THE NOTES**

**Description of the Notes**

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

The Notes will be dated July 25, 2024 and will mature July 11, 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 District will act as Paying Agent for the Notes. Paying agent fees, if any, will be paid by the purchaser(s).

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

**No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

**Purpose of Issue**

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution of the School District adopted on June 16, 2022 authorizing the reconstruction and renovation of, and the construction improvements, additions and upgrades to various District buildings and facilities and the sites thereof, at a maximum cost of \$43,500,000.

The District currently has \$17,840,000 bond anticipation notes outstanding and maturing on July 26, 2024 for the aforementioned purpose. The Notes, along with \$640,000 available funds of the District, will partially redeem and renew the outstanding notes maturing on July 26, 2024 and provide \$21,160,000 new monies for the abovementioned purposes.

## Nature of the Obligation

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes,

such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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 District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company.

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

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

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

### **Certificated Notes**

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

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

## THE SCHOOL DISTRICT

### General Information

The District, centralized in 1957, is located in the Town of Barton, Tioga County, and the Towns of Ashland, Baldwin and Chemung, Chemung County. The District is situated adjacent to the Pennsylvania border, approximately 17 miles southeast of the City of Elmira.

The District is served by New York State Routes 86 (the "Southern Tier Expressway"), 34 and 96, and by Pennsylvania State Route 220. Bus service is available in Waverly, rail service in nearby Sayre, Pennsylvania, and air transportation at the Elmira-Corning Regional Airport.

The District is basically a rural/residential area, with roughly half of its population residing in the Village of Waverly. Residents find employment locally, or commute to Elmira, Owego and Sayre.

Public water and sewer services are provided by the Village of Waverly, with the outlying area using private wells and septic systems. Electricity and natural gas are provided by New York State Electric & Gas Corporation, Pennsylvania Electric and Pennsylvania Southern Gas. Telephone service is provided by NYNEX. Police protection is provided by the Village of Waverly and by the Tioga and Chemung County Sheriffs' departments, supplemented by the New York State Police. Fire protection and ambulance service are provided by volunteer organizations.

The District provides public education for grades PK-12. Opportunities for higher education are available nearby at Elmira College and Corning Community College, as well as in the Ithaca, Binghamton and Cortland areas.

District residents find commercial services in the Village, as well as in Sayre, Elmira and Corning. The Village of Waverly is served by offices of Chemung Canal Trust Company and Tioga State Bank.

Source: District officials.

### District Population

The 2022 estimated population of the District is 9,400. (Source: U.S. Census Bureau, 2018-2022 American Community Survey 5-Year Estimates)

### Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the towns and the Counties listed below. The figures set below with respect to such towns and Counties is included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the towns or the Counties is 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:						
Barton	\$ 22,096	\$ 26,958	\$ 34,204	\$ 48,657	\$ 56,273	\$ 72,097
Chemung	20,927	29,431	31,809	55,781	70,205	63,167
Baldwin	22,958	29,330	38,749	71,375	56,477	67,153
Ashland	18,385	27,261	45,616	51,927	58,333	66,458
County of:						
Tioga	24,596	32,298	37,691	59,907	75,656	83,276
Chemung	23,457	29,959	34,304	55,246	70,617	77,618
State of:						
New York	30,948	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: 2006-2010, 2016-2020 and 2018-2022 American Community Survey data.

**Larger Employers**

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

<u>Name</u>	<u>Type</u>	<u>Employees</u>
CVS	Retail/Pharmacy Distribution Center	431
Elderwood	Nursing Home	320
Waverly Central School District	Education	260
Vulcraft Steel Fabrication	Manufacturer	240

Source: District officials.

**Unemployment Rate Statistics**

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available and which includes the major part of the District are Chemung and Tioga Counties. The information set forth below with respect to the Counties is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the District is necessarily representative of the Counties, or vice versa.

	<u>Annual Average</u>						
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Tioga County	5.1%	4.3%	4.0%	7.5%	4.5%	3.3%	3.4%
Chemung County	5.5%	4.6%	4.0%	8.4%	5.3%	3.7%	4.0%
New York State	4.6%	4.1%	3.9%	9.8%	7.1%	4.3%	4.2%

	<u>2024 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>April</u>	<u>May</u>	<u>June</u>
Tioga County	4.3%	4.4%	4.1%	3.4%	3.3%	N/A
Chemung County	4.5%	4.6%	4.3%	3.9%	4.1%	N/A
New York State	4.3%	4.5%	4.2%	3.9%	4.2%	N/A

Note: Unemployment rates for the month of 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, which is the policy-making body of the District, consists of nine members with overlapping five-year terms so that as nearly an equal number as possible is elected to the Board each year. Each Board member must be a qualified voter of the District. The President and the Vice President are selected by the Board members.

**Budgetary Procedures and Recent Budget Votes**

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the District for the ensuing fiscal year (tentative budget) and distributes that statement not less than seven days prior to the date on which the annual school election is conducted, at which the tentative budget is voted upon. Notice of the annual election is published as required by statute with a first publication not less than forty-five days prior to the day of election.

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

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3<sup>rd</sup> 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 the qualified voters on May 16, 2023 by a vote of 262 yes to 65 no. The budget called for a total tax levy increase of 2.00%, which was below the District tax levy limit of 2.09% for the 2023-24 fiscal year.

The budget for the 2024-25 fiscal year was approved by the qualified voters on May 21, 2024 by a vote of 215 yes to 72 no. The budget called for a total tax levy increase of 2.00%, which was below the District tax levy limit of 7.26% for the 2024-25 fiscal year.

### **Investment Policy**

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposit 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 of 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, school district or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments for the 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 District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits in excess of the amount insured under the Federal Deposit Insurance Act be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

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

General Municipal Law and the School District policy does not permit the School District to enter into reverse repurchase agreements or make other derivative type investments.

### **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 76.7% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of State's current fiscal year budget and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State's current fiscal year 2024-25 Enacted Budget was adopted on April 22, 2024. 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 a total of approximately \$4,683,050 in ARP funds and \$1,845,350 in CRRSA funds. As of the date of this Official Statement, the District has received \$3,523,557 of its allocated ARP funds and has received all its allocated CRRSA funds in full.

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 96.2% 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:*

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

*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 General Fund revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2018-2019	\$ 30,879,323	\$ 22,335,435	72.33%
2019-2020	31,024,389	22,602,202	72.85
2020-2021	31,039,624	22,088,504	71.16
2021-2022	31,992,382	23,310,651	72.86
2022-2023	31,182,185	24,958,894	80.04
2023-2024 (Unaudited)	37,196,639	27,904,338	75.02
2024-2025 (Budgeted)	39,558,990 <sup>(1)</sup>	30,333,009	76.68

<sup>(1)</sup> Does not include \$2,797,824 of appropriated fund balance and use of reserves.

Source: 2018-19 through and including the 2022-23 audited financial statements, unaudited results of operations for the 2023-24 fiscal year and the adopted budget of the District for the 2024-25 fiscal year. Projected unaudited results of operations for 2023-24 are based upon certain current assumptions and estimates and the final audited results may vary therefrom.

**District Facilities**

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Original Construction</u>
Lincoln Street School	PK-K <sup>(1)</sup>	410	1962, '87, '00
Elm Street School	1-4 <sup>(1)</sup>	535	1928, '87
Junior/Senior High School	5-12	1,450	1967, '87, '96
Chemung Elementary School <sup>(2)</sup>	-	-	-

<sup>(1)</sup> Effective as of September 1, 2022.

<sup>(2)</sup> Chemung Elementary School closed as of July 1, 2016. The building is being used as an “Innovation Center”. Approx 15 students from the HS take hands-on STEM clean technologies classes. The school is not officially open – it is an extension of the HS.

Source: District officials.

**Enrollment Trends**

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2019-20	1,606	2024-25	1,640
2020-21	1,600	2025-26	1,640
2021-22	1,608	2026-27	1,640
2022-23	1,620	2027-28	1,640
2023-24	1,649	2028-29	1,640

Source: School District officials.

**Employees**

The District currently employs 222 full-time and 33 part-time people. The following employees are represented by the following bargaining agents:

<u>Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
144	Waverly CSD Teachers’ Association <sup>(1)</sup>	June 30, 2027
90	Waverly CSD Association of Support Personnel	June 30, 2027
8	Waverly CSD Administrative & Professional Association	June 30, 2027
6	Waverly CSD Food Service Employees’ Association	June 30, 2027

<sup>(1)</sup> Includes teaching assistants, guidance counselors, occupational therapist and psychologist.

Source: District officials.

**Status and Financing of Employee Pension Benefits**

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2024-25 fiscal years are as follows:

<u>Fiscal Year</u>	<u>TRS</u>	<u>ERS</u>
2019-20	\$ 873,869	\$ 299,652
2020-21	900,349	313,973
2021-22	984,756	346,963
2022-23	1,117,707	270,057
2023-24	1,107,763	318,831
2024-25 (Budgeted)	1,087,381	352,458

Source: District officials.

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

*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 employer contribution rates as a percent of payroll (2019-20 to 2024-25) is shown below:

<u>Fiscal 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	10.02*

\* Estimated. Final contribution rate expected to be adopted at the July 31, 2024 TRS Retirement Board meeting.

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a “graded” rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating

employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use. The District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, 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. For 2016-17 the stable contribution option rate is 15.1% for ERS and 14.13% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years. The District is not participating in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

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

The State's 2019-2020 Enacted Budget, which was signed into law on March 31, 2019, will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a reserve fund as of the June 30, 2019 fiscal year. The District has funded the reserve in the amount of \$1,092,102.91.

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

## **Other Post-Employment Benefits**

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

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

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

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

The District contracted with BPAS to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2022 and 2023 fiscal years, by source.

Balance beginning at:	June 30, 2021	June 30, 2022
	\$ 51,473,761	\$ 50,193,403
<u>Changes for the year:</u>		
Service cost	2,120,475	2,128,762
Interest cost	1,290,842	989,295
Changes of Benefit Terms	-	-
Differences between Expected and Actual Experience	(6,605,209)	-
Change of assumptions or other inputs	3,727,189	(8,845,795)
Benefit payments	(1,813,655)	(1,592,725)
Net Changes	\$ (1,280,358)	\$ (7,320,463)
Balance ending at:	June 30, 2022	June 30, 2023
	<b>\$ 50,193,403</b>	<b>\$ 42,872,940</b>

Source: Audited financial statements of the District. The above table is not audited. For additional information see “APPENDIX – E” attached hereto.

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

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

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

### Financial Statements

The School District retains independent Certified Public Accountants. The last audited financial report covers the period ending June 30, 2023 and has been filed with the Electronic Municipal Market Access (“EMMA”) website. It is also attached hereto as “APPENDIX-E” to this Official Statement. In addition, the State Comptroller’s office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. Certain summary financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State. (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, published by the Governmental Accounting Standards Board (GASB).

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

*Projected (Unaudited) Results of Operations for Fiscal Year Ending June 30, 2024:*

The District expects to end the fiscal year ending June 30, 2024 with an unassigned General Fund balance of \$1,700,000.

Summary unaudited information for the General Fund for the period ending June 30, 2024 is as follows:

Projected Revenues:	\$ 36,344,338
Projected Expenditures:	<u>34,797,239</u>
Projected Excess (Deficit) Revenues over Expenditures:	<u>\$ 1,547,099</u>
Total General Fund Balance June 30, 2023:	\$ 9,135,293
Total Projected General Fund Balance June 30, 2024:	\$ 10,100,000

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

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

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

The State Comptroller's office released an audit report of the District on June 8, 2022. The purpose of the audit was to determine whether the Waverly Central School District (District) used District resources to provide the mental health component of the New York Safe Schools Against Violence in Education Act (SAVE Act) training requirement to staff.

Key Finding:

- The District did not provide mental health training as required to any staff for the 2020-21 school year by September 15, 2020 because officials were unaware of the mental health training requirement.

Key Recommendation:

- Provide mental health training to all staff and ensure it is completed by September 15, as required. Such training should address recognition of the warning signs, whom to turn to for assistance, and how to access appropriate services.

District officials agreed with the recommendation and indicated they would take corrective action but did not formally respond in writing to the audit findings.

The State Comptroller's office also released an audit report of the District on September 13, 2019. The purpose of the audit was to determine whether District officials provided adequate oversight of cash disbursements and payroll process.

Key Findings:

District officials did not implement adequate internal controls over disbursements and payroll duties.

- In our audit sample, 30 claims (11 percent) totaling \$73,865 were not approved by the department head and 15 claims (5 percent) totaling \$69,670 were not approved by the claims auditor.
- The senior account clerk's leave accrual records contained errors, and her sick leave balances exceeded the contractual maximum by 111 days.

Key Recommendations:

- Develop Implement internal controls to verify that checks, wire transfers and payroll disbursements are accurate and appropriate.
- Ensure the claims auditor receives all claims for payment and requires adequate support for each claim.

The District provided a complete response to the report on September 4, 2019. A copy of the complete report and the District's response can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no other State Comptrollers audits of the District in progress or pending release as of the date of this Official Statement.

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

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

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

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

The reports of the State Comptroller for the 2018-19 through 2022-23 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	0.0
2022	No Designation	0.0
2021	No Designation	0.0
2020	No Designation	0.0
2019	No Designation	3.3

Note: The District’s Fiscal Score for the 2023-24 fiscal year has not been calculated as of the date of this Official Statement.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

**Other Information**

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

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

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

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

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

## TAX INFORMATION

### Taxable 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:					
Barton	\$ 285,330,339	\$ 285,841,885	\$ 287,142,805	\$ 287,969,169	\$ 297,728,597
Chemung	132,793,599	135,188,778	148,492,204	155,752,618	156,348,374
Baldwin	68,319	68,087	67,990	68,032	68,127
Ashland	11,052	11,043	11,015	11,028	11,771
Total Assessed Values	<u>\$ 418,203,309</u>	<u>\$ 421,109,793</u>	<u>\$ 435,714,014</u>	<u>\$ 443,800,847</u>	<u>\$ 454,156,869</u>
State Equalization Rates					
Towns of:					
Barton	84.00%	78.00%	80.00%	73.40%	60.00%
Chemung	100.00%	100.00%	100.00%	93.08%	92.00%
Baldwin	1.50%	1.50%	1.50%	1.42%	1.29%
Ashland	1.50%	1.44%	1.43%	1.27%	1.13%
Total Taxable Full Valuation	<u>\$ 477,763,974</u>	<u>\$ 506,958,741</u>	<u>\$ 512,723,657</u>	<u>\$ 565,319,892</u>	<u>\$ 672,481,057</u>

Source: District officials.

### Tax Rate 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:					
Barton	\$ 17.81	\$ 18.39	\$ 18.04	\$ 17.84	\$ 18.71
Chemung	14.96	14.34	14.43	14.07	12.20
Baldwin	997.63	956.11	962.31	921.94	870.20
Ashland	997.63	995.95	1,009.41	1,030.84	993.41

Source: District officials.

