

PRELIMINARY OFFICIAL STATEMENT DATED JULY 22, 2025

NEW & RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Barclay Damon LLP, Bond Counsel to the School District, under existing law and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the School District, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Bond Counsel is also of the opinion that, under existing law, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "Tax Matters" herein regarding certain other tax considerations.

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

\$1,510,000
BRASHER FALLS CENTRAL SCHOOL DISTRICT
ST. LAWRENCE AND FRANKLIN COUNTIES, NEW YORK

\$1,510,000 Bond Anticipation Notes, 2025 Series B
(the "Notes")

Dated: August 19, 2025

Due: August 19, 2026

The Notes are general obligations of the Brasher Falls Central School District, St. Lawrence and Franklin Counties, New York (the "School District" or "District"). All the taxable real property within such School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. The faith and credit of the District are irrevocably pledged for the payment of the Notes and the interest thereon. See "TAX INFORMATION – Tax Levy Limitation Law" herein.

The Notes are not subject to redemption prior to maturity. At the option of the purchaser, the Notes will be issued as registered notes in book-entry-only form or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the offices of the School District or, at the option of the purchaser at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York with paying agent fees, if any, the responsibility of the purchaser. In such case, the Notes will be issued as registered in the name of the purchaser with a single note certificate issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

Alternatively, if the Notes are issued as registered notes in book-entry-only form, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), Jersey City, New Jersey, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the Notes purchased. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof. If the Notes are issued in book-entry-only form, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Barclay Damon LLP, Bond Counsel, Albany, 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 with the purchaser on or about August 19, 2025.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on July 30, 2025 until 10:30 A.M., Eastern Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids also may be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

July __, 2025

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

ST. LAWRENCE AND FRANKLIN COUNTIES

SCHOOL DISTRICT OFFICIALS

2025-2026 BOARD OF EDUCATION

SETH BELT
President



BETHANY ST. HILAIRE
Vice President

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* * * * *

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Superintendent

KATHY MITCHELL
Business Manager

CYNTHIA FRASER
School District Treasurer

AMY TRIMBOLI
School District Clerk



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

**BARCLAY
DAMON** ^{LLP}
Bond Counsel

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

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OFFICIAL STATEMENT
of the
BRASHER FALLS CENTRAL SCHOOL DISTRICT
ST. LAWRENCE AND FRANKLIN COUNTIES, NEW YORK
Relating To
\$1,510,000 Bond Anticipation Notes, 2025 Series B

This Official Statement, which includes the cover page, has been prepared by the Brasher Falls Central School District, St. Lawrence and Franklin Counties, New York (the "District" or the "School District", "Counties", and "State", respectively) in connection with the sale by the School District of \$1,510,000 aggregate principal amount of Bond Anticipation Notes, 2025 Series B (herein referred to as the "Notes").

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

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

DESCRIPTION OF THE NOTES

The Notes are general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal 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 School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "TAX INFORMATION – Tax Levy Limitation Law" herein.

The Notes will be dated August 19, 2025 and mature, without option of prior redemption, on August 19, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The Notes will be issued in either (i) registered form registered in the name of the purchaser, with a single note certificate issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate, and the School District will act as paying agent, or, at the option of the purchaser, at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York with paying agent fees, if any, the responsibility of the purchaser; or (ii) as book-entry-only notes, and, if so issued, 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.

Nature of the Obligation

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

Holders of any series of notes or bonds of the School 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 School District and will contain a pledge of the faith and credit of the School 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 School District has power and statutory authorization to levy ad valorem taxes on all real property within the School District subject to such taxation by the School 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”). 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 School 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 School 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 INFORMATION – 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.

Purpose of Issue

The Notes are 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 bond resolutions adopted by the Board of Education authorizing District obligations for the purpose of purchasing school buses. The proceeds of the Notes, along with \$298,181 available District funds, will redeem and partially renew \$1,133,181 total bond anticipation notes maturing on August 20, 2025 for the aforementioned purpose, and will provide \$675,000 in new money for the purchase of buses.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes, if the purchaser so elects. 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 the Notes, in the aggregate principal amount of such issue, and will be deposited with DTC.

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST 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 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 a purchaser of the Notes elects to have the Notes issued in certificated form or if such book-entry-only system is utilized by a purchaser of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form with a single note certificate issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on the Notes will be payable, at the option of the purchaser at the offices of the District or at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York. Paying agent fees, if any, shall be the responsibility of the purchaser. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District is located in northern New York State, in the Counties of St. Lawrence and Franklin. The District, with an approximate land area of 300 square miles, is composed predominantly of rural towns with many District residents commuting to the nearby Villages of Malone, Massena and Potsdam for employment. The District is situated approximately 15 miles northeast of the Village of Potsdam, 30 miles west of the Village of Malone and 15 miles south of the Village of Massena.

Major highways serving the District include U.S. #11 and State highways #11C and #420. The District is agricultural and residential in nature. Commercial and professional services are available to residents in the Hamlet of Brasher Falls and in the aforementioned villages.

Police services are provided by the New York State Police Department and the St. Lawrence and Franklin Counties Sheriff's Departments. Fire protection is provided by local volunteer fire stations.

Source: District officials.

Population

The population of the School District is estimated to be 5,376. (Source: 2019-2023 American Community Survey Five-Year Estimates.)

Larger Employers

Selected major employers located within the District are as follows:

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Brasher Falls Central School District	Public School	214
North Country Dairy	Manufacturing	124
Numed	Manufacturing	102
Seaway Timber Harvesting	Logging	85
Nicholville Telephone Company	Utility	46

Source: District officials.

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns of:						
Brasher	\$ 19,243	\$ 25,671	\$ 31,255	\$ 50,463	\$ 54,340	\$ 67,065
Hopkinton	19,601	30,585	31,136	42,639	61,094	68,750
Lawrence	18,098	28,463	28,048	45,962	63,125	83,864
Massena	21,017	27,945	32,285	47,432	59,943	68,057
Norfolk	23,425	27,330	29,942	40,707	50,262	73,962
Stockholm	19,931	27,831	44,065	45,682	66,087	119,869
Bombay	16,741	18,987	21,434	33,750	40,313	43,587
Dickinson	15,874	30,261	39,563	40,104	66,111	81,094
Counties of:						
St. Lawrence	20,143	26,676	31,574	50,384	66,843	80,918
Franklin	19,807	26,886	31,801	50,816	65,693	75,978
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: 2020-2024 5-Year American Community Survey data is not available as of the date of this Official Statement.

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

Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
St. Lawrence County	5.6%	5.4%	7.7%	5.1%	4.1%	4.3%	4.6%
Franklin County	5.1%	4.7%	8.2%	4.9%	3.7%	3.7%	3.8%
New York State	4.1%	3.8%	9.8%	7.1%	4.3%	4.1%	4.3%

	<u>2025 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>
St. Lawrence County	5.7%	5.6%	5.2%	4.1%	3.9%	N/A	N/A
Franklin County	4.7%	5.1%	4.9%	4.0%	3.2%	N/A	N/A
New York State	4.6%	4.3%	4.1%	3.7%	3.5%	3.8%	N/A

Note: Unemployment rates for the months June and July of 2025 for the County and for July of 2025 for the State are not available 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 as possible an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other district offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members.

Pursuant to the Local Finance Law, the President of the Board is the Chief Fiscal Officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Business Manager, the School District Clerk and the School District Treasurer. The duties of the administrative officers of the District include the implementation of the policies of the Board of Education and the supervision of the operation of the school system.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the School District for the ensuing fiscal year (tentative budget) and distributes that statement not less than 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 School District to exceed the Tax Cap also must receive at least 60% voter approval.

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

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

Recent Budget Vote Results

The budget for the 2024-2025 fiscal year was adopted by the qualified voters on May 21, 2024 with a vote of 270 to 46. The budget for the 2024-2025 fiscal year remained within the Tax Cap Imposed by Chapter 97 of the Laws of 2011. The budgeted tax increase was 2.21%, which was equal to the limit of 2.21%.

The budget for the 2025-2026 fiscal year was adopted by the qualified voters on May 20, 2025 with a vote of 185 to 20. The District's budget for the 2025-2026 fiscal year remains within the Tax Cap imposed by Chapter 97. The budgeted tax increase was 3.25%, which is below the limit of 4.50%.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposit accounts in, certificates of deposit issued by or a deposit placement program (as provided by statute) with a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State 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 a pledge of eligible securities, an eligible letter of credit or an eligible surety bond or a direct placement program as each such term is defined in the law.

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) savings accounts or money market accounts of designated banks; (2) certificates of deposit issued by a bank or trust company located in and authorized to do business in New York State; (3) demand deposit accounts in a bank or trust company located in and authorized to do business in New York State; (4) obligations of New York State; (5) obligations of the United States Government (U.S. Treasury Bills and Notes); and (6) repurchase agreements involving the purchase and sale of direct obligations of the United States if the securities are registered in the name of the District and held by a custodial bank in accordance with the policies established by the New York State Comptroller.

State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2025-26 fiscal year, approximately 80.32% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

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

State aid, including building aid appropriated and apportioned to the District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of the State's fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, thirty-eight (38) days after the April 1 deadline), the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal Aid Received by the State

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 98.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State Aid History

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

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

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

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

School district fiscal year (2025-2026): The State’s 2025-26 Budget includes approximately \$37.6 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of \$1.7 billion. The State’s 2025-26 Budget provides an estimated \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. The State’s 2025-26 Budget also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

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

State Aid Litigation

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

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

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments.