### 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	\$ 7,149,373	\$ 7,270,912	\$ 7,401,000	\$ 7,401,000	\$ 7,549,020
Amount Uncollected <sup>(1)</sup>	562,622	502,184	514,521	515,110	558,307
% Uncollected	7.87%	6.91%	6.95%	6.96%	7.40%

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

Source: District officials.

### Tax Collection Procedure

Tax payments are due September 1<sup>st</sup>. There is no penalty charge during the month of September, but a 2% penalty is charged from October 1<sup>st</sup> to October 31<sup>st</sup>. On or about November 1<sup>st</sup>, uncollected taxes plus penalties are returnable to the Counties of Tioga and Chemung. The School District receives these amounts from the respective Counties prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the Counties.

## Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes &amp; Other Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2018-2019	\$ 30,879,323	\$ 7,573,960	24.53%
2019-2020	31,024,389	7,652,189	24.67
2020-2021	31,039,624	22,088,504	71.16
2021-2022	31,992,382	7,847,423	24.53
2022-2023	34,182,185	7,862,554	23.00
2023-2024 (Unaudited)	37,196,639	7,549,020	20.29
2024-2025 (Budgeted)	38,558,990 <sup>(1)</sup>	7,700,000	19.97

<sup>(1)</sup> Does not include \$2,797,824 of appropriated fund balance and use of reserves.

Source: 2018-19 through and including the 2022-23 audited financial statements, unaudited results of operations for the 2023-24 fiscal year and the adopted budget of the District for the 2024-25 fiscal year. Projected unaudited results of operations for 2023-24 are based upon certain current assumptions and estimates and the final audited results may vary therefrom.

## Ten Larger Taxpayers 2023 Assessment Roll for 2023-24 District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
Vulcraft of NY	Steel Manufacturer	\$ 14,117,446
Millennium Pipeline	Utility	10,781,595
NYSEG	Utility	10,482,745
Leprino Foods	Cheese Manufacturer	9,105,833
Waverly Trade/Barber	Warehouse/residential	8,182,667
37 North Chemung St (Elderwood)	Nursing Facility	8,180,667
Penelec	Utility	7,235,928
Norfolk & Southern	Railroad	6,256,674
Valley Energy	Utility	6,001,986
Ellistown Car Farm/El-ba	Auto auction	2,329,000

The ten largest taxpayers listed above had a total taxable assessed valuation of \$82,674,541, which represents approximately 18.20% of the tax base of the District.

The District currently does not have any pending or outstanding tax certioraris that, if decided adversely to the District, would be reasonably expected to have a material adverse impact on the District. A tax certiorari reserve is in place that is reasonably expected to cover any tax repayments that may be required.

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. 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 \$98,700 or less in 2023-2024 and \$98,700 or less in 2024, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$81,400 for the 2023-24 school year and the first \$84,000 for the 2024-25 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of \$250,000 or less have the option to select the credit or the exemption.

The 2020-21 Enacted State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent.

The 2022-23 Enacted State Budget provided \$2.2 billion in State funding for a new one-year 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>
Barton	\$ 53,180	\$ 19,600	4/9/2024
Chemung	77,280	27,600	4/9/2024
Baldwin	1,080	390	4/9/2024
Ashland	950	340	4/9/2024

\$987,515 of the District's \$7,549,020 school tax levy for 2023-24 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes in January, 2024.

\$1,000,000 of the District's \$7,700,000 school tax levy for 2024-25 fiscal year was exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes in January, 2025.

The District anticipates a similar amount of its tax levy to be exempted by the STAR program for 2024-25.

**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-65%; Commercial- 10%; and Agricultural-25%.

The estimated total annual property tax bill of a \$75,000 market value residential property located in the District is approximately \$3,700 including County, Village, Town and School District taxes.

**TAX LEVY LIMITATION LAW**

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

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

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

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

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

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

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

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

## 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.

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.

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

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

- (1) Such obligations are authorized for a purpose for which the 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 School 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 June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds <sup>(1)</sup>	\$ 26,255,000	\$ 23,260,000	\$ 20,180,000	\$ 17,875,000	\$ 14,445,000
Bond Anticipation Notes	1,940,000	1,680,000	1,327,000	8,000,000	17,840,000
Revenue Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 28,195,000</u>	<u>\$ 24,940,000</u>	<u>\$ 21,507,000</u>	<u>\$ 25,875,000</u>	<u>\$ 32,285,000</u>

<sup>(1)</sup>- Totals do not include advance refunded debt outstanding where applicable.

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of July 2, 2024.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2025-2036	\$ 14,445,000
<u>Bond Anticipation Notes</u>		
Capital Project	July 26, 2024	<u>17,840,000</u> <sup>(1)</sup>
	Total Indebtedness:	<u>\$ 32,285,000</u>

<sup>(1)</sup> To be redeemed and renewed in part, at maturity with the proceeds of the Notes together with \$640,000 available funds of the District.

**Debt Statement Summary**

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

Full Valuation of Taxable Real Property .....	\$ 672,481,057
Debt Limit 10% thereof .....	67,248,106
<u>Inclusions:</u>	
Bonds.....	\$ 14,445,000
Bond Anticipation Notes (BANs): .....	<u>17,840,000</u>
Total Inclusions prior to issuance of the Notes .....	<u>32,285,000</u>
Less: BANs being redeemed from appropriations .....	(640,000)
Add: New money proceeds of the Notes .....	<u>21,160,000</u>
Total Net Inclusions after issuance of the Notes .....	\$ 52,805,000
<u>Exclusions:</u>	
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>52,805,000</u>
Net Debt-Contracting Margin .....	\$ <u>14,443,106</u>
The percent of debt contracting power exhausted is .....	78.52%

<sup>(1)</sup> Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2024-25 Building Aid Ratios, the School District anticipates State Building aid of 96.2% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the Building aid it anticipates, however, no assurance can be given as to when and how much Building aid the School District will receive in relation to its capital project indebtedness.

Note: The above debt statement summary does not include capital lease or installment purchase agreements, which are subject to appropriation but do not involve a pledge of faith and credit of the District, and therefore do not technically constitute indebtedness of the District. Such obligations do however count towards the debt limit of the District. The District remains within its debt limit after taking into account the outstanding balance of such obligations.

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

**Bonded Debt Service**

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

### Cash Flow Borrowings

The District has not issued Tax or Revenue Anticipation Notes for the last five fiscal years and does not anticipate to in the 2024-25 fiscal year or for the foreseeable future.

### Capital Leases

The District enters into installment purchase agreements for the purchase of school buses and equipment. The following is a schedule of minimum lease payments under capital leases.

<u>Year</u>	<u>Payment</u>
2024-2025	\$ 416,726
2025-2026	167,980
2026-2027	186,607
Total	<u>\$ 771,313</u>

Source: School District officials. Above table is not audited.

### Capital Project Plans

On May 17, 2022, District voters approved a capital project and energy performance contract in the amount of \$43.5 million authorizing the reconstruction and renovation of, and the construction improvements, additions and upgrades to various District buildings and facilities and the sites thereof. The District has \$17.84 million bond anticipation notes maturing on July 26, 2024 for the abovementioned purposes. The Notes, along with \$640,000 available funds of the District, will partially redeem and renew the outstanding notes maturing on July 26, 2024 and provide \$21,160,000 new monies for the abovementioned purposes.

On May 21, 2024, District voters approved a capital project and in the amount of \$5.5 million authorizing the reconstruction and renovation of, and the construction improvements, additions and upgrades to various District buildings and facilities and the sites thereof.

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

**Estimated Overlapping Indebtedness**

In addition to the School District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the School District. The estimated outstanding indebtedness of such political subdivisions is as follows:

<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:						
Tioga	6/30/2023	\$ 5,905,000 <sup>(3)</sup>	\$ 1,210,000	\$ 4,695,000	11.91%	\$ 559,175
Chemung	12/5/2023	114,757,392 <sup>(3)</sup>	4,777,350	109,980,042	3.01%	3,310,399
Town of:						
Barton	12/31/2022	662,642 <sup>(4)</sup>	- <sup>(5)</sup>	662,642	85.00%	563,246
Chemung	12/31/2022	720,000 <sup>(4)</sup>	- <sup>(5)</sup>	720,000	92.98%	669,456
Baldwin	12/31/2022	- <sup>(4)</sup>	- <sup>(5)</sup>	-	8.68%	-
Ashland	12/31/2022	- <sup>(4)</sup>	- <sup>(5)</sup>	-	1.07%	-
Village of:						
Waverly	5/31/2023	14,599,121 <sup>(4)</sup>	- <sup>(5)</sup>	14,599,121	100.00%	14,599,121
Total:						<u>\$ 19,701,396</u>

- (1) Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.
- (2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (3) Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.
- (4) Gross indebtedness sourced from local government data provided by the State Comptroller’s office for the most recent fiscal year such data is available for the respective municipality.
- (5) Information regarding excludable debt not available.

**Debt Ratios**

The following table sets forth certain ratios relating to the District’s indebtedness as of 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> .....	\$ 52,805,000	\$ 5,617.55	7.85%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(d)</sup> .....	72,506,396	7,713.45	10.78

- (a) The 2022 estimated population of the District is 9,400. (See “THE SCHOOL DISTRICT – District Population” herein.)
- (b) The full value of taxable real estate for the District’s 2023-24 fiscal year is \$672,481,057. (See “TAX INFORMATION – Taxable Valuations” herein.)
- (c) See “Debt Statement Summary” herein.
- (d) Estimated net overlapping indebtedness is \$19,701,396. (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 Bond when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the School District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

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

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

**Constitutional Non-Appropriation Provision.** There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received

and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

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

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

## **MARKET AND RISK FACTORS**

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

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

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

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

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

## **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.

## **CONTINUING DISCLOSURE COMPLIANCE**

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

### **Historical Continuing Disclosure Compliance**

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

## **TAX MATTERS**

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

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.

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".

## **LITIGATION**

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

There is no action, suit, proceeding or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin 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 have a rating completed after the sale with the approval of the School District and at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX-C, MATERIAL EVENT NOTICES" herein.)

The District does not currently have any general obligation bonds directly issued by the District that are currently rated.

## **MUNICIPAL ADVISOR**

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

## **CUSIP IDENTIFICATION NUMBERS**

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.

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The Waverly Central School District contact information is as follows: Mrs. Kathy J. Rote, Business Manager, 15 Frederick Street, Waverly, New York 14892, Phone: (607) 565-2841, Telefax: (607) 565-4997, email: [krrote@gstboces.org](mailto:krrote@gstboces.org).

Additional information 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)

**WAVERLY CENTRAL SCHOOL DISTRICT**

**Dated: July 2, 2024**

**PARVIN MENSCH**  
**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>
<b>ASSETS</b>					
Unrestricted Cash & Investments	\$ 1,901,377	\$ 2,650,436	\$ 4,576,987	\$ 4,986,943	\$ 5,000,181
Restricted Cash & Investments	2,731,593	3,322,804	3,161,044	3,210,535	3,571,144
Due from Other Funds	1,993,607	737,472	697,730	579,105	1,177,682
Due from Other Governments	907,512	895,501	912,791	841,675	951,955
State and Federal Aid Receivable	433,922	309,734	350,037	359,696	431,878
Other Receivables (Net)	44,568	24,321	4,077	6,467	459,517
Prepaid Expenditures	-	-	-	-	9,817
<b>TOTAL ASSETS</b>	<b>\$ 8,012,579</b>	<b>\$ 7,940,268</b>	<b>\$ 9,702,666</b>	<b>\$ 9,984,421</b>	<b>\$ 11,602,174</b>
<b>LIABILITIES AND FUND EQUITY</b>					
Accounts Payable	\$ 67,180	\$ 31,666	\$ 73,385	\$ 176,281	\$ 153,327
Accrued Liabilities	52,078	173,469	3,766	7,439	102,908
Other Liabilities	-	-	622,472	786,187	648,660
Due to Other Funds	150	62,033	9,527	-	19,634
Due to Teachers' Retirement System	1,061,133	944,647	974,730	1,137,953	1,247,152
Due to Employees' Retirement System	72,947	76,508	88,907	63,560	75,883
Compensated Absences	126,692	149,217	164,250	182,809	181,261
Due to Other Governments	1,278	-	36,704	34,556	34,556
Deferred Revenues	-	-	-	-	3,500
<b>TOTAL LIABILITIES</b>	<b>\$ 1,381,458</b>	<b>\$ 1,437,540</b>	<b>\$ 1,973,741</b>	<b>\$ 2,388,785</b>	<b>\$ 2,466,881</b>
<b>FUND EQUITY</b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ 9,817
Restricted	2,731,593	3,322,804	3,025,305	3,139,838	3,571,081
Assigned	1,946,011	1,867,019	1,951,398	1,843,108	1,845,254
Unassigned	1,953,517	1,312,905	2,752,222	2,612,690	3,709,141
<b>TOTAL FUND EQUITY</b>	<b>\$ 6,631,121</b>	<b>\$ 6,502,728</b>	<b>\$ 7,728,925</b>	<b>\$ 7,595,636</b>	<b>\$ 9,135,293</b>
<b>TOTAL LIABILITIES and FUND EQUITY</b>	<b>\$ 8,012,579</b>	<b>\$ 7,940,268</b>	<b>\$ 9,702,666</b>	<b>\$ 9,984,421</b>	<b>\$ 11,602,174</b>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<b>REVENUES</b>					
Real Property Taxes	\$ 5,771,426	\$ 5,925,732	\$ 6,131,988	\$ 6,305,381	\$ 6,362,031
Other Tax Items	1,802,534	1,726,457	1,680,733	1,542,042	1,500,523
Charges for Services	199,167	124,455	69,242	225,129	306,241
Use of Money & Property	31,416	32,212	13,115	13,987	297,696
Sale of Property and Compensation for Loss	5,229	7,116	-	8,132	53,080
Miscellaneous	553,261	514,656	532,868	539,164	616,427
Revenues from State Sources	22,335,435	22,602,202	22,088,504	23,310,651	24,958,894
Revenues from Federal Sources	180,855	91,559	523,174	47,896	87,293
Total Revenues	<u>\$ 30,879,323</u>	<u>\$ 31,024,389</u>	<u>\$ 31,039,624</u>	<u>\$ 31,992,382</u>	<u>\$ 34,182,185</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>2,732</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 30,879,323</u>	<u>\$ 31,027,121</u>	<u>\$ 31,039,624</u>	<u>\$ 31,992,382</u>	<u>\$ 34,182,185</u>
<b>EXPENDITURES</b>					
General Support	\$ 2,567,092	\$ 2,609,764	\$ 2,688,755	\$ 2,992,161	\$ 3,324,116
Instruction	14,875,499	15,836,320	14,374,724	14,697,638	15,546,175
Pupil Transportation	1,010,359	947,020	961,883	718,820	836,828
Community Services	101,704	111,726	61,908	147,528	150,657
Employee Benefits	7,412,160	7,077,889	7,154,770	7,602,394	7,656,259
Debt Service	4,347,369	4,566,075	4,561,583	4,951,224	5,020,953
Total Expenditures	<u>\$ 30,314,183</u>	<u>\$ 31,148,794</u>	<u>\$ 29,803,623</u>	<u>\$ 31,109,765</u>	<u>\$ 32,534,988</u>
Other Uses:					
Interfund Transfers	<u>18,495</u>	<u>6,720</u>	<u>9,804</u>	<u>1,015,906</u>	<u>107,540</u>
Total Expenditures and Other Uses	<u>\$ 30,332,678</u>	<u>\$ 31,155,514</u>	<u>\$ 29,813,427</u>	<u>\$ 32,125,671</u>	<u>\$ 32,642,528</u>
Excess (Deficit) Revenues Over Expenditures	<u>546,645</u>	<u>(128,393)</u>	<u>1,226,197</u>	<u>(133,289)</u>	<u>1,539,657</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	6,084,476	6,631,121	6,502,728	7,728,925	7,595,636
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 6,631,121</u>	<u>\$ 6,502,728</u>	<u>\$ 7,728,925</u>	<u>\$ 7,595,636</u>	<u>\$ 9,135,293</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2023			2024	2025
	Original Budget	Final Budget	Audited Actual	Adopted Budget	Adopted Budget
<b>REVENUES</b>					
Real Property Taxes	\$ 7,401,000	\$ 6,401,000	\$ 6,362,031	\$ 7,549,020	\$ 7,700,000
Other Tax Items	478,437	1,478,437	1,500,523	478,437	517,224
Charges for Services	134,900	149,604	306,241	147,900	215,924
Use of Money & Property	41,704	27,000	297,696	103,704	403,704
Sale of Property and Compensation for Loss	-	-	53,080	-	-
Miscellaneous	173,747	173,747	616,427	163,747	13,000
Revenues from State Sources	24,938,600	24,860,276	24,958,894	28,002,684	30,333,009
Revenues from Federal Sources	-	78,324	87,293	-	-
<b>Total Revenues</b>	<b>\$ 33,168,388</b>	<b>\$ 33,168,388</b>	<b>\$ 34,182,185</b>	<b>\$ 36,445,492</b>	<b>\$ 39,182,861</b>
Other Sources:					
Encumbrances from prior year	-	178,982	-	-	150,747
Interfund Transfers	131,903	131,903	-	38,440	225,382
<b>Total Revenues and Other Sources</b>	<b>\$ 33,300,291</b>	<b>\$ 33,479,273</b>	<b>\$ 34,182,185</b>	<b>\$ 36,483,932</b>	<b>\$ 39,558,990</b>
<b>EXPENDITURES</b>					
General Support	\$ 3,488,207	\$ 3,552,868	\$ 3,324,116	\$ 3,548,890	\$ 3,619,955
Instruction	17,033,586	17,102,490	15,546,175	19,030,944	21,064,380
Pupil Transportation	1,243,518	868,768	836,828	1,420,136	1,579,071
Community Services	109,646	154,721	150,657	149,646	151,946
Employee Benefits	8,284,009	8,241,960	7,656,259	9,144,362	15,741,462
Debt Service	4,605,450	5,020,953	5,020,953	4,654,078	-
<b>Total Expenditures</b>	<b>\$ 34,764,417</b>	<b>\$ 34,941,760</b>	<b>\$ 32,534,988</b>	<b>\$ 37,948,058</b>	<b>\$ 42,156,814</b>
Other Uses:					
Interfund Transfers	200,000	201,639	107,540	200,000	200,000
<b>Total Expenditures and Other Uses</b>	<b>\$ 34,964,417</b>	<b>\$ 35,143,399</b>	<b>\$ 32,642,528</b>	<b>\$ 38,148,058</b>	<b>\$ 42,356,814</b>
Excess (Deficit) Revenues Over Expenditures	(1,664,126)	(1,664,126)	1,539,657	(1,664,126)	(2,797,824)
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	1,664,126	1,664,126	7,595,636	1,664,126	2,797,824
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 9,135,293</b>	<b>\$ -</b>	<b>\$ -</b>

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

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	\$ 3,615,000	\$ 712,200.00	\$ 4,327,200.00
2026	3,650,000	531,450.00	4,181,450.00
2027	1,665,000	348,950.00	2,013,950.00
2028	1,725,000	265,700.00	1,990,700.00
2029	1,335,000	179,450.00	1,514,450.00
2030	935,000	112,700.00	1,047,700.00
2031	620,000	70,000.00	690,000.00
2032	420,000	42,000.00	462,000.00
2033	245,000	24,000.00	269,000.00
2034	90,000	11,750.00	101,750.00
2035	95,000	7,250.00	102,250.00
2036	50,000	2,500.00	52,500.00
<b>TOTALS</b>	<b>\$ 14,445,000</b>	<b>\$ 2,307,950.00</b>	<b>\$ 16,752,950.00</b>

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending June 30th	DASNY Serial Bond 2011A			DASNY Serial Bond 2015D			DASNY Refunding Serial Bond 2017G		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 105,000	\$ 10,500.00	\$ 115,500.00	\$ 1,195,000	\$ 288,200.00	\$ 1,483,200.00	\$ 1,855,000	\$ 187,250.00	\$ 2,042,250.00
2026	105,000	5,250.00	110,250.00	1,175,000	228,450.00	1,403,450.00	1,890,000	94,500.00	1,984,500.00
2027	-	-	-	1,160,000	169,700.00	1,329,700.00	-	-	-
2028	-	-	-	1,190,000	111,700.00	1,301,700.00	-	-	-
2029	-	-	-	775,000	52,200.00	827,200.00	-	-	-
2030	-	-	-	350,000	13,450.00	363,450.00	-	-	-
<b>TOTALS</b>	<b>\$ 210,000</b>	<b>\$ 15,750.00</b>	<b>\$ 225,750.00</b>	<b>\$ 5,845,000</b>	<b>\$ 863,700.00</b>	<b>\$ 6,708,700.00</b>	<b>\$ 3,745,000</b>	<b>\$ 281,750.00</b>	<b>\$ 4,026,750.00</b>

Fiscal Year Ending June 30th	DASNY Serial Bond 2018A			DASNY Serial Bond 2019A			DASNY Serial Bond 2023A		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 290,000	\$ 127,500.00	\$ 417,500.00	\$ 110,000	\$ 54,250.00	\$ 164,250.00	\$60,000	\$ 44,500.00	\$ 104,500.00
2026	305,000	113,000.00	418,000.00	115,000	48,750.00	163,750.00	60,000	41,500.00	101,500.00
2027	320,000	97,750.00	417,750.00	120,000	43,000.00	163,000.00	65,000	38,500.00	103,500.00
2028	335,000	81,750.00	416,750.00	130,000	37,000.00	167,000.00	70,000	35,250.00	105,250.00
2029	355,000	65,000.00	420,000.00	135,000	30,500.00	165,500.00	70,000	31,750.00	101,750.00
2030	370,000	47,250.00	417,250.00	140,000	23,750.00	163,750.00	75,000	28,250.00	103,250.00
2031	390,000	28,750.00	418,750.00	150,000	16,750.00	166,750.00	80,000	24,500.00	104,500.00
2032	185,000	9,250.00	194,250.00	150,000	12,250.00	162,250.00	85,000	20,500.00	105,500.00
2033	-	-	-	155,000	7,750.00	162,750.00	90,000	16,250.00	106,250.00
2034	-	-	-	-	-	-	90,000	11,750.00	101,750.00
2035	-	-	-	-	-	-	95,000	7,250.00	102,250.00
2036	-	-	-	-	-	-	50,000	2,500.00	52,500.00
<b>TOTALS</b>	<b>\$ 2,550,000</b>	<b>\$ 570,250.00</b>	<b>\$ 3,120,250.00</b>	<b>\$ 1,205,000</b>	<b>\$ 274,000.00</b>	<b>\$ 1,479,000.00</b>	<b>\$890,000</b>	<b>\$ 302,500.00</b>	<b>\$ 1,192,500.00</b>

## MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

The School District has agreed to provide, or cause to be provided, during the period in which the Notes are outstanding in a timely manner, to EMMA or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of its failure to provide the 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 Note within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Note (including holders of beneficial interests in the Note). The right of holders of the Note to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the School District’s obligations under its material event notices undertaking and any failure by the School District to comply with the provisions of the undertaking will neither be a default with respect to the Note nor entitle any holder of the Note to recover monetary damages.

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

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

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## FORM OF OPINION OF BOND COUNSEL

July 25, 2024

Waverly Central School District  
15 Frederick Street  
Waverly, New York 14892

Re: Waverly Central School District  
\$38,360,000 Bond Anticipation Notes, 2024 CUSIP No: \_\_\_\_\_

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$38,360,000 Bond Anticipation Notes, 2024 (the "Notes") of Waverly Central School District, Counties of Tioga and Chemung, 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, bond resolutions of the District 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 of rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereinafter enacted.

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

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

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

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

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

Very truly yours,

WJ Marquardt, PLLC

**WAVERLY CENTRAL SCHOOL DISTRICT  
TIOGA & CHEMUNG COUNTIES, NEW YORK**

**AUDITED FINANCIAL STATEMENTS  
AND OTHER FINANCIAL INFORMATION**

**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.

Insero & Co. CPAs, LLP, 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. Insero & Co. CPAs, LLP also has not performed any procedures relating to this Official Statement.

**WAVERLY  
CENTRAL SCHOOL DISTRICT**

**Waverly, New York**

**FINANCIAL REPORT**

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



# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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## INDEPENDENT AUDITORS' REPORT

Board of Education  
Waverly Central School District  
Waverly, 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 Waverly 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.

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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 twelvemonths 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 (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 October 12, 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 black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, slightly slanted style.

Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 12, 2023

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

The following is a discussion and analysis of Waverly 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 fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. 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 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, Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans, School District's Proportionate Share of the Net Pension (Asset)/Liability, and Changes in the School District's Total OPEB Liability and Related Ratios.

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

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

The two District-wide statements report the School District's net position and how it changed. Net position (the difference between the School District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources) 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.

# ***WAVERLY 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.

### **Fund Financial Statements**

The Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds, not 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 statements, additional information following the Governmental Funds financial 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.

# WAVERLY CENTRAL SCHOOL DISTRICT

## MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

### 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 21.3%. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

*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>	\$ 16,429,034	\$ 9,154,630	\$ 7,274,404
<i>Noncurrent Assets</i>	4,048,977	13,542,854	(9,493,877)
<i>Capital Assets, Net</i>	42,735,415	42,798,132	(62,717)
<b><i>Total Assets</i></b>	<b>\$ 63,213,426</b>	<b>\$ 65,495,616</b>	<b>\$ (2,282,190)</b>
<b><i>Total Deferred Outflows of Resources</i></b>	<b>\$ 17,618,450</b>	<b>\$ 19,676,794</b>	<b>\$ (2,058,344)</b>
<i>Current Liabilities</i>	15,384,673	8,371,429	7,013,244
<i>Noncurrent Liabilities</i>	62,405,814	70,185,008	(7,779,194)
<b><i>Total Liabilities</i></b>	<b>\$ 77,790,487</b>	<b>\$ 78,556,437</b>	<b>\$ (765,950)</b>
<b><i>Total Deferred Inflows of Resources</i></b>	<b>\$ 18,014,005</b>	<b>\$ 25,634,222</b>	<b>\$ (7,620,217)</b>
<i>Net Investment in Capital Assets</i>	18,857,448	18,452,980	404,468
<i>Restricted</i>	5,025,728	4,248,711	777,017
<i>Unrestricted</i>	(38,855,792)	(41,719,940)	2,864,148
<b><i>Total Net (Deficit)</i></b>	<b>\$ (14,972,616)</b>	<b>\$ (19,018,249)</b>	<b>\$ 4,045,633</b>

Significant changes from the prior year are as follows:

- Total assets decreased 3.5%. This change was primarily the result of a change in the School District's net pension assets to net pension liabilities.
- Deferred outflows of resources decreased 10.5% and deferred inflows of resources decreased 29.7%. The change in deferred outflows and deferred inflows of resources is the result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for other postemployment benefits (OPEB).
- Total liabilities decreased 1%. This change is primarily due to a decrease in the School District's other postemployment liability by \$7,320,463. This was offset by the change in the School District's net pension assets to net pension liabilities of \$2,583,791, and the increase in Bond Anticipation Notes (BAN) during the year.
- Net investment in capital assets increased as a result of capital outlay and debt reductions in excess of depreciation expense.
- Total net (deficit) decreased 21.3%, which was the result of revenues over expenses.

# WAVERLY 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*

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<b>REVENUES</b>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 379,870	\$ 238,633	\$ 141,237
<i>Operating Grants</i>	5,719,274	5,458,650	260,624
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	6,362,031	6,305,381	56,650
<i>Real Property Tax Items</i>	1,500,523	1,542,042	(41,519)
<i>State Sources</i>	24,928,862	23,482,064	1,446,798
<i>Use of Money and Property</i>	474,613	14,362	460,251
<i>Other General Revenues</i>	834,093	613,317	220,776
<b>Total Revenues</b>	<b>\$ 40,199,266</b>	<b>\$ 37,654,449</b>	<b>\$ 2,544,817</b>
<b>PROGRAM EXPENSES</b>			
<i>General Support</i>	3,983,331	3,486,927	496,404
<i>Instruction</i>	28,267,122	26,286,603	1,980,519
<i>Pupil Transportation</i>	1,873,546	1,468,162	405,384
<i>Community Service</i>	204,457	202,437	2,020
<i>School Lunch Program</i>	1,077,514	1,020,550	56,964
<i>Interest on Debt</i>	747,663	726,996	20,667
<b>Total Expenses</b>	<b>\$ 36,153,633</b>	<b>\$ 33,191,675</b>	<b>\$ 2,961,958</b>
<b>INCREASE (DECREASE) IN NET POSITION</b>	<b>\$ 4,045,633</b>	<b>\$ 4,462,774</b>	<b>\$ (417,141)</b>

Significant changes from the prior year are as follows:

- Total revenues for the School District's Governmental Activities increased by 6.8% and total expenses increased by 8.9%.
- 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 interest earnings on NY-CLASS investments in the current year.
- Expenses as a whole increased due to increased changes in pensions and OPEB, inflation, and results of operation.

# WAVERLY CENTRAL SCHOOL DISTRICT

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

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

Figure 3 shows the changes in fund balance for the year for the School District's Major Funds. The School District experienced an increase in total fund balance from 2022. This increase is primarily attributable to an increase in state aid and refunds from BOCES in the General Fund during the current year. Additionally, School Lunch received an increase in federal funding in the current year. These increases were offset by a decrease in the Capital Fund due to additional short-term financing for capital projects.