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

A breakdown of currently anticipated Foundation Aid funding is available below

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

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

State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2019-2020	\$ 23,857,207	\$ 18,059,011	75.70%
2020-2021	23,361,432	17,030,863	72.90
2021-2022	25,128,634	19,076,820	75.92
2022-2023	27,584,709	21,079,258	76.42
2023-2024	29,104,953	22,398,998	76.96
2024-2025 (Budgeted)	29,106,420	23,432,912	80.51
2024-2025 (Unaudited)	29,432,416	23,704,887	80.54
2025-2026 (Budgeted)	29,755,725	23,901,172	80.32

⁽¹⁾ Does not include interfund transfers.

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

District Facilities

The District currently operates the following facilities:

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Senior High School	9-12	951	1953, '67, '90, '05
Middle School	5-8	285	2005
Elementary School	K-6	972	1964, '67, '90, '05

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2020-21	968	2025-26	950
2021-22	980	2026-27	950
2022-23	980	2027-28	950
2023-24	953	2028-29	960
2024-25	941	2029-30	960

Source: District officials.

Employees

The District employs a total of 201 full-time and 13 part-time employees with representation by the various bargaining units listed below:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
112	St. Lawrence Central United Teachers	June 30, 2026
84	Teamsters Local Union 687	June 30, 2025 ⁽¹⁾
7	St. Lawrence Central Clerical Association	June 30, 2025 ⁽¹⁾
6	St Lawrence Central Administrators	June 30, 2025 ⁽¹⁾

⁽¹⁾ Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$ 406,264	\$ 608,345
2021-2022	379,077	673,056
2022-2023	304,876	759,093
2023-2024	396,898	845,330
2024-2025	465,168	884,504
2025-2026 (Budgeted)	454,525	818,859

Source: District officials.

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

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

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 School District is not amortizing any pension payments, nor has the intent to do so in the foreseeable future.

Stable Rate Pension Contribution Option. The 2013-14 State Budget included a provision that provides local governments and school districts, including the School District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 12.5% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

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

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

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

*Estimated.

The investment of monies and assumptions underlying some of the Retirement Systems covering the School District’s employees is not subject to the direction of the School 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 School District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

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

Other Post Employee Benefits

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District contracted with Armory Associates, LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2023 and 2024.

	Balance at:	June 30, 2022	June 30, 2023
		<u>\$ 105,126,422</u>	<u>\$ 88,792,252</u>
<u>Changes for the year:</u>			
Service cost		4,530,485	3,436,691
Interest		2,321,319	3,221,910
Differences between expected and actual experience		(5,992,490)	-
Change of Benefit Terms		(14,052)	(1,866,628)
Changes in assumptions or other inputs		(14,811,401)	(1,960,669)
Benefit payments		<u>(2,368,031)</u>	<u>(2,429,088)</u>
Net Changes		<u>\$ (16,334,170)</u>	<u>\$ 402,216</u>
	Balance at:	June 30, 2023	June 30, 2024
		<u>\$ 88,792,252</u>	<u>\$ 89,194,468</u>

Note: The above table is not audited. For additional information see "APPENDIX – D" attached hereto. Information for the fiscal year ended June 30, 2025 is not available as of the date of this Official Statement.

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

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

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

Other Information

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

The School 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 School District is past due.

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

This Official Statement does not include the financial data of any political subdivision having power to levy taxes within the School District.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2024. A copy of the report is attached to this Official Statement as "APPENDIX – D". In addition, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

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

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

Based on preliminary estimates, the District expects to end the fiscal year ending June 30, 2025 with an unappropriated unreserved fund balance of \$4,266,275.

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

Revenues:	\$ 29,432,416
Expenditures:	<u>28,639,954</u>
Excess (Deficit) Revenues Over Expenditures:	\$ 792,462
Beginning Fund Balance at June 30, 2024:	<u>\$ 17,363,012</u>
Total Projected Fund Balance at June 30, 2025:	<u>\$ 18,155,474</u>

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

New York State Comptroller Report of Examination

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

There have been no State Comptroller's audits of the District released within the past five years, nor are there any that are currently in progress or pending release; however, the Office of the State Comptroller conducted a tax cap calculation review of the District in 2024, resulting in a correction in its capital exclusion calculation which did not materially impact the allowable tax cap of the District.

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

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

The State Comptroller’s Fiscal Stress Monitoring System

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

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

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Brasher	\$ 75,025,613	\$ 101,511,848	\$ 102,900,112	\$ 104,084,445	\$ 105,997,461
Hopkinton	7,936,429	8,602,779	8,738,654	8,735,772	8,856,794
Lawrence	59,879,370	60,346,510	62,676,780	63,278,057	64,433,277
Massena	114,900	114,900	114,900	114,900	114,900
Norfolk	92,769	106,376	106,226	106,001	105,962
Stockholm	81,753,632	82,494,938	83,494,170	85,442,781	87,648,560
Bombay	275,647	278,606	278,250	281,337	285,254
Dickinson	74,650	74,450	74,398	74,294	73,762
Total Assessed Values	<u>\$ 225,153,010</u>	<u>\$ 253,530,407</u>	<u>\$ 258,383,490</u>	<u>\$ 262,117,587</u>	<u>\$ 267,515,970</u>

State Equalization Rates

Towns of:					
Brasher	78.00%	100.00%	95.50%	85.00%	81.00%
Hopkinton	94.00%	94.00%	93.00%	85.00%	70.00%
Lawrence	99.00%	100.00%	88.00%	83.00%	78.00%
Massena	100.00%	100.00%	92.00%	82.00%	80.00%
Norfolk	79.00%	79.00%	75.00%	69.00%	68.00%
Stockholm	85.00%	83.00%	76.00%	72.00%	67.00%
Bombay	83.00%	80.00%	80.00%	73.00%	58.00%
Dickinson	100.00%	93.58%	91.00%	87.00%	67.00%
Total Taxable Full Valuation	<u>\$ 261,933,732</u>	<u>\$ 271,079,110</u>	<u>\$ 298,925,669</u>	<u>\$ 328,403,354</u>	<u>\$ 357,840,499</u>

Source: District officials.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Brasher	\$ 25.62	\$ 19.50	\$ 18.97	\$ 19.22	\$ 18.92
Hopkinton	21.26	20.74	19.30	19.22	21.89
Lawrence	20.18	19.50	20.40	19.68	19.65
Massena	19.98	19.50	19.51	19.92	19.16
Norfolk	25.29	24.68	23.93	23.68	22.54
Stockholm	23.51	23.49	23.62	22.69	22.87
Bombay	24.07	24.37	22.44	22.38	26.42
Dickinson	19.98	20.84	19.72	18.78	22.87

Source: District officials.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Tax Levy	\$ 5,233,598	\$ 5,285,934	\$ 5,365,223	\$ 5,365,223	\$ 5,483,865
Amount Uncollected ⁽¹⁾	610,437	612,303	619,120	660,925	658,431
% Uncollected	11.66%	11.58%	11.54%	12.32%	12.01%

⁽¹⁾ See “Tax Collection Procedure” herein.

Source: District officials.

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged for the next 30 days. On November 1st, uncollected taxes are returnable to the respective Counties for collection. The School District receives this amount from said Counties prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by said Counties.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues ⁽¹⁾</u>	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2019-2020	\$ 23,857,207	\$ 5,314,355	22.28%
2020-2021	23,361,432	5,336,136	22.84
2021-2022	25,128,634	5,407,746	21.52
2022-2023	27,584,709	5,530,839	20.05
2023-2024	29,104,953	5,566,387	19.13
2024-2025 (Budgeted)	29,106,420	5,491,865	18.87
2024-2025 (Unaudited)	29,432,416	5,497,504	18.68
2025-2026 (Budgeted)	29,755,725	5,669,910	19.05

⁽¹⁾ Does not include interfund transfers.

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

Larger Taxpayers for 2024-25 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
National Grid	Utility	\$ 12,648,664
New York State Reforestation	Forest Land	9,898,500
SFLH, LLC	Farming	3,825,233
North Lawrence Dairy	Manufacturing	2,055,000
CSX Transportation, Inc.	Railroad	1,412,120
Seguin, Rick W	Business & Residential	1,383,300
SLIC Network	Utility	1,277,250
JPL Farms, Inc.	Farming	1,223,660
Pike, Daniel A	Business & Residential	614,400
Boyce, John R	Business & Residential	547,900

The ten larger taxpayers listed above have a total full valuation of \$34,886,027, which represents 9.75% of the tax base of the District for the 2024-2025 fiscal year.

The District currently has pending tax certioraris proceeding with SLIC Network Solutions, with a potential real property tax refund and exposure to the District in the amount of \$120,679. This proceeding, if decided adversely to the District, will not have a material impact on the District. There are currently no other pending or outstanding tax certiorari claims. In addition, the planning of a solar facilities project is underway within the District. In the event that the solar facilities enter into a PILOT agreement, the District would experience an impact on its tax rolls.

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 \$107,300 or less in the 2025-2026 school year, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$86,100 of the full value of a home for the 2025-2026 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

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

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

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

<u>Town of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Brasher	\$ 69,740	\$ 24,300	4/10/2025
Hopkinton	63,550	22,700	4/10/2025
Lawrence	67,160	23,400	4/10/2025
Massena	68,880	24,000	4/10/2025
Norfolk	58,550	20,400	4/10/2025
Stockholm	57,690	20,100	4/10/2025
Bombay	54,570	19,490	4/10/2025
Dickinson	65,040	23,230	4/10/2025

\$908,989 of the District's \$5,491,865 school tax levy for 2024-2025 was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2025.