*Figure 3*

<i>Governmental Fund Balances</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>General Fund</i>	\$ 9,135,293	\$ 7,595,636	\$ 1,539,657
<i>School Lunch Fund</i>	1,042,597	868,576	174,021
<i>Debt Service Fund</i>	307,506	136,376	171,130
<i>Capital Projects Fund</i>	(1,040,741)	(477,469)	(563,272)
<i>Miscellaneous Special Revenue Fund</i>	170,390	154,777	15,613
<b><i>Total Governmental Funds</i></b>	<b>\$ 9,615,045</b>	<b>\$ 8,277,896</b>	<b>\$ 1,337,149</b>

### GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board gives the authority to the Superintendent and Business Administrator to initiate budgetary transfers of \$1,000 or more that revise School District budget line items. These budget amendments consist of budget transfers between functions, and the appropriation of reserve funds for the year ended June 30, 2023. Even with these adjustments, the actual charges to appropriations (expenditures), including carry-over encumbrances, were below the final budget amounts by \$2,319,743. This favorable variance was primarily due to less instructional expenditures for handicapped students than expected.

# WAVERLY 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 ending June 30, 2023.

*Figure 4*

<i>Condensed Budgetary Comparison General Fund - 2023</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
<b>REVENUES</b>				
<i>Real Property Taxes</i>	\$ 6,401,000	\$ 6,401,000	\$ 6,362,031	\$ (38,969)
<i>Other Tax Items</i>	1,478,437	1,478,437	1,500,523	22,086
<i>State Sources</i>	24,860,276	24,860,276	24,958,894	98,618
<i>Federal Sources</i>	78,324	78,324	87,293	8,969
<i>Other, Including Financing Sources</i>	482,254	482,254	1,273,444	791,190
<b>Total Revenues and Other Financing Sources</b>	<b>\$ 33,300,291</b>	<b>\$ 33,300,291</b>	<b>\$ 34,182,185</b>	<b>\$ 881,894</b>
<b>Appropriated Fund Balances and Reserves</b>	<b>\$ 1,843,108</b>	<b>\$ 1,843,108</b>		
<b>EXPENDITURES</b>				
<i>General Support</i>	\$ 3,580,534	\$ 3,552,868	\$ 3,436,810	\$ 116,058
<i>Instruction</i>	17,120,022	17,102,490	15,612,565	1,489,925
<i>Pupil Transportation</i>	1,243,738	868,768	838,872	29,896
<i>Community Service</i>	109,646	154,721	150,657	4,064
<i>Employee Benefits</i>	8,284,009	8,241,960	7,656,259	585,701
<i>Debt Service</i>	4,605,450	5,020,953	5,020,953	-
<i>Other Financing Uses</i>	200,000	201,639	107,540	94,099
<b>Total Expenditures and Other Financing (Uses)</b>	<b>\$ 35,143,399</b>	<b>\$ 35,143,399</b>	<b>\$ 32,823,656</b>	<b>\$ 2,319,743</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 totaling \$74,884,804; offset by accumulated depreciation and accumulated amortization of \$32,149,389.

Figure 5 shows the changes in the School District's capital assets.

*Figure 5*

<i>Changes in Capital Assets</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>Land</i>	\$ 110,178	\$ 110,178	\$ -
<i>Construction in Progress</i>	2,151,981	545,165	1,606,816
<i>Buildings, Net</i>	37,913,926	39,371,223	(1,457,297)
<i>Furniture and Equipment, Net</i>	1,214,549	1,400,058	(185,509)
<i>Intangible Lease Assets, Net</i>	1,344,781	1,371,508	(26,727)
<b>Total</b>	<b>\$ 42,735,415</b>	<b>\$ 42,798,132</b>	<b>\$ (62,717)</b>

# **WAVERLY CENTRAL SCHOOL DISTRICT**

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

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

Construction in Progress	\$ 2,074,359
Buildings and Equipment	93,234
Intangible Lease Asset Additions	559,887
<b>Total Additions</b>	<u>2,727,480</u>
(Less) Depreciation Expense	(2,201,107)
(Less) Amortization Expense	(586,614)
(Less) Net Book Value of Disposals	<u>(2,476)</u>
<b>Net Decrease in Capital Assets</b>	<u><b>\$ (62,717)</b></u>

### **Debt Administration**

Debt, both short and long-term, considered a liability of Governmental Activities, increased by 14.5%, as shown in *Figure 6*. Total indebtedness represented 63.5% of the constitutional debt limit, exclusive of building and 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>	<b>\$20,194,619</b>	\$23,047,615	\$ (2,852,996)
<i>Bond Anticipation Notes</i>	<b>8,000,000</b>	1,327,000	6,673,000
<i>Lease Liabilities</i>	<b>988,261</b>	1,119,795	(131,534)
<b><i>Total</i></b>	<b>\$29,182,880</b>	\$25,494,410	\$ 3,688,470

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

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

**JUNE 30, 2023**

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

- Waverly School District enrollment is slightly increasing to around 1,600 and offers pre-k through 12th grade educational opportunities. The School District is rural and encompasses approximately 86 square miles located primarily in the towns of Chemung and Barton.
- The Waverly Central School District has identified three areas for growth in the 2023-2024 school year. We are focused on student attendance, early literacy intervention, and our high school graduation rate. We are driving these initiatives with a comprehensive professional development plan that includes 2,000 hours of PD and over \$150,000 in state aid as a TSI district. The high school is in year five of Work Based Learning and our students are partnered with Guthrie, State Line Industries, and the Greater Valley Chamber of Commerce. The program has an in-house coffee shop, tech center, and branch of the IR Federal Credit Union. Beginning in 2021, students had the opportunity to graduate with a high school diploma and a two year degree from Tompkins Cortland Community College. We currently offer at least 9 credits in each subject area as well as electives in the arts and PE. The School District is working to improve special education services and has enhanced our efforts to be more inclusive to all students and families through scheduling and professional development. The School District has trained over 40 staff members in inclusive practice through Syracuse University.
- CVS, which currently has about 474 employees, expects to employ 530 people. CVS has a PILOT agreement.
- State Line Auto is a major employer in the School District and operates under the municipal tax system.
- The Guthrie Clinic and the Robert Packer Hospital located in Sayre, PA are major employers in the region but do not have any financial liability to the School District.
- The District reopened the Chemung Elementary School in the Fall of 2023 as an Innovation Center, that will allow students to take courses in emerging technologies and agriculture.

### **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 Business Office, Waverly Central School District, at 1 Frederick St, Waverly, NY 14892-1207.

# WAVERLY CENTRAL SCHOOL DISTRICT

## STATEMENT OF NET POSITION JUNE 30, 2023

### ASSETS

#### Current Assets

##### Cash:

Unrestricted	\$ 3,663,149
Restricted	193,274

##### Investments:

Unrestricted	3,506,805
Restricted	6,144,902

Due From State and Federal Governments	1,433,769
----------------------------------------	-----------

Due From Other Governments	951,955
----------------------------	---------

Other Receivables	459,517
-------------------	---------

Inventories	65,846
-------------	--------

Prepaid items	9,817
---------------	-------

<b>Total Current Assets</b>	<b>16,429,034</b>
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#### Noncurrent Assets

Cash - Restricted	139,233
-------------------	---------

Investments - Restricted	3,909,744
--------------------------	-----------

##### Capital Assets, Net:

Nondepreciable Capital Assets	2,262,159
-------------------------------	-----------

Depreciable Capital Assets, Net	39,128,475
---------------------------------	------------

Intangible Lease Assets, Net	1,344,781
------------------------------	-----------

<b>Total Noncurrent Assets</b>	<b>46,784,392</b>
--------------------------------	-------------------

<b>Total Assets</b>	<b>63,213,426</b>
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#### DEFERRED OUTFLOWS OF RESOURCES

Pensions	7,271,305
----------	-----------

Other Postemployment Benefits	10,129,573
-------------------------------	------------

Deferred Charges on Defeased Debt	217,572
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<b>Total Deferred Outflows of Resources</b>	<b>17,618,450</b>
---------------------------------------------	-------------------

*See Notes to Basic Financial Statements*

# WAVERLY CENTRAL SCHOOL DISTRICT

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

### LIABILITIES

#### Current Liabilities

##### Payables:

Accounts Payable	\$ 1,161,849
Accrued Liabilities	107,546
Due to Other Governments	76,954
Bond Interest and Matured Bonds	287,910
Bond Anticipation Notes Payable	8,000,000
Unearned Revenues	12,321
Due to Teachers' Retirement System	1,247,152
Due to Employees' Retirement System	75,883
Compensated Absences Payable	181,261
Bonds Payable	3,932,494
Lease Liabilities	301,303
<b>Total Current Liabilities</b>	<b>15,384,673</b>

#### Noncurrent Liabilities

Bonds Payable	16,262,125
Other Postemployment Benefits Liability	42,872,940
Net Pension Liability - Proportionate Share	2,583,791
Lease Liabilities	686,958
<b>Total Noncurrent Liabilities</b>	<b>62,405,814</b>

<b>Total Liabilities</b>	<b>77,790,487</b>
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#### DEFERRED INFLOWS OF RESOURCES

Pensions	835,696
Other Postemployment Benefits	17,178,309
<b>Total Deferred Inflows of Resources</b>	<b>18,014,005</b>

#### NET POSITION

Net Investment in Capital Assets	18,857,448
Restricted	5,025,728
Unrestricted (Deficit)	(38,855,792)
<b>Total Net (Deficit)</b>	<b>\$ (14,972,616)</b>

See Notes to Basic Financial Statements

# WAVERLY CENTRAL SCHOOL DISTRICT

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

	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
<b>FUNCTIONS/PROGRAMS</b>				
General Support	\$ 3,983,331	\$ -	\$ -	\$ (3,983,331)
Instruction	28,267,122	351,379	4,506,726	(23,409,017)
Pupil Transportation	1,873,546	-	-	(1,873,546)
Community Services	204,457	-	19,563	(184,894)
School Lunch Program	1,077,514	28,491	1,192,985	143,962
Interest on Debt	747,663	-	-	(747,663)
<b>Total Functions and Programs</b>	<b>\$ 36,153,633</b>	<b>\$ 379,870</b>	<b>\$ 5,719,274</b>	<b>(30,054,489)</b>
 <b>GENERAL REVENUES</b>				
Real Property Taxes				6,362,031
Real Property Tax Items				1,500,523
Use of Money and Property				474,613
State Sources				24,928,862
Sale of Property and Compensation for Loss				155,888
Miscellaneous				678,205
<b>Total General Revenues</b>				<b>34,100,122</b>
Change in Net Position				4,045,633
Total Net (Deficit) - Beginning of Year				(19,018,249)
<b>Total Net (Deficit) - End of Year</b>				<b>\$ (14,972,616)</b>

*See Notes to Basic Financial Statements*

# WAVERLY CENTRAL SCHOOL DISTRICT

## BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds						Non-Major Fund	Total Governmental Funds
	Special Revenue Funds							
	General Fund	Special Aid Fund	School Lunch Fund	Debt Service Fund	Capital Projects Fund	Miscellaneous Special Revenue Fund		
<b>ASSETS</b>								
Cash - Unrestricted	\$ 3,101,839	\$ 254,343	\$ -	\$ -	\$ 306,967	\$ -	\$ 3,663,149	
Cash - Restricted	-	-	193,274	-	-	139,233	332,507	
Investments - Unrestricted	1,898,342	132,487	-	-	1,475,976	-	3,506,805	
Investments - Restricted	3,571,144	-	750,142	-	5,702,266	31,094	10,054,646	
Due From Other Funds	1,177,682	14,541	143	307,506	4,889	63	1,504,824	
Due From State and Federal Governments	431,878	846,696	71,109	-	84,086	-	1,433,769	
Due From Other Governments	951,955	-	-	-	-	-	951,955	
Other Receivables	459,517	-	-	-	-	-	459,517	
Inventories	-	-	65,846	-	-	-	65,846	
Prepaid items	9,817	-	-	-	-	-	9,817	
<b>Total Assets</b>	<b>\$ 11,602,174</b>	<b>\$ 1,248,067</b>	<b>\$ 1,080,514</b>	<b>\$ 307,506</b>	<b>\$ 7,574,184</b>	<b>\$ 170,390</b>	<b>\$ 21,982,855</b>	
<b>LIABILITIES</b>								
Payables:								
Accounts Payable	\$ 153,327	\$ 14,728	\$ 37,715	\$ -	\$ 307,419	\$ -	\$ 513,189	
Accrued Liabilities	102,908	4,638	-	-	-	-	107,546	
Due to Other Funds	19,634	1,177,682	2	-	307,506	-	1,504,824	
Due to Other Governments	34,556	42,198	200	-	-	-	76,954	
Other Liabilities	648,660	-	-	-	-	-	648,660	
Bond Anticipation Notes Payable	-	-	-	-	8,000,000	-	8,000,000	
Unearned Revenues	3,500	8,821	-	-	-	-	12,321	
Due to Teachers' Retirement System	1,247,152	-	-	-	-	-	1,247,152	
Due to Employees' Retirement System	75,883	-	-	-	-	-	75,883	
Compensated Absences Payable	181,261	-	-	-	-	-	181,261	
<b>Total Liabilities</b>	<b>2,466,881</b>	<b>1,248,067</b>	<b>37,917</b>	<b>-</b>	<b>8,614,925</b>	<b>-</b>	<b>12,367,790</b>	
<b>FUND BALANCES</b>								
Nonspendable	9,817	-	65,846	-	-	-	75,663	
Restricted	3,571,081	-	976,751	307,506	-	170,390	5,025,728	
Assigned	1,845,254	-	-	-	-	-	1,845,254	
Unassigned	3,709,141	-	-	-	(1,040,741)	-	2,668,400	
<b>Total Fund Balances (Deficit)</b>	<b>9,135,293</b>	<b>-</b>	<b>1,042,597</b>	<b>307,506</b>	<b>(1,040,741)</b>	<b>170,390</b>	<b>9,615,045</b>	
<b>Total Liabilities and Fund Balances</b>	<b>\$ 11,602,174</b>	<b>\$ 1,248,067</b>	<b>\$ 1,080,514</b>	<b>\$ 307,506</b>	<b>\$ 7,574,184</b>	<b>\$ 170,390</b>	<b>\$ 21,982,855</b>	

See Notes to Basic Financial Statements

# **WAVERLY CENTRAL SCHOOL DISTRICT**

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

**Fund Balances - Total Governmental Funds** **\$ 9,615,045**

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	\$ 74,884,804	
(Less) Accumulated Depreciation	(30,821,543)	
(Less) Accumulated Amortization	<u>(1,327,846)</u>	42,735,415

The School District's proportionate share of the Employee Retirement Systems' collective net pension liability is not reported in the funds.