Approximately \$912,000 of the District's \$5,661,910 school tax levy for the 2025-2026 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2026.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the School District is estimated to be categorized as follows: Residential-45%, Agricultural-40%, Commercial-10% and Industrial-5%.

The estimated total annual property tax bill of a \$75,500 market value residential property located in the School District is approximately \$2,923, including County, Town, School District and fire district taxes.

Tax Levy Limitation Law

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

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

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

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

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

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

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

the qualified voters where required by law”. The portion of the tax levy necessary to support “Capital Local Expenditures” is defined as the “Capital Tax Levy”, and is an exclusion from the tax levy limitation, applicable to the Notes.

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining debt service is utilized, no installment may be more than fifty per centum in excess of the smallest prior installment. The School 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.

Debt Limit. The School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional method for determining average full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment rolls and applying thereto the ratio (special equalization ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

Statutory Procedure

In general, the State Legislature has authorized the power and procedure for the School District to borrow and incur indebtedness by the enactment of the Local Finance Law 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 Board of Education may adopt a bond resolution authorizing the issuance of bonds and bond anticipation notes issued in anticipation of the issuance of bonds. 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. No down payment is required in connection with the issuance of District obligations.

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

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

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

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

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

Statutory law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 6,070,000	\$ 19,665,000	\$ 18,705,000	\$ 17,010,000	\$ 15,430,000
Bond Anticipation Notes	17,775,792	16,487,378	672,000	798,518	1,133,181
Lease Purchase Obligations ⁽¹⁾	<u>0</u>	<u>95,233</u>	<u>66,936</u>	<u>32,463</u>	<u>-</u> ⁽²⁾
Total Debt Outstanding	<u>\$ 23,845,792</u>	<u>\$ 36,247,611</u>	<u>\$ 19,443,936</u>	<u>\$ 17,840,981</u>	<u>\$ 16,563,181</u>

⁽¹⁾ In 2022, the District implemented GASB Statement No. 87 for accounting and reporting leases. GASB Statement No. 87 requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as applicable.

⁽²⁾ Lease Purchase Obligation information for the fiscal year ended June 30, 2025 is not available as of the date of this Official Statement. It is anticipated that such information will be available upon the completion of the District's Audited Financial Statements for the June 30, 2025 fiscal year.

Note: On June 15, 2022, the District issued \$14,400,000 in bonds through the Dormitory Authority of the State of New York (DASNY) which are included in the total above for the fiscal year ended June 30, 2022. The proceeds of the bonds issued through DASNY, along with \$346,000 available funds of the District, redeemed \$15,811,378 outstanding bond anticipation notes which matured on July 13, 2022.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of July 22, 2025:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2026-2036	\$ 15,430,000
Bond Anticipation Notes		
Purchase of School Buses	August 20, 2025	575,000 ⁽¹⁾
Purchase of School Buses	August 20, 2025	558,181 ⁽¹⁾
Capital Improvements	July 16, 2026	<u>10,100,000</u>
	Total Indebtedness	<u>\$ 26,663,181</u>

⁽¹⁾ To be redeemed and partially renewed at maturity with a portion of the Notes.

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

Debt Statement Summary/Constitutional Debt Limit

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of July 22, 2025:

Full Valuation of Taxable Real Property	\$ 357,840,499
Debt Limit 10% thereof.....	35,784,049

Inclusions:

Bonds.....	\$ 15,430,000	
Bond Anticipation Notes (BANs):	11,233,181	
Total Inclusions prior to issuance of the Notes	26,663,181	
Less: BANs being redeemed from appropriations	298,181	
Add: New money proceeds of the Notes	675,000	
Total Net Inclusions after issuance of the Notes		\$ 27,040,000

Exclusions:

State Building Aid ⁽¹⁾	\$ 0	
Total Exclusions.....		\$ 0

Total Net Indebtedness	\$ 27,040,000
Net Debt-Contracting Margin.....	\$ 8,744,049
The percent of debt contracting power exhausted is	75.56%

⁽¹⁾ 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 2025-2026 Building Aid Ratios, the School District anticipates State building aid of 98.0% 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 State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the constitutional debt limit of the District. The figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District.

Capital Project Plans

The District issues bond anticipation notes annually for the purchase of buses. The proceeds of the Notes, along with available District funds, will redeem and partially renew the bond anticipation notes currently outstanding for the purchase of buses, and will provide new money for this purpose.

On December 13, 2023, the District voters approved a \$12,562,000 capital project, to be funded with the use of \$712,000 capital reserve funds and up to \$11,850,000 serial bonds, for various improvements and reconstruction to District buildings and facilities. The issuance of \$10,100,000 bond anticipation notes on July 16, 2025 represented the first borrowing against this authorization.

Other than listed above, there are no additional projects authorized at the present time, nor are any contemplated.

Cash Flow Borrowings

The District has not issued either tax anticipation notes or revenue anticipation notes within the past five fiscal years, and does not have plans to issue such notes in the near future.

Bonded Debt Service

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

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated indebtedness of the respective municipalities is outlined in the table below.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
St. Lawrence	6/30/2025 ⁽³⁾	\$ 19,800,000	\$ 470,000	\$ 19,330,000	4.82%	\$ 931,706
Franklin	12/31/2023 ⁽⁴⁾	286,001	- ⁽⁵⁾	286,001	0.01%	29
Town of:						
Brasher	12/31/2023 ⁽⁴⁾	997,205	- ⁽⁵⁾	997,205	78.20%	779,814
Lawrence	12//31/2023 ⁽⁴⁾	148,785	- ⁽⁵⁾	148,785	84.95%	126,393
Stockholm	12/31/2023 ⁽⁴⁾	567,000	- ⁽⁵⁾	567,000	54.73%	310,319
Hopkinton	12/31/2023 ⁽⁴⁾	301,552	- ⁽⁵⁾	301,552	7.03%	21,199
Norfolk	12/31/2023 ⁽⁴⁾	5,524,659	- ⁽⁵⁾	5,524,659	0.07%	3,867
Massena	6/25/2024 ⁽³⁾	5,295,050	5,080,050	215,000	0.02%	43
Bombay	12/31/2023 ⁽⁴⁾	-	- ⁽⁵⁾	-	0.37%	-
Dickinson	12/31/2023 ⁽⁴⁾	94,788	- ⁽⁵⁾	94,788	0.14%	133
Total:						<u>\$ 2,173,503</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 22, 2025:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 27,040,000	\$ 5,029.76	7.56%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	29,213,503	5,434.06	8.16

- (a) The estimated population of the District is 5,376. (See "THE DISTRICT – Population" herein).
- (b) The District's full value of taxable real estate for 2024-2025 is \$357,840,499. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
- (d) Estimated net overlapping indebtedness is \$2,173,503. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the School District expects to receive for outstanding capital 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 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 District and the holder thereof. Under current law, provision is made for contract creditors of the 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 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 District may not be enforced by levy and execution against property owned by the 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 District indebtedness is past due. The District has never defaulted in the payment of the principal of and interest on any indebtedness.

CONTINUING DISCLOSURE COMPLIANCE

In order to assist the purchaser 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 School District will enter into a Material Event Notices Certificate, a summary of which is attached hereto as “APPENDIX – D.”

Historical Compliance

The School District is in compliance, in all material respects, with all prior undertakings pursuant to the Rule 15c2-12 for the past five years.

MARKET AND RISK FACTORS

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

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

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

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

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

Cybersecurity

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

TAX MATTERS

In the opinion of Barclay Damon LLP, Bond Counsel to the Authority, under existing law, and assuming compliance with the certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the Authority, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the “adjusted financial statement income” of certain corporations is not excluded from the corporate alternative minimum tax under the Code. Bond Counsel also is of the opinion that, under existing law, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences with respect to the Notes. The opinion of Bond Counsel will speak as of its date of issue and will not contain or provide any opinion or assurance regarding the future activities of the School District, or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the “IRS”). In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Notes from gross income for federal income tax purposes. See “APPENDIX – E – Form of Bond Counsel’s Opinion.”

General

The Code imposes 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 for federal income tax purposes pursuant to Section 103 of the Code. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and the rebate of certain earnings in respect of such investments to the United States. The School District and others have made certain representations, certifications of fact, and statements of reasonable expectations and the School District has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

In the event of the inaccuracy or incompleteness of any such representations, certifications or statements of reasonable expectation, or of the failure by the School District to comply with any such covenant, the interest on the Notes could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Notes, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Notes is excluded from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of the Notes. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of the Notes Bond and such Beneficial Owner’s other items of income, deduction or credit. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the Notes.

Certain Collateral Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of the Notes may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Backup Withholding and Information Reporting

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Notes and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Notes, if other than the registered owner).

Legislation

Future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Notes. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Notes may occur. Prospective purchasers of the Notes should consult their own 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. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents the judgment of Bond Counsel as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts.

The Notes will NOT be designated or deemed designated by the District as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel, Albany, New York to the effect that the Notes are valid and legally binding obligations of the District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Notes and the interest thereon without limitation as to rate or amount, that interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the alternative minimum tax under Section 55 of the Code, and that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Such opinion also will state that: (a) the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to their attention or any changes in law that may occur thereafter.

LITIGATION

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

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

RATING

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

The District does not currently have an underlying rating assigned to its general obligation indebtedness.

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

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 the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District’s 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 files with the repositories. When used in District documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “foresee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases 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.

Barclay Damon LLP, Albany, 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, 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 School 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 limitation as to information in the Official Statement obtained from sources other than the School District, as to which no representation can be made.

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 School 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.

The School District contact information is as follows: Kathy Mitchell, Business Manager, 1039 State Highway 11C, PO Box 307, Brasher Falls, New York 13613-0307, Phone: (315) 389-5131, Email: kmitchell@sllboces.org.

The District’s Bond Counsel information is as follows: M. Cornelia Cahill, Esq., Barclay Damon LLP, 80 State Street Albany, New York 12207, Phone: (518) 429-4296, Fax: (518) 533-2926, Email: mcahill@barclaydamon.com.

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

Dated: July ____, 2025

PRESIDENT OF THE BOARD OF EDUCATION

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
ASSETS					
Unrestricted Cash	\$ 1,729,867	\$ 3,058,715	\$ 3,155,599	\$ 4,464,530	\$ 4,004,061
Restricted Cash	7,487,274	7,848,394	7,917,647	8,708,762	11,657,232
Due from Other Funds	1,184,193	366,122	511,330	959,327	1,683,138
State and Federal Aid Receivable	240,397	314,647	859,415	888,245	236,616
Due from Other Governments	1,016,039	1,003,203	972,728	1,068,657	1,062,379
Due from Fiduciary Funds	-	-	-	-	-
Other Receivables	1,455	1,919	21,450	19,442	15,110
Prepaid Expenditures	11,990	11,990	11,990	11,990	11,990
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 11,671,215</u>	<u>\$ 12,604,990</u>	<u>\$ 13,450,159</u>	<u>\$ 16,120,953</u>	<u>\$ 18,670,526</u>
LIABILITIES AND FUND EQUITY					
Accounts Payable	\$ 79,830	\$ 102,504	\$ 106,628	\$ 36,932	\$ 41,970
Accrued Liabilities	6,866	2,462	44,783	5,637	32,617
Due to Other Funds	29,667	190,923	42,415	141,994	111,875
Due to Other Governments	-	-	-	-	-
Due to Fiduciary Funds	-	-	-	-	-
Due to Teacher's Retirement Systems	608,162	673,047	758,983	844,970	882,603
Due to Employees' Retirement Systems	105,694	145,002	116,657	113,693	152,272
Collections in Advance	15,685	15,685	20,737	86,179	86,177
Deferred State Aid	232,564	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>\$ 1,078,468</u>	<u>\$ 1,129,623</u>	<u>\$ 1,090,203</u>	<u>\$ 1,229,405</u>	<u>\$ 1,307,514</u>
FUND EQUITY					
Restricted	\$ 7,499,264	\$ 7,860,384	\$ 7,929,637	\$ 8,720,752	\$ 11,669,222
Unrestricted:					
Assigned	812,000	831,772	755,693	755,100	1,270,623
Unassigned	2,281,483	2,783,211	3,674,626	5,415,696	4,423,167
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>10,592,747</u>	<u>11,475,367</u>	<u>12,359,956</u>	<u>14,891,548</u>	<u>17,363,012</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 11,671,215</u>	<u>\$ 12,604,990</u>	<u>\$ 13,450,159</u>	<u>\$ 16,120,953</u>	<u>\$ 18,670,526</u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES					
Real Property Taxes	\$ 3,882,952	\$ 4,007,810	\$ 4,091,626	\$ 4,197,722	\$ 4,343,423
Real Property Tax Items	1,373,419	1,306,545	1,244,510	1,210,024	1,187,416
Non-Property Tax Items	-	-	-	-	-
Charges for Services	150,497	156,718	210,909	162,100	360,758
Use of Money & Property	41,196	33,543	12,583	16,890	112,829
Sale of Property and Compensation for Loss	11,264	4,803	33,052	45,755	40,995
Miscellaneous	160,429	178,132	207,550	257,886	365,002
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	17,619,673	18,059,011	17,030,863	19,076,820	21,079,258
Revenues from Federal Sources	121,144	110,645	530,339	161,437	95,028
Total Revenues	<u>\$ 23,360,574</u>	<u>\$ 23,857,207</u>	<u>\$ 23,361,432</u>	<u>\$ 25,128,634</u>	<u>\$ 27,584,709</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>110,959</u>	<u>96,577</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 23,360,574</u>	<u>\$ 23,857,207</u>	<u>\$ 23,472,391</u>	<u>\$ 25,225,211</u>	<u>\$ 27,584,709</u>
EXPENDITURES					
General Support	\$ 2,249,146	\$ 2,426,535	\$ 2,582,242	\$ 2,770,570	\$ 3,001,003
Instruction	9,228,328	9,647,586	9,856,372	10,378,702	10,171,446
Pupil Transportation	1,229,240	1,206,277	1,290,577	1,394,672	1,489,820
Community Services	-	-	-	-	-
Employee Benefits	6,246,213	6,568,608	6,850,170	6,634,277	7,096,708
Debt Service	2,945,246	2,963,941	1,827,352	2,967,497	3,037,533
Total Expenditures	<u>\$ 21,898,173</u>	<u>\$ 22,812,947</u>	<u>\$ 22,406,713</u>	<u>\$ 24,145,718</u>	<u>\$ 24,796,510</u>
Other Uses:					
Interfund Transfers	<u>199,216</u>	<u>201,105</u>	<u>183,058</u>	<u>194,904</u>	<u>256,607</u>
Total Expenditures and Other Uses	<u>\$ 22,097,389</u>	<u>\$ 23,014,052</u>	<u>\$ 22,589,771</u>	<u>\$ 24,340,622</u>	<u>\$ 25,053,117</u>
Excess (Deficit) Revenues Over Expenditures	<u>1,263,185</u>	<u>843,155</u>	<u>882,620</u>	<u>884,589</u>	<u>2,531,592</u>
FUND BALANCE					
Fund Balance - Beginning of Year	8,486,407	9,749,592	10,592,747	11,475,367	12,359,956
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 9,749,592</u>	<u>\$ 10,592,747</u>	<u>\$ 11,475,367</u>	<u>\$ 12,359,956</u>	<u>\$ 14,891,548</u>

⁽¹⁾ Fund balance restated.

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2024			2025	2026
	Adopted Budget	Modified Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 3,970,263	\$ 4,905,361	\$ 4,430,125	\$ 4,528,027	\$ 4,749,910
Real Property Tax Items	1,402,960	467,862	1,136,262	963,838	920,000
Non-Property Tax Items	-	-	-	-	-
Charges for Services	71,443	71,443	374,501	51,443	34,443
Use of Money & Property	20,200	20,200	324,214	70,200	70,200
Sale of Property and Compensation for Loss	2,500	2,500	19,228	2,500	2,500
Miscellaneous	32,500	139,621	408,517	32,500	52,500
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	23,211,697	23,211,697	22,398,998	23,432,912	23,901,172
Revenues from Federal Sources	25,000	25,000	13,108	25,000	25,000
Total Revenues	\$ 28,736,563	\$ 28,843,684	\$ 29,104,953	\$ 29,106,420	\$ 29,755,725
Other Sources:					
Interfund Transfers	585,000	50,000	-	1,313,500	731,500
Total Revenues and Other Sources	\$ 29,321,563	\$ 28,893,684	\$ 29,104,953	\$ 30,419,920	\$ 30,487,225
EXPENDITURES					
General Support	\$ 3,246,795	\$ 3,327,581	\$ 3,090,542	\$ 3,396,898	\$ 3,544,834
Instruction	12,747,708	12,820,834	11,287,286	13,600,121	14,224,788
Pupil Transportation	1,710,678	1,727,070	1,586,712	1,776,118	1,867,809
Community Services	-	-	-	-	-
Employee Benefits	8,842,136	8,784,053	7,477,447	9,203,688	9,182,051
Debt Service	3,065,246	3,065,246	3,047,980	2,746,248	2,642,019
Total Expenditures	\$ 29,612,563	\$ 29,724,784	\$ 26,489,967	\$ 30,723,073	\$ 31,461,501
Other Uses:					
Interfund Transfers	209,000	247,951	143,522	846,000	250,000
Total Expenditures and Other Uses	\$ 29,821,563	\$ 29,972,735	\$ 26,633,489	\$ 31,569,073	\$ 31,711,501
Excess (Deficit) Revenues Over Expenditures	(500,000)	(1,079,051)	2,471,464	(1,149,153)	(1,224,276)
FUND BALANCE					
Fund Balance - Beginning of Year	500,000	1,079,051	14,891,548	1,149,153	1,224,276
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 17,363,012	\$ -	\$ -

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

APPENDIX - B
Brasher Falls CSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2026	\$ 1,490,000	\$ 767,450.00	\$ 2,257,450.00
2027	1,565,000	692,950.00	2,257,950.00
2028	1,645,000	614,700.00	2,259,700.00
2029	1,725,000	532,450.00	2,257,450.00
2030	1,465,000	446,200.00	1,911,200.00
2031	1,165,000	377,000.00	1,542,000.00
2032	1,220,000	318,750.00	1,538,750.00
2033	1,285,000	257,750.00	1,542,750.00
2034	1,345,000	193,500.00	1,538,500.00
2035	1,415,000	126,250.00	1,541,250.00
2036	1,110,000	55,500.00	1,165,500.00
TOTALS	\$ 15,430,000	\$ 4,382,500.00	\$ 19,812,500.00

Notes: The table above does not include any energy performance contract, capital lease or installment purchase indebtedness, to the extent any such indebtedness may be applicable to the District.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2015D DASNY			2022A DASNY		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 580,000	\$ 138,700.00	\$ 718,700.00	\$ 910,000	\$ 628,750.00	\$ 1,538,750.00
2027	610,000	109,700.00	719,700.00	955,000	583,250.00	1,538,250.00
2028	640,000	79,200.00	719,200.00	1,005,000	535,500.00	1,540,500.00
2029	670,000	47,200.00	717,200.00	1,055,000	485,250.00	1,540,250.00
2030	355,000	13,700.00	368,700.00	1,110,000	432,500.00	1,542,500.00
2031	-	-	-	1,165,000	377,000.00	1,542,000.00
2032	-	-	-	1,220,000	318,750.00	1,538,750.00
2033	-	-	-	1,285,000	257,750.00	1,542,750.00
2034	-	-	-	1,345,000	193,500.00	1,538,500.00
2035	-	-	-	1,415,000	126,250.00	1,541,250.00
2036	-	-	-	1,110,000	55,500.00	1,165,500.00
TOTALS	\$ 2,855,000	\$ 388,500.00	\$ 3,243,500.00	\$ 12,575,000	\$ 3,994,000.00	\$ 16,569,000.00

EVENT NOTICES

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

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

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

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

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

entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District.