ERS Net Pension Liability - Proportionate Share	\$ (1,450,749)	
TRS Net Pension Liability - Proportionate Share	<u>(1,133,042)</u>	(2,583,791)

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

Deferred Charges on Defeased Debt	\$ 217,572	
Other Postemployment Benefits Deferred Outflows of Resources	10,129,573	
Other Postemployment Benefits Deferred Inflows of Resources	(17,178,309)	
TRS Deferred Inflows of Resources - Pension	(756,757)	
ERS Deferred Inflows of Resources - Pension	(78,939)	
TRS Deferred Outflows of Resources - Pension	6,195,745	
ERS Deferred Outflows of Resources - Pension	<u>1,075,560</u>	(395,555)

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

Bonds Payable	\$ (17,875,000)	
Unamortized Bond Premium	(2,319,619)	
Lease Liabilities	<u>(988,261)</u>	(21,182,880)

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 Debt	\$ (287,910)	
Other Postemployment Benefits Liability	<u>(42,872,940)</u>	(43,160,850)

**Net (Deficit) of Governmental Activities** **\$ (14,972,616)**

*See Notes to Basic Financial Statements*

# WAVERLY CENTRAL SCHOOL DISTRICT

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

	Major Funds				Non-Major Fund		Total Governmental Funds
	General Fund	Special Aid Fund	Special Revenue Funds School Lunch Fund	Debt Service Fund	Capital Projects Fund	Miscellaneous Special Revenue Fund	
<b>REVENUES</b>							
Real Property Taxes	\$ 6,362,031	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 6,362,031
Other Tax Items	1,500,523	-	-	-	-	-	1,500,523
Charges for Services	306,241	-	-	-	-	-	306,241
Use of Money and Property	297,696	-	22,035	154,783	-	99	474,613
Sale of Property and Compensation for Loss	53,080	-	-	-	-	-	53,080
Miscellaneous	616,427	3,623	1,959	-	-	39,175	661,184
State Sources	24,958,894	1,392,142	103,965	-	84,087	-	26,539,088
Medical Reimbursement	48,901	-	-	-	-	-	48,901
Federal Sources	38,392	2,996,842	1,089,020	-	-	-	4,124,254
Sales - School Lunch	-	-	26,543	-	-	-	26,543
<b>Total Revenues</b>	<b>34,182,185</b>	<b>4,392,607</b>	<b>1,243,522</b>	<b>154,783</b>	<b>84,087</b>	<b>39,274</b>	<b>40,096,458</b>
<b>EXPENDITURES</b>							
General Support	3,324,116	45,812	-	87,481	-	-	3,457,409
Instruction	15,546,175	3,277,562	450,571	-	-	25,661	19,297,969
Pupil Transportation	856,828	89,837	-	-	-	-	926,665
Community Services	150,657	416	-	-	-	-	151,073
Employee Benefits	7,656,259	986,377	121,508	-	-	-	8,764,144
Debt Service:							
Principal	3,963,752	-	-	-	-	-	3,963,752
Interest	1,057,201	-	-	-	-	-	1,057,201
Cost of Sales	-	-	497,565	-	-	-	497,565
Capital Outlay	-	-	-	-	2,422,166	-	2,422,166
<b>Total Expenditures</b>	<b>32,534,988</b>	<b>4,400,004</b>	<b>1,069,644</b>	<b>87,481</b>	<b>2,422,166</b>	<b>25,661</b>	<b>40,537,944</b>
Excess (Deficiency) of Revenues Over Expenditures	1,647,197	(7,397)	173,878	67,302	(2,338,079)	15,613	(441,486)
<b>OTHER FINANCING SOURCES AND (USES)</b>							
Proceeds of Obligations	-	-	-	-	1,277,807	-	1,277,807
Redeemed from Appropriations	-	-	-	-	354,695	-	354,695
Premium on Obligations	-	-	-	146,133	-	-	146,133
Operating Transfers In	-	7,397	143	(42,305)	142,305	-	149,845
Operating Transfers (Out)	(107,540)	-	-	-	-	-	(149,845)
Total Other Sources (Uses)	(107,540)	7,397	143	103,828	1,774,807	-	1,778,635
Net Change in Fund Balances	1,539,657	-	174,021	171,150	(563,272)	15,613	1,337,149
Fund Balances (Deficit) - Beginning of Year	7,595,636	-	868,576	136,376	(477,469)	154,777	8,277,896
<b>Fund Balances (Deficit) - End of Year</b>	<b>\$ 9,135,293</b>	<b>\$ -</b>	<b>\$ 1,042,597</b>	<b>\$ 307,506</b>	<b>\$ (1,040,741)</b>	<b>\$ 170,390</b>	<b>\$ 9,615,045</b>

See Notes to Basic Financial Statements

# *WAVERLY CENTRAL SCHOOL DISTRICT*

## RECONCILIATION OF GOVERNMENTAL FUNDS TO THE 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** **\$ 1,337,149**

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 and amortization expenses exceeded capital outlay.

Capital Outlay	\$ 2,727,480	
Net Book Value of Disposed Assets	(2,476)	
Depreciation Expense	(2,201,107)	
Amortization Expense	<u>(586,614)</u>	(62,717)

Bond proceeds and installment purchase debt provide current financial resources to Governmental Funds, but issuing debt and related premiums increases 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.

Principal Payments - Bonds	\$ 3,235,000	
Bond Proceeds	(930,000)	
Proceeds of Leases	(347,807)	
Amortization of Deferred Changes on Defeased Debt	(139,357)	
Amortization of Premium on Obligation	677,782	
Proceeds of Premium on Obligation	(129,786)	
Gain on Disposal of Lease	105,284	
Principal Payment - Leases	<u>374,057</u>	2,845,173

Long-term liabilities, such as those associated with other postemployment 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. This is the (increase) in the amount that is reported in the Statement of Activities. 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		670,895
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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 in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows related to pensions do not affect current financial resources and are, also, not reported in the Governmental Funds. This is the (increase) decrease in the proportionate share of net pension (asset)/liability, deferred outflows and deferred inflows of resources.

ERS	\$ (289,632)	
TRS	<u>(210,001)</u>	(499,633)

Some 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.

Change in Accrued Interest Payable		<u>(245,234)</u>
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**Net Change in Net Position of Governmental Activities** **\$ 4,045,633**

*See Notes to Basic Financial Statements*

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

	<u>Custodial Fund</u>
<b>ASSETS</b>	
Cash and Cash Equivalents - Unrestricted	\$ 51,122
<b>Total Assets</b>	<u>\$ 51,122</u>
<b>NET POSITION</b>	
Unrestricted	\$ 51,122
<b>Total Net Position</b>	<u>\$ 51,122</u>

*See Notes to Basic Financial Statements*

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

	<u>Custodial Fund</u>
<b>ADDITIONS</b>	
Extraclassroom Receipts	<u>\$ 189,984</u>
<b>Total Additions</b>	<u>189,984</u>
<b>DEDUCTIONS</b>	
Extraclassroom Disbursements	<u>187,231</u>
<b>Total Deductions</b>	<u>187,231</u>
Change in Net Position	2,753
Net Position - Beginning of Year	<u>48,369</u>
<b>Net Position - End of Year</b>	<u><u>\$ 51,122</u></u>

*See Notes to Basic Financial Statements*

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

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

The accompanying financial statements of Waverly 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 (Board) consisting of five 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 Waverly Central School District's business office, located at 15 Frederick Street, Waverly, NY 14892-1207.

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

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

#### **Joint Venture**

The Waverly Central School District is one of 21 component school districts in the Greater Southern Tier 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.

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate.

Separate financial statement of Greater Southern Tier BOCES may be obtained by contacting the Business Office, Greater Southern Tier BOCES, 459 Philo Road, Elmira, NY 14903.

#### **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.

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

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

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

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 that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional expenses in proportion to payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

#### **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 District's Governmental Funds.

#### **Major Funds**

- General Fund: This is the School District's primary operating fund and accounts for all financial transactions not required to be accounted for in another fund.
- Special Revenue Funds: These funds account for proceeds of specific revenue sources 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 registered for special education programs.
  - School Lunch Fund: Accounts for revenues and expenditures in connection with the School District's food service program.
- Debt Service Fund: Accounts for accumulation of resources and payment of principal and interest on long-term general obligation debt of Governmental Activities.
- Capital Projects Fund: Accounts for financial resources used for renovation of the School District's educational complex.

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

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

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

##### **Special Revenue Funds**

- Miscellaneous Special Revenue Fund: Used to account for student scholarships whose funds are restricted as to use.

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: Assets are held by the School District as agent for Extraclassroom Activity Funds.

#### **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 for the which the taxes are levied. 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 one year after the end of the fiscal year.

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

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

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

#### **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 school 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.

#### **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.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

#### **Capital Assets**

Capital assets are reported at actual cost for acquisitions, including the right to use assets acquired through financial lease arrangements, subsequent to the adoption of GASB Statement No. 34. For assets acquired prior to the adoption of GASB Statement No. 34, estimated historical costs, based on appraisal and research of the School District's accounting records, were used. Donated assets are reported at acquisition value at the time received. The School District uses the straight-line method of depreciation.

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 statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	30-40 Years
Building Improvements	5,000	40 Years
Furniture and Equipment	5,000	5-20 Years
Site Improvements	5,000	20 Years

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

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts, the use of which is based on a last-in, first-out basis. 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 is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you-go basis.

# **WAVERLY CENTRAL SCHOOL DISTRICT**

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

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

#### **Other 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 complies with GASB Statement No. 75, "Accounting and Financial Reporting by Employers 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 11 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.

# ***WAVERLY 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 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. Unavailable revenues are reported as deferred inflows of resources on the Balance Sheet.

#### **Deferred Outflows and 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 deferred outflows of resources related to deferred charges on defeased debt, OPEB plans, and pensions in the District-wide Statement of Net Position. The types of deferred outflows of resources related to defeased debt, pensions, and OPEB are described in Notes 8, 10, and 11, 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(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows of resources related to pensions and OPEB, which are further described in Notes 10 and 11, respectively.

#### **Restricted Resources**

When an expense is incurred for purposes for which both restricted and unrestricted net position is 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 judgments, other postemployment benefits 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.

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

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

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

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

#### **Equity Classifications - District-Wide 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 complies with GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which changes the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

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 endowments 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.

# ***WAVERLY 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**

- 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.
- 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 §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.

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

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

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

- 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. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.
- Unemployment Insurance Reserve (GML §6-m) - Used to pay the cost of reimbursing 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.
- Tax Certiorari Reserve (Education Law §3651.1-a) - Used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount which might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

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

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

- Retirement Contribution Reserves (GML §6-r) - Used for the purpose of financing retirement contributions. The reserves 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. These reserves are accounted for in the General Fund. 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 sub-fund of up to 2% 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. These reserves are accounted for 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 Reserve for Debt Service (GML §6-l) - Used to account for interest and earnings on outstanding obligations and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated. This reserve is accounted for in the Debt Service Fund.

#### **Property Taxes - Calendar**

Real property taxes are levied annually by the Board of Education no later than September 1, 2022 and became a lien on August 26, 2022. Taxes were collected during the period September 1, 2022 to October 31, 2022.

#### **Property Taxes - Enforcement**

Uncollected real property taxes are subsequently enforced by Tioga and Chemung Counties in which the School District is located. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the county to the School District no later than the following April 1.

# ***WAVERLY 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities, useful lives of long-lived assets and other post-employment benefits.

#### **New Accounting Standards**

The School District adopted and implemented the following current Statements of the 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. In implementing the standard, the School District did not identify any material agreements that required recognition.

#### **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 \$1,963,125. The School District was billed \$5,192,970 for BOCES administration and program costs. Financial statements for the Greater Southern Tier BOCES are available from the BOCES administrative office at 459 Philo Road, Elmira, NY 14903-1051.

# **WAVERLY CENTRAL SCHOOL DISTRICT**

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

**Note 3 Cash, Cash Equivalents and Investments - Custodial and Concentration of Credit Risk**

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB 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 \$17,903,896 are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

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

	<b>Cash</b>	<b>Investments</b>
<b>Governmental Activities</b>		
General Fund Reserves	\$ -	\$ 3,571,144
Restricted for Capital	-	5,394,760
Restricted for Debt	-	307,506
Restricted for School Lunch	193,274	750,142
Restricted for Scholarships	139,233	31,094
<b>Total Governmental Activities</b>	<b>\$ 332,507</b>	<b>\$ 10,054,646</b>

The School District has investments in certificates of deposit with original maturity dates of greater than three months restricted for scholarship funds. 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 certificates of deposit reported in the Miscellaneous Special Revenue Fund vary in maturity and length up to 24 months and are categorized as level 2. The cost and carrying value of the School District's Certificate of Deposit at June 30, 2023 is \$31,094.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 3 Cash, Cash Equivalents and Investments - Custodial and Concentration of Credit Risk - Continued**

The School District also participates in a local government external investment pool through the New York Cooperative Liquid Assets Securities System (NYCLASS). NYCLASS is rated by S&P Global Ratings. The current rating is AAAM. The cooperative is actively managed and invests exclusively in investments legally permissible for New York State school districts and municipal corporations. These permissible investments include: U.S. Treasury securities, obligations backed by the full faith and credit of the U.S. government, collateralized bank deposits, and repurchase agreements collateralized at 102% by Treasury securities and agency securities backed by the full faith and credit of the U.S. government. All counterparties to repurchase agreements are highly-rated primary dealers, and a custodial bank holds all collateral supporting the transactions in constructive possession on the cooperative's behalf.

The School District categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The following investments are held by the School District:

	<u>Cost</u>	<u>Carrying Amount Fair Value</u>	<u>Type of Investment</u>	<u>Category</u>
General Fund - Restricted	\$ 3,571,144	\$ 3,571,144	NYCLASS	(1)
General Fund - Unrestricted	1,898,342	1,898,342	NYCLASS	(1)
Capital Fund - Restricted	5,702,266	5,702,266	NYCLASS	(1)
Capital Fund - Unrestricted	1,475,976	1,475,976	NYCLASS	(1)
Special Aid Fund - Unrestricted	132,487	132,487	NYCLASS	(1)
School Lunch Fund - Restricted	750,142	750,142	NYCLASS	(1)
Misc. Special Revenue Fund - Restricted	31,094	31,094	Certificate of Deposit	(2)
<b>Total Investments</b>	<b><u>\$ 13,561,451</u></b>	<b><u>\$ 13,561,451</u></b>		

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

**Note 4 Due From Other Governments**

Due from other governments consisted of the following, which are stated at net realizable value.

<u>Description</u>	<u>Amount</u>
General Fund - BOCES September Aid	<u>\$ 951,955</u>
<b>Total Due from Other Governments</b>	<b><u>\$ 951,955</u></b>

# **WAVERLY CENTRAL SCHOOL DISTRICT**

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

**Note 5 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	\$ 1,177,682	\$ 19,634	\$ -	\$ 107,540
Special Aid Fund	14,541	1,177,682	7,397	-
School Lunch Fund	143	2	143	-
Debt Service Fund	307,506	-	-	42,305
Miscellaneous Special Revenue Fund	63	-	-	-
Capital Projects Fund	4,889	307,506	142,305	-
<b>Total</b>	<b>\$ 1,504,824</b>	<b>\$ 1,504,824</b>	<b>\$ 149,845</b>	<b>\$ 149,845</b>

Interfund receivables and payables are eliminated on the Statement of Net Position.

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Funds, as needed, to fund capital projects. Periodically, the School District transfers funds as excess funds are accumulated from the School Lunch Fund.

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.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 6 Capital Assets**

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

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reclassifications &amp; Disposals</u>	<u>Ending Balance</u>
<b>Capital Assets That Are Not Depreciated</b>				
Land	\$ 110,178	\$ -	\$ -	\$ 110,178
Construction in Progress	545,165	2,074,359	(467,543)	2,151,981
<b>Total Nondepreciable Historical Cost</b>	<u>655,343</u>	<u>2,074,359</u>	<u>(467,543)</u>	<u>2,262,159</u>
<b>Capital Assets That Are Depreciated</b>				
Buildings	63,420,595	-	387,648	63,808,243
Furniture and Equipment	5,976,263	93,234	72,278	6,141,775
<b>Total Depreciable Historical Cost</b>	<u>69,396,858</u>	<u>93,234</u>	<u>459,926</u>	<u>69,950,018</u>
<b>Intangible Lease Assets</b>				
Equipment	2,422,432	559,887	(309,692)	2,672,627
<b>Total Historical Cost</b>	<u>72,474,633</u>	<u>2,727,480</u>	<u>(317,309)</u>	<u>74,884,804</u>
<b>(Less) Accumulated Depreciation</b>				
Buildings	(24,049,372)	(1,844,945)	-	(25,894,317)
Furniture and Equipment	(4,576,205)	(356,162)	5,141	(4,927,226)
<b>Total Accumulated Depreciation</b>	<u>(28,625,577)</u>	<u>(2,201,107)</u>	<u>5,141</u>	<u>(30,821,543)</u>
<b>(Less) Accumulated Amortization</b>				
Equipment	(1,050,924)	(586,614)	309,692	(1,327,846)
<b>Total Historical Cost, Net</b>	<u>\$ 42,798,132</u>	<u>\$ (60,241)</u>	<u>\$ (2,476)</u>	<u>\$ 42,735,415</u>

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

General Support	\$ 145,570
Instruction	1,991,121
Pupil Transportation	640,244
School Lunch Program	10,786
<b>Total Depreciation/Amortization Expense</b>	<u>\$ 2,787,721</u>

**Note 7 Short-Term Debt**

The School District may issue revenue anticipation notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the General Fund. The School District did not issue or redeem any RANs during the year.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 7 Short-Term Debt - Continued**

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

The School District may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. BANs in the amount of \$2,500,000 and \$5,500,000 were outstanding at year end with an interest rate of 3.75% and 4.00% respectively with both maturing on July 27, 2023.

The following is a summary of the BAN activity for the year:

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Refinanced/ Redeemed</u>	<u>Ending Balance</u>
BANs	\$ 1,327,000	\$ 8,000,000	\$ (1,327,000)	\$8,000,000
<b>Total</b>	<b><u>\$ 1,327,000</u></b>	<b><u>\$ 8,000,000</u></b>	<b><u>\$ (1,327,000)</u></b>	<b><u>\$8,000,000</u></b>

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

Interest Paid	\$ 28,530
(Less) Interest Accrued in the Prior Year	(635)
Interest Accrued in the Current Year	250,672
Amortization of BAN Premium	<u>(16,347)</u>
<b>Total</b>	<b><u>\$ 262,220</u></b>

**Note 8 Long-Term Debt**

At June 30, 2023, the total outstanding indebtedness of the School District represented 63.5% of its statutory debt limit, exclusive of building aid estimates. 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.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 8 Long-Term Debt - Continued**

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

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
<b>Serial Bonds</b>				
DASNY Bonds	07/01/2011	06/15/2026	4.00% - 5.00%	\$ 310,000
DASNY Bonds	06/15/2015	06/15/2030	3.00% - 5.00%	6,985,000
DASNY Bonds	06/07/2018	06/15/2032	5.00%	2,830,000
DASNY Bonds	06/17/2019	06/15/2033	3.00% - 5.00%	1,310,000
<b>Total Serial Bonds</b>				<u>11,435,000</u>
Revenue Bonds	06/15/2023	06/15/2036	5.00%	930,000
<b>Net Revenue Bonds</b>				<u>930,000</u>
Refunding Bonds	11/09/2017	06/15/2026	2.00% - 5.00%	5,510,000
<b>Net Refunding Bonds</b>				<u>5,510,000</u>
<b>Premiums</b>				
Refunding Unamortized Premium				310,459
DASNY Unamortized Premium				2,009,160
<b>Total Premiums</b>				<u>2,319,619</u>
<b>Total</b>				<u><b>\$ 20,194,619</b></u>

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

Interest Paid	\$ 995,550
(Less) Interest Accrued in the Prior Year	(42,043)
Plus Interest Accrued in the Current Year	37,240
(Less) Amortization of Bond Premiums	(677,782)
Plus Amortization of Deferred Charges on Defeased Debt	139,357
	<u>139,357</u>
<b>Total</b>	<u><b>\$ 452,322</b></u>

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 8 Long-Term Debt - Continued**

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

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Bonds	\$20,180,000	\$ 930,000	\$ (3,235,000)	\$17,875,000	\$ 3,430,000
DASNY Bond Premium	2,358,304	129,786	(478,930)	2,009,160	349,144
Premium Refunding	509,311	-	(198,852)	310,459	153,350
	<u>\$23,047,615</u>	<u>\$1,059,786</u>	<u>\$ (3,912,782)</u>	<u>\$20,194,619</u>	<u>\$ 3,932,494</u>
<b>Deferred Charges on Defeased Debt</b>	<u>\$ (356,929)</u>	<u>\$ -</u>	<u>\$ 139,357</u>	<u>\$ (217,572)</u>	<u>\$ 107,469</u>

The following is a summary of the maturity of bonded indebtedness:

Year	Principal	Interest	Total
2024	\$ 3,430,000	\$ 896,892	\$ 4,326,892
2025	3,615,000	712,200	4,327,200
2026	3,650,000	531,450	4,181,450
2027	1,665,000	348,950	2,013,950
2028	1,725,000	265,700	1,990,700
2029-2032	3,555,000	428,150	3,983,150
2034-2036	235,000	21,500	256,500
<b>Total</b>	<u>\$ 17,875,000</u>	<u>\$ 3,204,842</u>	<u>\$ 21,079,842</u>

On November 9, 2017, the School District issued \$8,835,000 in general obligation bonds, with interest rates ranging between 2.0% and 5.0%. The School District issued the bonds to advance refund the \$9,170,000 of outstanding various general obligation bonds with interest rate of 5.0%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$9,170,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$5,510,000 at June 30, 2023.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 9 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 \$2,672,627, offset by accumulated amortization of \$1,327,846, in intangible lease assets.

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2023
2020 Bus Lease	8/20/2019	8/20/2024	2.50%	\$ 273,197
2021 Bus Lease	8/31/2020	8/31/2024	2.50%	123,056
2022 Bus Lease	7/5/2021	6/30/2026	2.14%	291,678
2023 Bus Lease	7/5/2022	6/30/2026	7.00%	261,184
Copiers Lease	1/1/2020	7/31/2026	2.33%	39,146
<b>Total</b>				<b><u>\$ 988,261</u></b>

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

Year	Principal	Interest	Total
2024	\$ 301,303	\$ 48,704	\$ 350,007
2025	378,086	38,640	416,726
2026	141,954	26,026	167,980
2027	166,918	19,689	186,607
<b>Total</b>	<b><u>\$ 988,261</u></b>	<b><u>\$ 133,059</u></b>	<b><u>\$ 1,121,320</u></b>

Interest paid for the current year amounted to \$33,121.

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

## **NOTES TO FINANCIAL STATEMENTS**

**JUNE 30, 2023**

***Note 10*** Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)

**Plan Description and Benefits Provided**

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

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

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 New York State Retirement and Social Security Law (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.

# **WAVERLY CENTRAL SCHOOL DISTRICT**

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

### **Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

#### **Plan Description and Benefits Provided - Continued**

##### **Employees' Retirement System (ERS) (System)**

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 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.

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. Plan 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 System. System investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**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:

	ERS	TRS
2024	\$ 258,606	\$ 1,031,789
2023	346,963	912,048
2022	318,195	872,428

**Pension 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 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 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 Liability	\$ 21,444,032,790	\$ 1,918,891,690
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	1,450,749	1,133,042
School District's Share of the Net Pension (Asset)/Liability	0.0067653%	0.056385%

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

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

For the year ended June 30, 2023, the School District recognized pension expense of \$507,115 for ERS and \$1,437,567 for TRS in the District-wide financial statements. At June 30, 2023 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 154,516	\$ 1,187,284	\$ 40,743	\$ 22,704
Changes of Assumptions	704,577	2,197,909	7,787	456,421
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	1,463,997	8,523	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	140,584	105,930	21,886	277,632
School District's Contributions Subsequent to the Measurement Date	75,883	1,240,625	-	-
<b>Total</b>	<b>\$ 1,075,560</b>	<b>\$ 6,195,745</b>	<b>\$ 78,939</b>	<b>\$ 756,757</b>

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 ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending	ERS	TRS
2024	\$ 232,882	\$ 827,190
2025	(44,379)	407,153
2026	322,924	(236,209)
2027	409,311	2,848,749
2028	-	349,173
Thereafter	-	2,307

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

### *Note 10* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

#### Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Interest 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.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 10 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, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, Selection of Economic Assumptions for Measuring Pension Obligations. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expect 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:

Measurement Date	ERS March 31, 2023	TRS 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	4.6%	6.2%
Private Equity	7.5%	9.9%
Opportunistic/ Absolute Return Strategy	5.4%	0.0%
Real Assets	5.8%	0.0%
Cash	0.0%	0.0%
Credit	5.4%	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)%

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 10 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 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 determined. 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 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>ERS</b>	<b>1% Decrease (4.9%)</b>	<b>Current Assumption (5.9%)</b>	<b>1% Increase (6.9%)</b>
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 3,505,838	\$ 1,450,749	\$ (266,517)
<b>TRS</b>	<b>1% Decrease (5.95%)</b>	<b>Current Assumption (6.95%)</b>	<b>1% Increase (7.95%)</b>
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$10,447,175	\$ 1,133,042	\$ (6,700,084)

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 10 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 valuation 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 Liability	\$ 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 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 \$75,883.

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 \$1,247,152.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 10 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

**Effect on Net Position**

Changes in the net pension (asset)/liability and deferred outflows and inflows of resources for the year ended June 30, 2023 resulted in the following effect on the net position:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
<b>ERS</b>			
Net Pension (Asset)/Liability	\$ (495,724)	\$ 1,946,473	\$ 1,450,749
Deferred Outflows of Resources	(1,057,278)	(18,282)	(1,075,560)
Deferred Inflows of Resources	1,717,498	(1,638,559)	78,939
Subtotal	164,496	289,632	454,128
<b>TRS</b>			
Net Pension (Asset)/Liability	(9,770,916)	10,903,958	1,133,042
Deferred Outflows of Resources	(5,773,315)	(422,430)	(6,195,745)
Deferred Inflows of Resources	11,028,284	(10,271,527)	756,757
Subtotal	(4,515,947)	210,001	(4,305,946)
<b>Total</b>	<b>\$ (4,351,451)</b>	<b>\$ 499,633</b>	<b>\$ (3,851,818)</b>

**Note 11 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.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

### *Note 11* 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	181
Active Employees	<u>207</u>
<b>Total</b>	<b><u><u>388</u></u></b>

#### Total OPEB Liability

The School District's total OPEB liability of \$42,872,940 was measured as of June 30, 2023, and was determined by an actuarial valuation as of June 30, 2022.

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

Single Discount Rate	3.69%
Salary Scale	3.00%
Rate of Inflation	2.25%
Healthcare Cost Trend Rates	6.75%, decreasing to an ultimate rate of 3.784% for 2075 and later years

The Bond Buyer General Obligation 20-Bond Municipal Index was used to determine the long-term bond rate above.

The Pub-2010 Mortality Table for employees: sex distinct, job category-specific, headcount weighted, and adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

Rates of decrement due to turnover based on the experience under the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). The ERS rates are based on the experience study released by the Retirement Systems Actuary and published in their August 2020 Report. The TRS rates are based on the experience study released by the Office of the Actuary and published in their October 19, 2021 report.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 11 Postemployment Benefits Other Than Pensions (OPEB) - Continued**

**Total OPEB Liability - Continued**

Election percentage: It was assumed that 100% of future retirees eligible for coverage will elect retiree group benefits.

Spousal Coverage: It is assumed that 70% of retirees will be married at the time of their retirement, with the male spouse assumed to be approximately 3 years older than the female.

The annual rate of increase in healthcare costs were developed using the baseline projection of the SOA Long-Run Medical Cost Trend Model (v2022\_f4). The short term (first 4 years) trend rates were based on the recent premium rate history for the School District. The long-term (after 4 years) trend rates were based on various assumptions.