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

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

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

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

**BRASHER FALLS CENTRAL SCHOOL DISTRICT
ST. LAWRENCE AND FRANKLIN COUNTIES, NEW YORK**

AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2024

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

B RASHER FALLS CENTRAL
SCHOOL DISTRICT

FINANCIAL STATEMENTS
June 30, 2024

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INDEPENDENT AUDITOR'S REPORT

THE BOARD OF EDUCATION BRASHER FALLS CENTRAL SCHOOL DISTRICT

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brasher Falls Central School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Brasher Falls Central School District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-28), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 98), Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (pages 100-101), Schedule of the District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 102), and Schedule of District's Contributions - NYSLRS Pension Plan (page 103) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

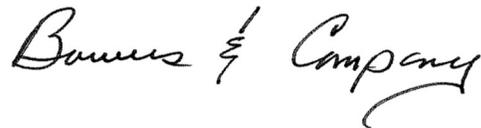
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Brasher Falls Central School District's basic financial statements. The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 104-110) and Schedule of Expenditures of Federal Awards (pages 117-118), as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 104-110) and the Schedule of Expenditures of Federal Awards (pages 117-118) are fairly stated in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated September 25, 2024 on our consideration of Brasher Falls Central School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Brasher Falls Central School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Brasher Falls Central School District’s internal control over financial reporting and compliance.

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

Watertown, New York
September 25, 2024

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

INTRODUCTION

Our discussion and analysis of the financial performance of Brasher Falls Central School District (the District) provides an overview of the District's financial activities for the fiscal year ended June 30, 2024. It should be read in conjunction with the District's financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

- The District's net position was \$(51,811,682) as of June 30, 2024. The District reported a decrease in net position of \$291,542 from the prior year net position of \$(51,520,140). This decrease is mainly due to the changes in the other post employment benefits offset by decreases to the District's long term debt.
- The District continues to offer programs without reducing services and made improvements to the existing instructional programs to increase the quality of education the students receive.
- The District's General Fund balance increased by \$2,471,464 during the current year-end. This is due in large part to the influx of funding from the American Rescue Plan which resulted in the District shifting some budgeted staff and benefits out of the General Fund as new programs were created with the federal monies in the Special Aid Fund. Revenues were also higher than anticipated for Foster Care Tuition, Energy Cooperative Proceeds and the BOCES refund.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts – management’s discussion and analysis (this section), the basic financial statements, and required supplementary information. The three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **District-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the District’s overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements comprise the remaining statements.
- ❑ **Governmental funds** statements tell how basic services such as regular and special education were financed in the short term as well as what remains for future spending.
- ❑ **Fiduciary funds** statements provide information about the financial relationship in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the district.

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 and actual expenditures for the year.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Table A-1 summarizes the major features of the District’s financial statements, including the portion of the District’s activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS - Continued

District-Wide Statements

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

The two District-wide statements report the District's net position and how it has changed. Net position, or the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources, is one way to measure the District's financial health or position.

- ❑ Over time, increases or decreases in the District's net position is an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, changes in program funding by the Federal and State governments, and condition of facilities.

In the District-wide financial statements, the District's activities are shown as governmental activities. Most of the 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 District's most significant funds -- not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The District establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Fund Financial Statements – Continued

The District has two kinds of funds:

- ❑ Governmental Funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide additional information at the bottom of the government fund statements that explains the relationship (or differences) between them.
- ❑ Fiduciary Funds- The District is the trustee or fiduciary for assets that are being held for individuals, private organizations, or other governments that are not held in a trust, such as property taxes collected on behalf of other governments. The 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 District excludes these activities from the entity-wide financial statements, because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This report is developed using the economic resources measurement focus and the accrual basis of accounting. Required statements are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

The term "fund balance" refers to the particular fund's equity (Assets + Deferred Outflows of Resources – Liabilities + Deferred Inflows of Resources) in a similar manner to the way the term "net position" is used in the district-wide financial statements presentation.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Net Position

Net Position may serve over time as a useful indicator of a District's financial position. In the case of the District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$51,811,682 at the close of the most recent fiscal year (see Table 1). This represents a \$291,542 decrease in the Statement of Net Position for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2024, the OPEB liability was \$89,194,468 compared to \$88,792,252 reported at the close of the prior fiscal year.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

- Continued

Net Position - Continued

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

In addition to assets, the *Statement of Net Position* reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Included in deferred outflows of resources in the current year is \$4,379,530 related to the District's participation in the NYS TRS and ERS pension systems and \$10,705,857 related to the District's OPEB Plan.

In addition to liabilities, the *Statement of Net Position* or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is \$1,173,976 related to the District's participation in the NYS TRS and ERS pension systems, and \$15,928,480 related to the District's OPEB Plan.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE- Continued

Table 1: Net Position – Condensed Statement of Net Position

The following table summarizes the school district's net position. The complete Statement of Net Position can be found in the school district's audited basic financial statements.

	Fiscal Year 2023	Fiscal Year 2024	Percent Change
Assets			
Current and Other Assets	\$ 16,982,188	\$ 18,963,871	11.7%
Capital Assets, Net	43,409,248	42,915,913	-1.1%
Total Assets	<u>\$ 60,391,436</u>	<u>\$ 61,879,784</u>	<u>2.5%</u>
Deferred Outflows of Resources	<u>\$ 20,115,286</u>	<u>\$ 15,085,387</u>	<u>-25.0%</u>
Liabilities			
Long-Term Liabilities	\$ 111,727,311	\$ 109,567,222	-1.9%
Other Liabilities	1,844,756	2,107,175	14.2%
Total Liabilities	<u>\$ 113,572,067</u>	<u>\$ 111,674,397</u>	<u>-1.7%</u>
Deferred Inflows of Resources	<u>\$ 18,454,795</u>	<u>\$ 17,102,456</u>	<u>-7.3%</u>
Net Position			
Net Investment in Capital Assets	\$ 22,743,685	\$ 23,947,276	5.3%
Restricted	9,750,694	12,774,730	31.0%
Unrestricted (Deficit)	(84,014,519)	(88,533,688)	5.4%
Total Net Position	<u>\$ (51,520,140)</u>	<u>\$ (51,811,682)</u>	<u>0.6%</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

- Continued

Changes in Net Position

This Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid must support the net cost of the District's programs.

Table 2 below summarizes the school district's revenue and expense activity.

Table 2: Changes in Net Position – Condensed Statement of Activities

	Governmental Activities		Total % Change
	2024	2023	2023-2024
Revenues			
General Revenues			
Property Taxes	\$ 5,566,387	\$ 5,530,839	0.64%
State Revenues	22,398,998	21,079,258	6.26%
Other Revenues	982,921	815,632	20.51%
Program Revenues			
Charges for Services	434,195	487,340	-10.91%
Operating Grants & Contributions	3,332,456	3,571,683	-6.70%
Total Revenues	<u>32,714,957</u>	<u>31,484,752</u>	3.91%
Expenses			
General Support	4,156,736	4,346,533	-4.37%
Instruction	23,723,613	23,057,366	2.89%
Pupil Transportation	3,378,822	3,372,291	0.19%
Interest Expense	856,880	1,109,788	-22.79%
School Food Service Program	890,448	888,612	0.21%
Total Expenses	<u>33,006,499</u>	<u>32,774,590</u>	0.71%
Total Change in Net Position	<u>\$ (291,542)</u>	<u>\$ (1,289,838)</u>	-77.40%

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

- Continued

Governmental Activities

The cost of all governmental activities this year was \$33,006,499.

Table 3 presents the net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what was funded by charges for services, operating grants and capital grants and contributions.

Table 3 - Net Cost of Governmental Activities

	Governmental Activities	
	2024	2023
EXPENSES		
General Support	\$ 4,156,736	\$ 4,346,533
Instruction	20,813,385	19,631,650
Pupil Transportation	3,378,822	3,372,291
Interest Expense	856,880	1,109,788
School Food Service Program	34,025	255,305
TOTAL EXPENSES	\$ 29,239,848	\$ 28,715,567

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

REVENUES

The next several paragraphs explain the revenues in fiscal year 2023-2024 and addresses changes from fiscal year-end 2022-2023. Following these explanations are graphical representations of the statement of activities. First, a column chart which compares the revenues from year-end 2023 to 2024 and second, a pie chart illustrating the percentage of revenues to the total by category.