The actuarial assumptions used in the June 30, 2022 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

**Changes in the Total OPEB Liability**

	<b>Total OPEB Liability</b>
<b>Balance at June 30, 2022</b>	<u>\$ 50,193,403</u>
 <b>Changes for the Year</b>	
Service Cost	\$ 2,128,762
Interest Cost	989,295
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions or Other Inputs	(8,845,795)
Benefit Payments	<u>(1,592,725)</u>
Net Change	<u>(7,320,463)</u>
 <b>Balance at June 30, 2023</b>	 <u><u>\$ 42,872,940</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 1.92% in 2022 to 3.69% in 2023.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

### *Note 11* Postemployment Benefits Other Than Pensions (OPEB) - Continued

#### Changes in the Total OPEB Liability - Continued

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:

	<b>1% Decrease</b> <b>(2.69)%</b>	<b>Discount Rate</b> <b>(3.69%)</b>	<b>1% Increase</b> <b>(4.69)%</b>
Total OPEB Liability	\$ 49,168,838	\$ 42,872,940	\$ 37,703,201

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 higher than the current healthcare cost trend rate:

	<b>1% Decrease</b>	<b>Healthcare Cost</b> <b>Trend Rate</b>	<b>1% Increase</b>
Total OPEB Liability	\$ 36,543,546	\$ 42,872,940	\$ 50,920,786

#### 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 \$981,112.

At June 30, 2023, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred</b> <b>Outflows of</b> <b>Resources</b>	<b>Deferred</b> <b>Inflows of</b> <b>Resources</b>
Differences Between Expected and Actual Experience	\$ -	\$ (8,257,910)
Changes in Assumptions or Other Inputs	8,477,566	(8,920,399)
Contributions Subsequent to the Measurement Date	1,652,007	-
<b>Total</b>	<b>\$ 10,129,573</b>	<b>\$(17,178,309)</b>

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 11 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 net OPEB liability in the year ending June 30, 2024. Other 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>Amount</b>
<u>Ending June 30,</u>	<u>Amount</u>
2024	\$ (1,898,281)
2025	(987,395)
2026	(1,063,534)
2027	(2,002,408)
2028	(1,674,158)
Thereafter	(1,074,967)

**Effect on Net Position**

Changes in the OPEB liability and deferred outflows and inflows of resources for the year ended June 30, 2023 resulted in the following effect on net position:

	<b>Beginning Balance</b>	<b>Change</b>	<b>Ending Balance</b>
Other Postemployment Benefits Liability	\$ 50,193,403	\$ (7,320,463)	\$ 42,872,940
Deferred Outflows of Resources	(12,489,272)	2,359,699	(10,129,573)
Deferred Inflows of Resources	12,888,440	4,289,869	17,178,309
<b>Total Effect on Net Position</b>	<b>\$ 50,592,571</b>	<b>\$ (670,895)</b>	<b>\$ 49,921,676</b>

**Note 12 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.

The School District replaced the NY44 plan with the Excellus Blue PPO Signature Copy 1 plan for pre-65 actives, pre-65 retirees, and post-65 retirees as of 7/1/2019. In addition, the District replaced the MVP Medicare Advantage Plan with a United Healthcare Medicare Advantage Plan as of 1/1/2019. These changes were ratified October 2, 2018.

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

**Note 12 Commitments and Contingencies - Continued**

**Risk Financing and Related Insurance - Continued**

**General Information - Continued**

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling \$6,155,088.

**Other Items**

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

**Note 13 Fund Balance Detail**

As of June 30, 2023, nonspendable, restricted, and assigned fund balances in the governmental funds were as follows:

	General Fund	School Lunch Fund	Debt Service Fund	Miscellaneous Special Revenue Fund
<b>Nonspendable</b>				
Prepaid Items	\$ 9,817	\$ -	\$ -	\$ -
Inventory	-	65,846	-	-
<b>Total Nonspendable Fund Balance</b>	<b>\$ 9,817</b>	<b>\$ 65,846</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Restricted</b>				
Retirement Contribution Reserve - ERS	\$ 1,400,967	\$ -	\$ -	\$ -
Retirement Contribution Reserve - TRS	952,313	-	-	-
Tax Certiorari Reserve	77,082	-	-	-
Unemployment Insurance Reserve	45,632	-	-	-
Insurance Reserve	150,335	-	-	-
Employee Benefit Accrued				
Liability Reserve	267,815	-	-	-
Capital Reserve	676,937	-	-	-
School Lunch	-	976,751	-	-
Debt	-	-	307,506	-
Scholarships	-	-	-	170,390
<b>Total Restricted Fund Balance</b>	<b>\$ 3,571,081</b>	<b>\$ 976,751</b>	<b>\$ 307,506</b>	<b>\$ 170,390</b>
<b>Assigned</b>				
Appropriated for Next Year's Budget	\$ 1,664,126	\$ -	\$ -	\$ -
Encumbered for:				
General Support	112,694	-	-	-
Instruction	66,390	-	-	-
Pupil Transportation	2,044	-	-	-
<b>Total Assigned Fund Balance</b>	<b>\$ 1,845,254</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ -</b>

# WAVERLY CENTRAL SCHOOL DISTRICT

## NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

### *Note 14*    **Restricted Fund Balances**

#### **General Fund**

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

<u>General Fund</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Interest Earned</u>	<u>Appropriated</u>	<u>Ending Balance</u>
Retirement Contribution Reserve - ERS	\$ 1,363,519	\$ -	\$ 37,448	\$ -	\$ 1,400,967
Retirement Contribution Reserve - TRS	731,270	200,000	21,043	-	952,313
Tax Certiorari Reserve	75,012	-	2,070	-	77,082
Unemployment Insurance Reserve	45,623	-	9	-	45,632
Insurance Reserve	146,316	-	4,019	-	150,335
Employee Benefit Accrued Liability	313,648	-	-	(45,833)	267,815
Capital Reserve	464,450	200,000	12,487	-	676,937
<b>Total</b>	<b><u>\$ 3,139,838</u></b>	<b><u>\$ 400,000</u></b>	<b><u>\$ 77,076</u></b>	<b><u>\$ (45,833)</u></b>	<b><u>\$ 3,571,081</u></b>

### *Note 15*    **Stewardship, Compliance, and Accountability**

#### **Deficit Net Position**

At June 30, 2023 the District-wide Statement of Net Position had an unrestricted net (deficit) of \$(38,855,792). This is the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 11). The deficit is not expected to be eliminated during the normal course of operations.

#### **Deficit Fund Balance**

At June 30, 2023, the Capital Projects Fund reported a (deficit) of \$(1,040,741). This deficit will be reduced as short-term debt is converted into long-term debt.

### *Note 16*    **Tax Abatements**

For the year ended June 30, 2023, property in the School District was subject to property tax abatements negotiated by the Tioga County Industrial Development Agency (TCIDA), the Village of Waverly, and the Chemung County Treasurer's office.

TCIDA enters into payments in lieu of taxes (PILOT) agreements with businesses within Tioga County under New York State GML §858. Economic development agreements entered into by TCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which TCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction. School District property tax revenue was reduced by \$18,732. The School District received PILOT payments totaling \$28,097.

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

***Note 16*** **Tax Abatements - Continued**

The Village of Waverly enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by \$12,396. The School District received PILOT payments totaling \$5,912.

The Chemung County Treasurer's Office enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by \$363,045. The School District received PILOT payment totaling \$403,500.

# WAVERLY CENTRAL SCHOOL DISTRICT

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
<b>REVENUES</b>				
<b>Local Sources</b>				
Real Property Taxes	\$ 6,401,000	\$ 6,401,000	\$ 6,362,031	\$ (38,969)
Other Tax Items	1,478,437	1,478,437	1,500,523	22,086
Charges for Services	149,604	149,604	306,241	156,637
Use of Money and Property	27,000	27,000	297,696	270,696
Sale of Property and Compensation for Loss	-	-	53,080	53,080
Miscellaneous	173,747	173,747	616,427	442,680
<b>Total Local Sources</b>	<u>8,229,788</u>	<u>8,229,788</u>	<u>9,135,998</u>	<u>906,210</u>
State Sources	24,860,276	24,860,276	24,958,894	98,618
Medicaid Reimbursement	78,324	78,324	48,901	(29,423)
Federal Sources	-	-	38,392	38,392
<b>Total Revenues</b>	<u>33,168,388</u>	<u>33,168,388</u>	<u>34,182,185</u>	<u>1,013,797</u>
<b>OTHER FINANCING SOURCES</b>				
Operating Transfers In	131,903	131,903	-	(131,903)
<b>Total Revenues and Other Financing Sources (Uses)</b>	<u>33,300,291</u>	<u>33,300,291</u>	<u>\$ 34,182,185</u>	<u>\$ 881,894</u>
Appropriated Fund Balance	1,664,126	1,664,126		
Encumbrances from Prior Year	178,982	178,982		
<b>Total Revenues, Appropriated Reserves, and Designated Fund Balance</b>	<u>\$ 35,143,399</u>	<u>\$ 35,143,399</u>		

*See Notes to Required Supplementary Information*

# WAVERLY CENTRAL SCHOOL DISTRICT

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

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
<b>EXPENDITURES</b>					
<b>General Support</b>					
Board of Education	\$ 42,600	\$ 43,050	\$ 31,898	\$ -	\$ 11,152
Central Administration	217,133	225,355	219,759	138	5,458
Finance	281,529	286,196	258,628	-	27,568
Staff	87,918	87,918	75,581	-	12,337
Central Services	2,106,040	2,061,553	1,890,596	112,556	58,401
Special Items	845,314	848,796	847,654	-	1,142
<b>Total General Support</b>	<b>3,580,534</b>	<b>3,552,868</b>	<b>3,324,116</b>	<b>112,694</b>	<b>116,058</b>
<b>Instruction</b>					
Instruction, Administration, and Improvement	1,077,224	1,061,478	1,022,590	3,042	35,846
Teaching - Regular School	9,166,209	9,167,788	8,802,266	55,608	309,914
Programs for Children With Handicapping Conditions	3,979,548	3,933,797	3,055,649	-	878,148
Occupational Education	1,206,525	1,194,647	1,012,201	100	182,346
Teaching - Special School	43,500	27,000	16,616	-	10,384
Instructional Media	213,062	272,924	251,032	4,934	16,958
Pupil Services	1,433,954	1,444,856	1,385,821	2,706	56,329
<b>Total Instruction</b>	<b>17,120,022</b>	<b>17,102,490</b>	<b>15,546,175</b>	<b>66,390</b>	<b>1,489,925</b>
Pupil Transportation	1,243,738	868,768	836,828	2,044	29,896
Community Services	109,646	154,721	150,657	-	4,064
Employee Benefits	8,284,009	8,241,960	7,656,259	-	585,701
<b>Debt Service</b>					
Principal	3,589,995	3,963,752	3,963,752	-	-
Interest	1,015,455	1,057,201	1,057,201	-	-
<b>Total Debt Service</b>	<b>4,605,450</b>	<b>5,020,953</b>	<b>5,020,953</b>	<b>-</b>	<b>-</b>
<b>Total Expenditures</b>	<b>34,943,399</b>	<b>34,941,760</b>	<b>32,534,988</b>	<b>181,128</b>	<b>2,225,644</b>
<b>OTHER FINANCING USES</b>					
Operating Transfers Out	200,000	201,639	107,540	-	94,099
<b>Total Expenditures and Other Financing Uses</b>	<b>\$ 35,143,399</b>	<b>\$ 35,143,399</b>	<b>32,642,528</b>	<b>\$ 181,128</b>	<b>\$ 2,319,743</b>
Net Change in Fund Balances			1,539,657		
Fund Balance - Beginning of Year			7,595,636		
<b>Fund Balance - End of Year</b>			<b>\$ 9,135,293</b>		

*See Notes to Required Supplementary Information*

# WAVERLY CENTRAL SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 258,606	\$ 346,963	\$ 318,195	\$ 296,771	\$ 292,933	\$ 291,924	\$ 309,217	\$ 363,557	\$ 394,435	\$ 406,431
Contributions in Relation to the Contractually Required Contribution	(258,606)	(346,963)	(318,195)	(296,771)	(292,933)	(291,924)	(309,217)	(363,557)	(394,435)	(406,431)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	2,371,667	2,307,276	2,278,959	2,140,936	2,048,758	1,980,881	2,075,540	2,031,007	2,015,748	1,968,226
Contributions as a Percentage of Covered Employee Payroll	10.9%	15.0%	14.0%	13.9%	14.3%	14.7%	14.9%	17.9%	19.6%	20.6%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,240,625	\$ 1,031,789	\$ 912,048	\$ 872,428	\$ 998,201	\$ 864,884	\$ 1,024,951	\$ 1,158,847	\$ 1,661,276	\$ 1,381,440
Contributions in Relation to the Contractually Required Contribution	(1,240,625)	(1,031,789)	(912,048)	(872,428)	(998,201)	(864,884)	(1,024,951)	(1,158,847)	(1,661,276)	(1,381,440)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	12,056,608	10,528,459	9,464,816	9,846,817	9,390,414	8,825,347	8,745,316	8,739,419	9,476,760	8,501,169
Contributions as a Percentage of Covered Employee Payroll	10.3%	9.8%	9.6%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%

See Notes to Required Supplementary Information

# WAVERLY 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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.0067653%	0.0060642%	0.0061977%	0.0065139%	0.0063624%	0.0062796%	0.0069841%	0.0071353%	0.0076083%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,450,749	\$ (495,724)	\$ 6,171	\$ 1,724,907	\$ 450,797	\$ 202,670	\$ 656,242	\$ 1,145,238	\$ 257,026
School District's Covered Employee Payroll	2,371,667	2,312,519	2,278,959	2,124,834	2,041,577	1,967,587	2,060,022	2,010,045	2,017,649
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	61.2%	(21.4%)	0.3%	81.2%	22.1%	10.3%	31.9%	57.0%	12.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.8%	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	2.90%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%	2.70%
Salary Increases	4.40%	4.40%	4.50%	4.20%	3.80%	3.80%	3.80%	3.80%	4.90%
Cost of Living Adjustments	1.50%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%	1.40%
Investment Rate of Return	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
Discount Rate	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%	7.50%
Society of Actuaries' Mortality Scale	MP-2021	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

# WAVERLY 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,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.059047%	0.056385%	0.057749%	0.056216%	0.053758%	0.056083%	0.057669%	0.060721%	0.058968%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,133,042	\$ (9,770,916)	\$ 1,595,753	\$ (1,460,490)	\$ (972,089)	\$ (426,283)	\$ 617,655	\$ (6,306,970)	\$ (6,568,650)
School District's Covered Employee Payroll	\$ 10,528,459	\$ 9,464,816	\$ 9,846,817	\$ 9,390,414	\$ 8,825,347	\$ 8,745,316	\$ 8,739,419	\$ 9,476,760	\$ 8,501,166
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	10.8%	(103.2%)	16.2%	15.6%	11.0%	4.9%	7.1%	66.6%	77.3%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%

### The Following is a Summary of Changes of Assumptions

Inflation	2.40%	2.20%	2.20%	2.25%	2.50%	2.50%	3.00%	3.00%	*
Salary Increases	1.95% - 5.18%	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%	*
Cost of Living Adjustments	1.30%	1.30%	1.30%	1.50%	1.50%	1.50%	1.63%	1.63%	*
Investment Rate of Return	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	*
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	*
Society of Actuaries' Mortality Scale	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	*

\* Schedule is intended to show information for 10 years. Additional years will be displayed as they become available.