The District's total revenues were \$32,714,957, an increase of \$1,230,205 or approximately 3.9%. State generated revenue increased \$1,319,740 as a result of the State increase in Foundation Aid. Operating grant revenue decreased by \$239,227 in 2023-2024 as a result of federal aid issued under the American Rescue Plan (ARP) Act. State aid accounted for 68.4% of all revenues. The District is heavily dependent on both state and federal aid for its funding.

Tax levy revenue accounted for another 17% of total revenues, increasing \$35,548. This increase represents the amount needed to fund the increased budget approved by the voters. Of the revenue from the tax levy, property taxes accounted for 79.59% or \$4,430,125 and other tax items (STAR reimbursement and interest and penalties) accounted for 20.41% or \$1,136,262.

State revenues increased overall by 6.2% or \$1,319,740 in the 2023-2024 fiscal year compared to 2022-2023.

Other revenues increased by \$167,289 or 20.51% over 2023-2024 fiscal year.

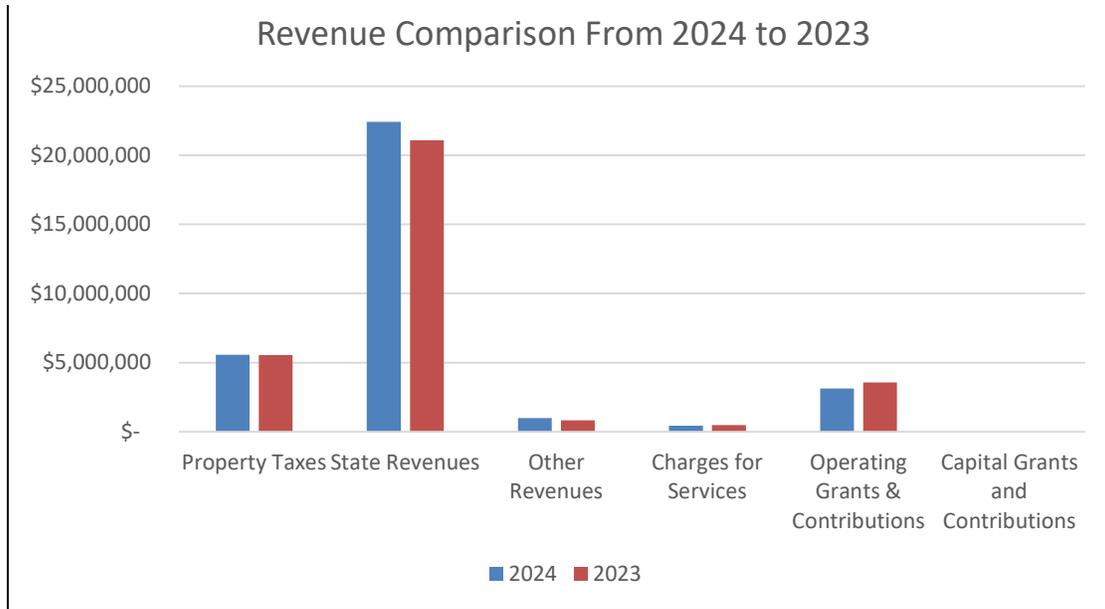
BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

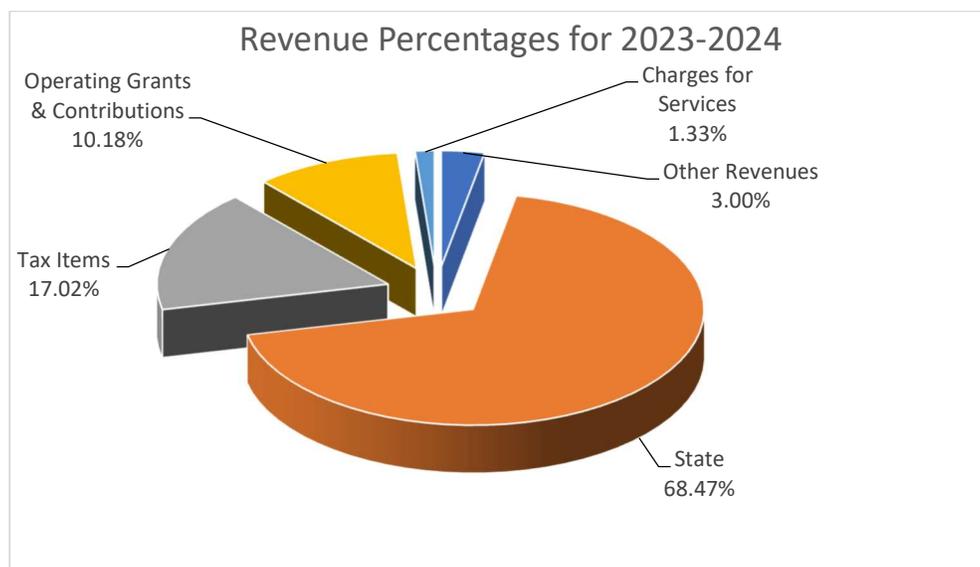
June 30, 2024

REVENUES - Continued

The following bar graph compares the revenues and expenses in 2023-2024 to 2022-2023. This chart indicates the total revenue in dollars by category for each fiscal year.



The following pie chart summarizes the revenues for the fiscal year 2023-2024. The chart illustrates the percentage of revenues to the total by category.



BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

EXPENSES

The next several paragraphs explain the expenses in fiscal year 2023-2024 and addresses changes from fiscal year-end 2022-2023. These changes are illustrated in Condensed Statement of Activities (Table 2) and in the Net Cost of Governmental Activities (Table 3). Following these explanations are graphical representations of the statement of activities. First, a column chart which compares the expenses from year end June 30, 2023 to June 30, 2024, and second, a pie chart illustrating the percentage of expenses to the total by category.

The total cost of all programs and services was \$33,006,499. This is an increase of \$231,909 for the 2023-24 fiscal year. This increase is mostly due to the net expense recorded for the District's OPEB liability and related deferred outflows and deferred inflows of resources of \$2,506,673 netted against debt service requirements. These expenses has been allocated to the District's programs and services.

General support, which includes administrative activities and plant services, accounted for 12.59% of total costs. General support expenses decreased 4.37% from the prior year or (\$189,797).

Instruction: The District's expenses are predominately related to educating and caring for students, are 71.87% of total expenses. Instructional expenses increased by 2.89% or \$666,247 from the previous year.

Pupil Transportation expenses account for 10.24% of total expenses. Transportation expenses increased 0.19% or \$6,531.

School Food Service Program, also known as the cafeteria fund, is included in the condensed statement of activities (Table 2). The School Food Service program is designed to be self-supporting, with revenues expected to match expenses. School Food Service expenses increased \$1,836. The General Fund budget continues to subsidize the School Food Service Fund with an interfund revenue transfer.

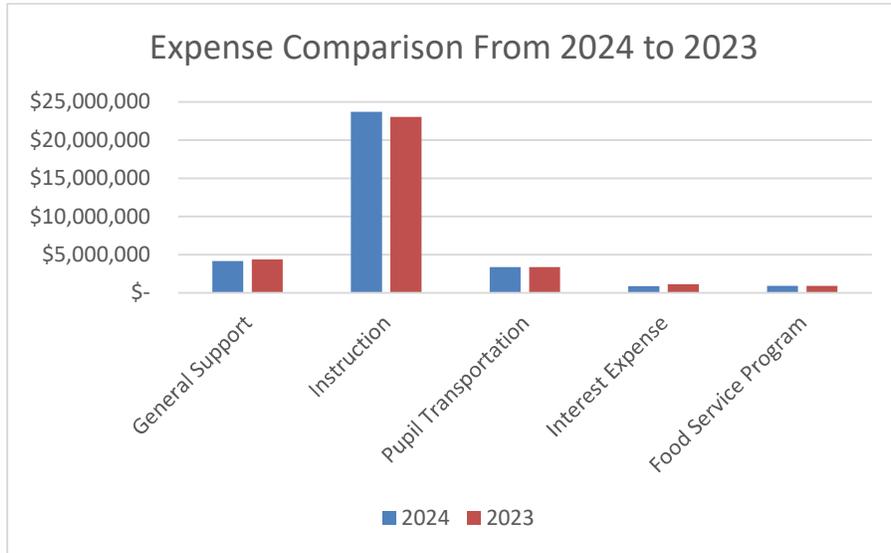
BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

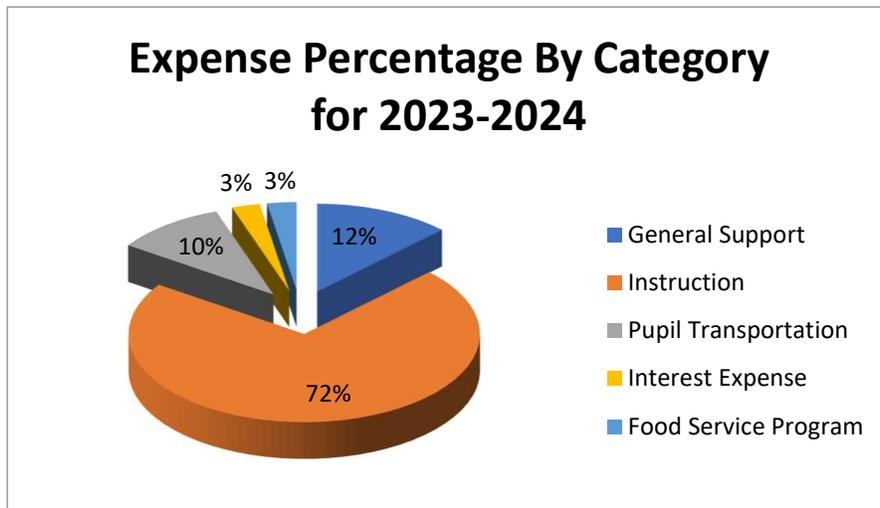
June 30, 2024

EXPENSES - Continued

The following bar graph compares the expenses in 2023-2024 to 2022-2023. This chart indicates the total expense in dollars by category for each fiscal year:



The following pie chart summarizes the expenses for the fiscal year 2023-2024. This chart illustrates the percentage of expenses to the total by category.



BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

BUDGETARY HIGHLIGHTS

Revenues

Over the course of the year, the District revises its annual budget to reflect unexpected changes in revenues and expenditures. The following summarizes the main components of the General Fund revenues:

Property Taxes: Revenue of \$5,566,387 represents 19.1% of total General Fund revenues. The property tax levy budget in 2023-2024 was unchanged from 2022-2023. The District stayed within the 2% Property Tax Cap.

Charges for Services: Revenue includes tuition fees, transportation services to BOCES as well as revenue received from the Morning Program. The actual revenue in this category is higher than budgeted due to a larger than anticipated number of foster care placements.

Miscellaneous: Revenue includes items such as the BOCES refund of prior year expenditures and the Medicare Part D subsidy. The large variance between actual and budgeted in this category is due to the BOCES refund of \$303,627. The District budgeted \$30,000, a \$273,627 variance. In the budget process, the District does not include the BOCES refund as a revenue source because the refund is unknown and not measurable.

State Aid: The major source of revenue was \$22,398,998 in state aid. State aid consists of foundation aid, building aid, transportation aid, lottery aid, BOCES aid, and instructional materials aid. This represents 76.96% of the entire revenue of the General Fund.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

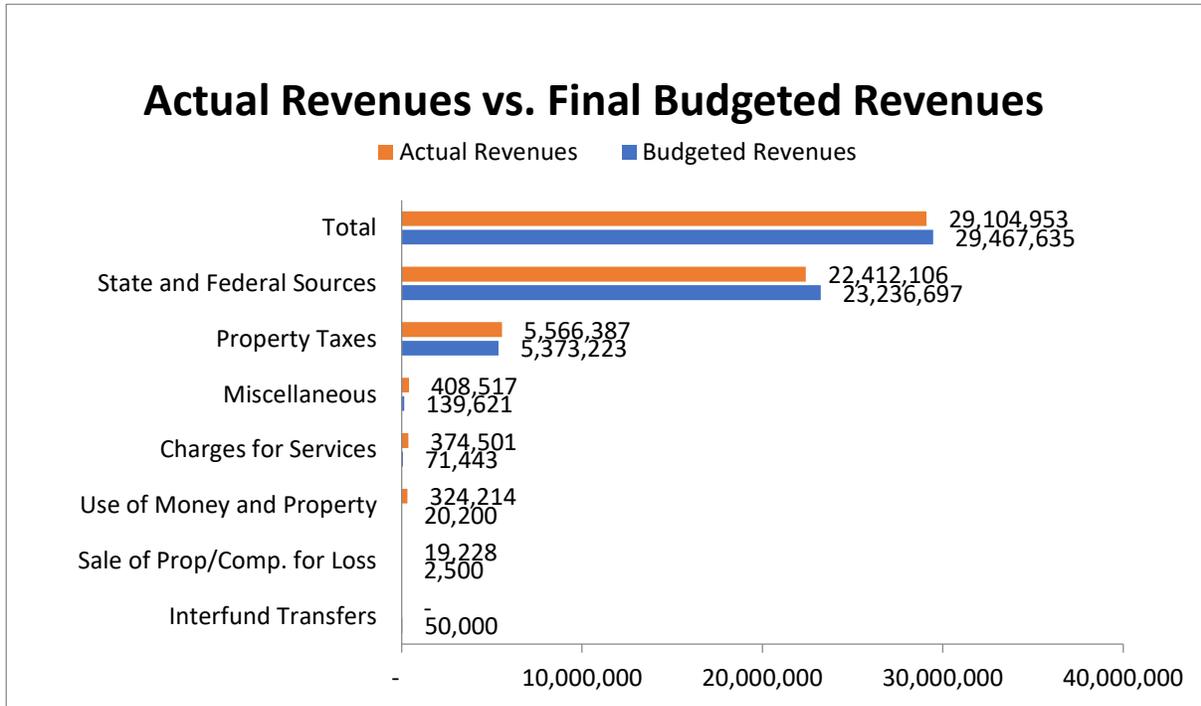
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

BUDGETARY HIGHLIGHTS - Continued

Revenues – Continued

The bar graph below illustrates the actual revenues relative to the final budgeted revenues:



Expenditures

The District’s adjusted expenditure budget for the 2023-2024 school year was \$29,972,735. The original budget was \$29,826,663. The difference represents \$5,100 of encumbrances carried forward from 2022-2023, as well as budget amendments due to donations received in the amount of \$146,072.

Actual expenditures and encumbrances totaled \$26,754,959, for a favorable variance of \$3,217,776. \$121,470 of outstanding encumbrances carry into the next year as an adjustment to the 2024-2025 budget. The bar graph on the following page illustrates how the actual expenditures are distributed and how they compare to the final budget.

District practice, as a means of budgetary control, is to under-expend in all functional budget codes. This strategy was successful during 2023-2024 as exhibited in the bar graph on the following page. The three categories deserving mention include instruction, employee benefits and general support.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

BUDGETARY HIGHLIGHTS - Continued

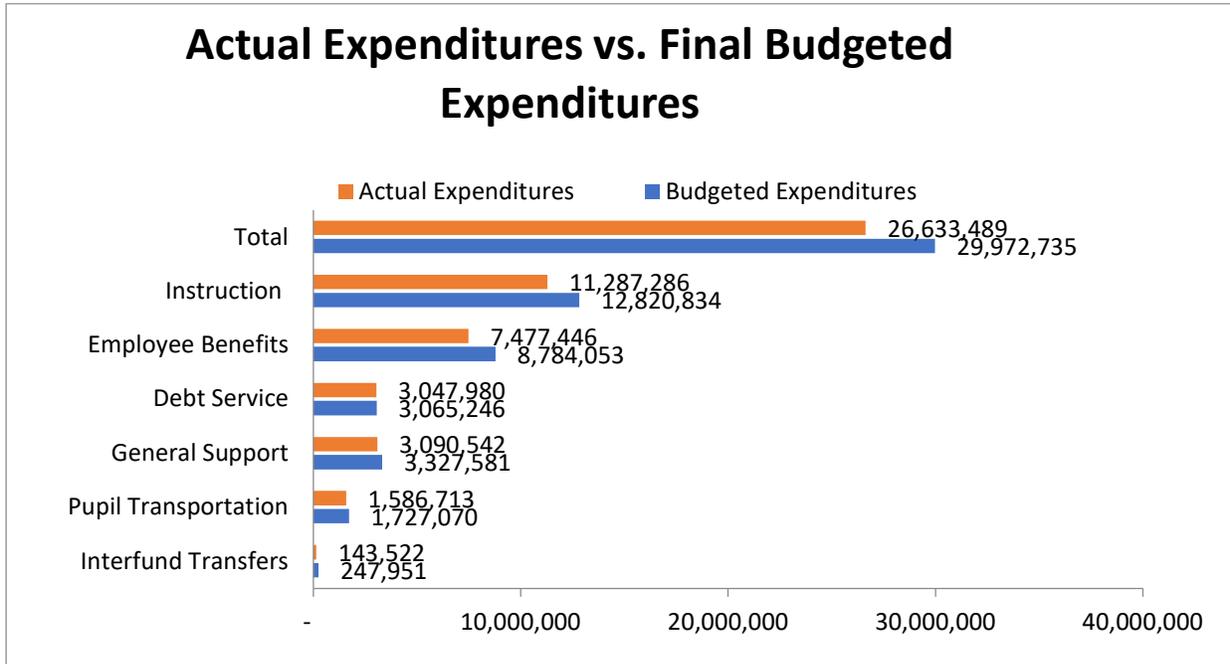
Expenditures - Continued

Instruction: The variance from budget to actual for instructional expenses totaled \$1,495,306 with the largest deviation in the area of services to special education students. The District is very conservative in budgeting expenses for students with disabilities due to the uncertainty of enrollment from year to year. The District has also included in its General Fund budget several programs that were started with the federal coronavirus funds so as to be able to continue those programs when the federal revenue ends.

Employee Benefits: The discrepancy in employee benefits from budget to actual totals \$1,293,320. The budget to actual variances are evident in teachers retirement expense, social security expense and health insurance benefits for active and retired employees.

General Support: The variance from budget to actual for general support is \$174,891 with the largest difference being central services in 2023-2024. Fluctuating costs for utilities is the main reason for this variance.

The bar graph below illustrates the actual expenses relative to the final budgeted expenses:



BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The financial performance of the District as a whole is reflected in its governmental funds as well. As the District completed the year, its governmental funds reported a combined fund balance of \$16,920,493 as compared to last year's ending fund balance of \$15,081,715.