# WAVERLY CENTRAL SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 2,128,762	\$ 2,120,475	\$ 1,982,950	\$ 2,442,109	\$ 2,452,179	\$ 2,853,861	\$ -	\$ -	\$ -	\$ -
Interest Cost	989,295	1,290,842	1,654,328	2,550,596	2,471,027	2,156,997	*	*	*	*
Changes of Benefit Terms	-	-	-	(28,950,943)	(14,711)	-	*	*	*	*
Differences Between Expected and Actual Experience	-	(6,605,209)	(6,062,467)	(328,345)	-	-	*	*	*	*
Changes in Assumptions or Other Inputs	(8,845,795)	3,727,189	3,854,517	8,935,185	(1,994,268)	(7,355,202)	*	*	*	*
Benefit Payments	(1,592,725)	(1,813,655)	(1,653,058)	(1,934,926)	(1,778,212)	(1,647,510)	*	*	*	*
	(7,320,463)	(1,280,358)	(223,730)	(17,286,324)	1,136,015	(3,991,854)	*	*	*	*
Total OPEB Liability - Beginning of Year	50,193,403	51,473,761	51,697,491	68,983,815	67,847,800	71,839,654	*	*	*	*
<b>Total OPEB Liability - End of Year</b>	<b>42,872,940</b>	<b>\$ 50,193,403</b>	<b>\$ 51,473,761</b>	<b>\$ 51,697,491</b>	<b>\$ 68,983,815</b>	<b>\$ 67,847,800</b>	<b>\$ 71,839,654</b>	<b>*</b>	<b>*</b>	<b>*</b>
Covered Employee Payroll	13,835,818	\$ 12,999,171	\$ 13,065,519	\$ 10,866,924	\$ 11,464,736	\$ 11,686,527	\$ -	*	*	*
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>310%</b>	<b>386%</b>	<b>394%</b>	<b>476%</b>	<b>602%</b>	<b>581%</b>	<b>*</b>	<b>*</b>	<b>*</b>	<b>*</b>
<b>The Following is a Summary of Changes of Assumptions</b>										
Healthcare Cost Trend Rates	6.75%	6.75%	6.50%	6.50%	7.00%	7.25%	*	*	*	*
Salary Increases	3.00%	3.00%	3.00%	3.00%	3.00%	3.00%	*	*	*	*
Discount Rate	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%	*	*	*	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2018	MP-2017	*	*	*	*

\* Information for Periods Prior to Implementation of GASB Statement No. 75 is Unavailable and Will be Completed as it Becomes Available.

See Notes to Required Supplementary Information

# WAVERLY 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 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	\$ 34,964,417
Carryover Encumbrances	<u>178,982</u>
Original Budget	<u>35,143,399</u>
<b>Final Budget</b>	<b><u>\$ 35,143,399</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, Miscellaneous Special Revenue, and School Lunch). 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 are established internally.

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

No adjustment is necessary to convert 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.

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

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

***Note 3*** **Schedules 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, 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.

# WAVERLY 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	\$ 34,964,417
Prior Year's Encumbrances	<u>178,982</u>
Original Budget	<u>35,143,399</u>
<b>Final Budget</b>	<b><u>\$ 35,143,399</u></b>

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

Next Year's Budget is a Voter Approved Budget	<u>\$ 38,148,058</u>
Maximum allowed (4% of 2023-2024 Budget)	\$ 1,525,922
<b>General Fund Fund Balance Subject to §1318 of Real Property Tax Law</b>	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 1,845,254
Unassigned Fund Balance	<u>3,709,141</u>
<b>Total Unrestricted Fund Balance</b>	<b><u>5,554,395</u></b>
(Less):	
Appropriated Fund Balance	\$ 1,664,126
Encumbrances Included in Committed and Assigned Fund Balance	<u>181,128</u>
<b>Total Adjustments</b>	<b><u>1,845,254</u></b>
<b>General Fund Fund Balance Subject to §1318 of Real Property Law</b>	<b><u>\$ 3,709,141</u></b>
Actual Percentage	9.72%

# WAVERLY CENTRAL SCHOOL DISTRICT

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

PROJECT TITLE	Original Budget	Revised Budget	Prior Years	Expenditures		Unexpended Balance	Methods of Financing			Fund Balance (Deficit) June 30, 2023	
				Current Year	Total		State Aid	Local Sources	Total		
Elm Street Parking Lot # 0001 1012	\$ 500,000	\$ 450,000	\$ 425,461	\$ -	\$ 425,461	\$ 24,539	\$ -	\$ -	\$ -	\$ 425,461	\$ -
Chemung Elem. Renovations # 0009 009	600,000	500,000	139,859	-	139,859	360,141	-	-	-	139,859	-
Lincoln Street School Renovations # 0016 009	600,000	600,000	693,239	-	693,239	(93,239)	-	-	-	693,239	-
High School Track #0018 014	3,050,000	3,050,000	3,341,441	-	3,341,441	(291,441)	-	160,000	-	3,341,441	-
Jr/Sr High School Renovations # 0018 019	248,336	248,336	287,648	-	287,648	(39,312)	-	-	-	287,648	-
Jr/Sr High School Renovations # 0018 021	-	-	-	100,000	100,000	(100,000)	-	-	100,000	100,000	-
Jr/Sr High School Renovations # 0018 022	6,124,026	6,124,026	196,786	1,803,803	2,000,589	4,123,437	-	1,655,305	-	9,050,654	7,050,065
Concession Stand # 7022 002	30,000	30,000	-	-	-	30,000	-	-	-	-	-
Lincoln Elementary #016 013	-	-	-	90,661	90,661	(90,661)	-	-	-	-	(90,661)
Equipment Leases	347,807	347,807	-	347,807	347,807	-	-	-	-	347,807	-
SMART BONDS	-	-	842,231	79,895	922,126	(922,126)	921,981	-	-	921,981	(145)
Subtotal	11,500,169	11,350,169	5,926,665	2,422,166	8,348,831	3,001,338	12,470,804	921,981	1,915,305	15,308,090	6,959,259
Unredeemed BANS	-	-	-	-	-	-	(8,000,000)	-	-	(8,000,000)	(8,000,000)
<b>Total</b>	<b>\$ 11,500,169</b>	<b>\$ 11,350,169</b>	<b>\$ 5,926,665</b>	<b>\$ 2,422,166</b>	<b>\$ 8,348,831</b>	<b>\$ 3,001,338</b>	<b>\$ 4,470,804</b>	<b>\$ 921,981</b>	<b>\$ 1,915,305</b>	<b>\$ 7,308,090</b>	<b>\$ (1,040,741)</b>

\* Architectural and State Approved Budget Modifications for Sub-Project Reallocations Are Not Yet Finalized and Were Unavailable at this Report Date.

# WAVERLY CENTRAL SCHOOL DISTRICT

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

<b>Capital Assets, Net</b>	<b><u>\$ 42,735,415</u></b>
Add:	
Refunding Deferral	<u>217,572</u>
Unspent Debt Proceeds	<u>5,394,760</u>
(Deduct):	
Bond Anticipation Notes	<u>(8,000,000)</u>
Capital Fund Payables	<u>(307,419)</u>
Short-Term Portion of Lease Liability	<u>(301,303)</u>
Long-Term Portion of Liability	<u>(686,958)</u>
Short-Term Portion of Bonds Payable	<u>(3,430,000)</u>
Long-Term Portion of Bonds Payable	<u>(14,445,000)</u>
Premium on Bonds Payable	<u>(2,319,619)</u>
<b>Net Investment in Capital Assets</b>	<b><u>\$ 18,857,448</u></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  
Waverly Central School District  
Waverly, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Waverly 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 October 12, 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 the 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 School District's financial statements will not be prevented or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

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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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001.

### **The School District's Response to the Finding**

*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,



Insero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 12, 2023



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

Board of Education  
Waverly Central School District  
Waverly, New York

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

**Opinion on Each Major Federal Program**

We have audited Waverly 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.

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### **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.

**Other Matters**

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-002. Our opinion on each major federal program is not modified with respect to this matter.

*Government Auditing Standards* requires the auditor to perform limited procedures on the School Districts' response to the noncompliance findings identified in our audit 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 compliance and, accordingly, we express no opinion on the response.

**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,



Inero & Co. CPAs, LLP  
Certified Public Accountants

Ithaca, New York  
October 12, 2023

# WAVERLY CENTRAL SCHOOL DISTRICT

## SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2023

Federal Grantor/ Pass -Through Grantor Program Title	Federal ALN #	Pass -Through Grantor #	Pass -Through to Subrecipients	Expenditures
<b>U.S. Department of Education</b>				
Passed Through Odessa-Montour Central School District:				
Twenty-First Century Community Learning Centers	84.287	0187232805	\$ -	\$ 22,849
Passed Through NYS Department of Education:				
Title I Grants to Local Educational Agencies	84.010	0021233330	-	399,578
Title I Grants to Local Educational Agencies	84.010A	0011232154	-	196,999
Title I Grants, School Improvement	84.010A	0011222154	-	45,302
<b>Total Title I</b>			-	641,879
Education Stabilization Fund (ESF):				
(COVID-19) Elementary and Secondary School Emergency Relief(CRRSA) Fund	84.425D	5891213330	-	902,756
(COVID-19) Elementary and Secondary School Relief (ARP ESSER) - Summer	84.425U	5882213330	-	66,980
(COVID-19) Elementary and Secondary School Relief (ARP ESSER) - Comprehension	84.425U	5883213330	-	36,817
(COVID-19) Elementary and Secondary School Relief (ARP ESSER) - Learning Loss	84.425U	5884213330	-	273,255
(COVID-19) Elementary and Secondary School Relief (ARP ESSER 3)	84.425U	5880213330	-	568,846
(COVID-19) Elementary and Secondary School Relief (ARP) - Homeless II	84.425W	5218213330	-	8,781
<b>Total ESF</b>			-	1,857,435
Special Education Cluster (IDEA):				
Special Education - Grants to States	84.027	0032230973	-	373,633
Special Education - Preschool Grants	84.173	0033230973	-	14,247
(COVID-19) Special Education - Grants to States	84.027X	5532220973	-	2,128
(COVID-19) Special Education - Preschool Grants	84.173X	5533220973	-	2,028
<b>Total Special Education Cluster</b>			-	392,036
Improving Teacher Quality State Grants	84.367	0147233330	-	50,246
Title IV Student Support and Academic Enrichment	84.424	0204233330	-	32,397
<b>Total U.S. Department of Education</b>			-	2,996,842
<b>U.S. Department of Agriculture</b>				
Passed Through NYS Department of Education:				
Child Nutrition Cluster:				
National School Lunch Program	10.555	(1)	-	736,680
School Breakfast Program	10.553	(1)	-	278,776
Summer Food Program	10.559	(1)	-	22,318
<b>Total Child Nutrition Cluster</b>			-	1,037,774
Direct Programs:				
(COVID-19) State Pandemic Electronic Benefit Transfer Administrative Costs Grant	10.649	N/A	-	51,246
<b>Total U.S. Department of Agriculture</b>			-	1,089,020
<b>U.S Department of Homeland Security</b>				
Passed Through NYS Division of Homeland Security and Emergency Services				
(COVID-19) Disaster Grants - Public Assistance (President Declared Disasters)	97.036	4480-DR-NY	-	38,392
<b>Total U.S. Department of Homeland Security</b>			-	38,392
<b>Total Expenditures of Federal Awards</b>			<b>\$ -</b>	<b>\$ 4,124,254</b>

(1) - Unable to determine.

*See Notes to Schedule of Expenditures of Federal Awards*

# ***WAVERLY 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 presents the activity of all federal awards programs administered by the 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 Schedule of Expenditures of Federal Awards.

**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 Uniform Guidance, *Audits of State and Local Governments*, and *Non-Profit Organizations*. 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.

**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 \$95,799 worth of commodities under 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.

# WAVERLY 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 2 CFR §200.516(a)?   X   yes      no

Identification of major programs:

<u>ALN Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>84.425</u>	<u>Education Stabilization Funds</u>

Dollar threshold used to distinguish between Type A and Type B Programs \$ 750,000

Auditee qualified as low risk?      yes   X   no

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023**

### **Section II Financial Statement Findings**

#### 2023-001 Fund Balance Limitation

**Condition:**

At June 30, 2023, unassigned fund balance in the General Fund was \$2,183,219 in excess of the allowable limit.

**Criteria:**

The School District is allowed, under New York State Real Property Tax Law (Code §1318), to retain up to 4% of the succeeding year's budget in unassigned fund balance.

**Cause/Effect:**

The School District underspent its final budget by \$2,319,743 resulting in more unassigned fund balance at year end than anticipated. As a result, the School District is not in compliance with New York State Real Property Tax Law (§1318).

**Questioned Costs:**

None known.

**Context:**

The School District has experienced similar overages of unassigned fund balance in prior years. This year's overage is 5.72% over the allowable limit and compares to an overage of \$1,214,113 or 3.47%, and underexpenditure of the General Fund budget in the amount of \$2,600,702.

**Repeat Finding:**

The finding is a repeat of finding 2022-01 from the prior year.

**Recommendation:**

We recommend continued formal long-term (three to five years) budgetary planning in conjunction with the annual budgetary process. We also recommend current fund balance reserve accounts be reviewed to determine appropriate levels from both a short-term and long-term planning perspective. As part of the budgeting process, we recommend the School District estimate the amount of unassigned fund balance anticipated at year end in order to determine amounts which should be used to reduce the tax levy in accordance with New York State Real Property Tax Law.

**Management Response:**

School District management agrees with condition, cause and recommendation. The use of the ARP funds reduced some of the expenses in the general fund. We have invested with NY Class, which has significantly increased our interest earnings. Other revenue increases that were unexpected were for tuition, BOCES refund of prior year, and sale of equipment. The School District believes that with the decrease in federal funds, excess fund balance will be used.

# ***WAVERLY CENTRAL SCHOOL DISTRICT***

## **SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED JUNE 30, 2023**

### **Section III Federal Award Findings and Questioned Costs**

Finding 2023-002

Issue:	Net Cash Resources
Federal Agency:	U.S. Department of Agriculture
Federal Program:	Child Nutrition Cluster
Assistance Listing Number:	10.553/10.555/10.559
Pass-Through Agency:	NYS Department of Education

**Condition:**

At June 30, 2023, net cash resources in the School Lunch Fund exceeded the allowable limit cash by \$655,717.

**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 New York State agency in accordance with §210.19(a).

**Cause/Effect:**

Expenditures in the School Lunch Fund were less in the 2022-2023 fiscal year due to COVID-19. As a result, the base used to calculate the allowable limit was considerably reduced. Also contributing to the excess cash resources was an increase in the reimbursement rates, causing a 25% increase in revenue. As a result, the School District is not in compliance with 7 CFR §210.19(a).

**Questioned Costs:**

None known.

**Context:**

The amount over the allowable limit of \$320,893 in the amount of \$655,717 at June 30, 2023, and compares with the amounts over the allowable limit in years ended June 30, 2022 and 2021 of \$509,953 and \$260,989, respectively.

**Repeat Finding:**

The finding is a repeat of finding 2022-02 from the prior year.

**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.

**Management Response:**

School District management agrees with condition, cause, and recommendation. With this overage, the School District has purchased some new equipment for the cafeteria. Since the School District is CEP, there is no option to changing the revenue. The School District will continue upgrading the kitchens with the excess.