General Fund:

The General Fund showed a positive change in the total fund balance from the previous year; the fund balance at June 30, 2024 was \$17,363,012 compared to \$14,891,548 at June 30, 2023. This is an increase of \$2,471,464. The District appropriated fund balance of \$1,149,153 to balance the 2024-2025 budget and alleviate some of the tax burden to the taxpayers.

Capital Projects Funds:

The Capital Projects Funds showed a total deficit fund balance of (\$1,723,108) on June 30, 2024, as a result of the issuance of a bond anticipation note to pay for bus purchases, outstanding grant funds receivable for the Smart School Bond Act Project, and the initial costs on a renovation project. The deficit will be eliminated when grant monies are received and permanent financing is obtained.

School Food Service (Cafeteria) Fund:

Expenditures in the School Food Service Fund largely reflect food costs, employee wages, and fringe benefits. The benefits are negotiated through the teamster's unit contractual agreement. The School Food Service Fund total fund balance at June 30, 2024 was \$163,091, inclusive of \$9,261 in Nonspendable fund balance (inventories).

Special Aid Fund:

Federal and state grants provide funding for specific purposes ranging from reading improvement to servicing the needs of special education students. It is important to note that half of these grants have a fiscal year, which runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30. Therefore, there are funds being spent during the summer months, which result in carry over amounts as of the June 30, 2024 school year.

During 2023-2024, federal grant revenues decreased approximately 22.6% compared to 2022-2023. This decrease was mainly the result of the wrap up of ESSER (Elementary and Secondary School Emergency Relief) funding.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS - Continued

Special Aid Fund - Continued:

Table 4: Special Aid Fund Revenues and Expenditures:

	<u>2024</u>	<u>2023</u>	<u>Change (+/-)</u>
Revenues			
State Sources	\$ 467,062	\$ 424,237	\$ 42,825
Federal Sources	2,068,665	2,850,127	(781,462)
Interfund Transfer In	9,939	13,759	(3,820)
TOTAL REVENUES	<u>\$ 2,545,666</u>	<u>\$ 3,288,123</u>	<u>\$ (742,457)</u>
Expenditures			
General Support	\$ -	\$ 184,079	\$ (184,079)
Instruction	1,942,656	2,451,127	(508,471)
Pupil Transportation	33,755	46,202	(12,447)
Employee Benefits	569,255	606,715	(37,460)
TOTAL EXPENDITURES	<u>\$ 2,545,666</u>	<u>\$ 3,288,123</u>	<u>\$ (742,457)</u>

All federal and state grants require the filing of an original budget, a budget amendment (if necessary), and a final cost report at the end of the project.

Capital Assets and Intangible Leased Assets

The capital assets provide a picture of capital assets over time. These include land, buildings, equipment, vehicles, furniture, and intangible leased assets. At June 30, 2024, the District had \$42,915,913 invested in a broad range of capital assets, including land, buildings and improvements, equipment, vehicles, and right to use leased assets. See Table 5. More detailed information about the District's capital assets is presented in the notes to the basic financial statements.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets and Intangible Leased Assets - Continued

Table 5 - Capital Assets, Net

	<u>Governmental Activities</u>		<u>Total \$ Change</u>
	<u>2024</u>	<u>2023</u>	<u>2023 - 2024</u>
Land	\$ 101,443	\$ 62,492	\$ 38,951
Construction In Progress	718,191	-	718,191
Buildings and Improvements	64,550,530	64,454,308	96,222
Furniture and Equipment	1,722,787	1,641,781	81,006
Vehicles	3,166,986	2,958,025	208,961
Intangible Lease Assets - Equipment	135,773	135,773	-
Totals at Historical Cost	70,395,710	69,252,379	1,143,331
Less: Total Accumulated Depreciation and Amortization	27,479,797	25,843,131	1,636,666
CAPITAL ASSETS, NET	<u>\$ 42,915,913</u>	<u>\$ 43,409,248</u>	<u>\$ (493,335)</u>

Long-Term Debt

As of June 30, 2024, the District had \$109,567,222 in long-term debt, consisting of general obligation bonds, other postemployment benefits payable, lease liabilities, and amounts owed to employees upon their separation from service for accrued sick time, in accordance with labor contracts, as shown in Table 6.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

CAPITAL ASSET AND DEBT ADMINISTRATION - Continued

Table 6 - Long-Term Debt

	<u>Governmental Activities</u>		<u>Total \$ Change</u>
	<u>2024</u>	<u>2023</u>	<u>2023 - 2024</u>
Bonds Payable, Net	\$ 18,137,656	\$ 19,926,627	\$ (1,788,971)
Other Post Employment Benefits	89,194,468	88,792,252	402,216
Compensated Absences	247,342	201,626	45,716
Lease Liability	32,463	66,936	(34,473)
Net Pension Liability - Proportionate Share	1,955,293	2,739,870	(784,577)
TOTAL LONG-TERM DEBT	<u>\$ 109,567,222</u>	<u>\$ 111,727,311</u>	<u>\$ (2,160,089)</u>

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The 2024-2025 budget totals \$31,569,073, a \$1,747,510 or 5.85% increase over the \$29,821,563 voter approved 2023-2024 budget. The increase is the result of recently settled collective bargaining agreements as well as inflationary factors. The tax levy in 2024-2025 totals \$5,483,865, a 2.21% increase over the 2023-2024 tax levy of \$5,365,223.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - Continued

- The State Legislature passed, and the Governor signed into law, a bill in June 2011 that included a property tax cap in New York State. The cap begins with the 2012-2013 school year and is in effect through at least 2024-2025. The property tax cap will interfere with the District's ability to increase property tax revenue in an effort to balance the budget and maintain or enhance educational programs. Major provisions of the cap include:
 - This bill limits tax levy growth to the lesser of two percent or the annual increase in the CPI;
 - Limited exemptions to exceed the levy cap are provided for taxes needed to pay for voter-approved capital expenditures, pension rate increases, court orders and torts over five percent of the prior year's levy;
 - An adjustment in the tax levy calculation to account for physical and quantitative changes in the tax base;
 - If the tax levy proposed to the voters is within the district's tax levy cap, then a majority vote would be required for approval. If the proposed tax levy exceeds the district's tax levy cap, the threshold required for approval would be 60 percent of the vote;
 - A school district that does not levy an amount up to the cap in any one year would be allowed to carry over unused tax levy capacity into future years. However, this carryover levy capacity cannot be used to increase its tax levy by more than an additional 1.5 percent above the cap in any single year; and
 - In the event a district's actual tax levy exceeds its authorized levy due to clerical or technical errors, the erroneous excess levy must be placed in reserve to offset the levy for the next school year.

- Beginning with the 2011-12 school tax bills, the savings resulting from the Basic or Enhanced STAR exemptions are limited to a 2% increase over the prior year. The Basic and Enhanced STAR exemptions are the only property tax exemptions funded by New York State. School districts are directly reimbursed for the savings taxpayers receive. The STAR cap could impact future budgets.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - Continued

- 2024-2025 State Aid: The State has committed to fully funding the Foundation Aid formula. This meant a significant increase in aid for the District in the past two fiscal years. However along with many schools in NYS, the District is seeing a significant decline in enrollments. For 2024-2025 the Legislature agreed to a change in the inflation factor used in the formula, which resulted in less aid paid to districts. There is currently a study being conducted to change the formula for the Foundation Aid calculation. Depending on the factors used in the updated formula, this may have a huge impact on the school's financial situation and will affect future years. There is concern over the State's ability to continue to fully fund the current Foundation Aid formula once the Federal Coronavirus funding is no longer available, and that the new Foundation Aid calculation will result in less aid.

 - Federal Funds: Elementary and Secondary School Emergency Relief Grants: The CRRSA and ARP grants approved in the 2021-2022 Fiscal Year are temporary grants designed to help districts address the impacts of COVID. The District is allocated \$1,284,829 in CRRSA funding and \$4,263,719 in ARP funding. The District is aware that the programs created with these funds must either be absorbed by the General fund budget after the grants expire, or those programs will be lost. These funds are to be obligated by September 30, 2024.

 - Retirement Contributions: Employer contributions for the New York State Teachers Retirement System is increasing while the New York State & Local Employees Retirement Systems also increased for the 2023-2024 budget season.
 - The 2023-2024 employees' retirement contribution (ERS) rate was 15.2%. There is an increase in the contribution rate for 2024-2025 to 16.5%, a 1.30% change from the 2023-2024 rate.
 - The 2023-2024 teachers' retirement contribution (TRS) rate was 9.76%. The TRS will increase for the 2024-2025 budget to 10.20%, a 0.44% increase from 2023-2024.
 - The employees' and teachers' contributions, combined, account for 4.08% of the 2024-2025 total budget. Fluctuating retirement costs will impact future budget development and could also gravely impact the ability of the District to enhance programs, moreover, sustain current programs.

 - ERS Reserve: It is the District's intention to utilize the Employee Retirement Contribution reserve in future budget years to avoid fluctuating tax levy increases, promote a more stable budget, and provide the maximum resources to student educational program. The 2024-2025 Fiscal Year budget includes a \$400,000 transfer from the ERS reserve as a revenue source to balance the budget.
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BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - Continued

- **TRS Reserve:** It is the District's intention to utilize the Teachers' Retirement Contribution reserve in future budget years to avoid fluctuating tax levy increases, promote a more stable budget, and provide the maximum resources to student educational program. The 2024-2025 Fiscal Year budget includes a \$100,000 transfer from the TRS reserve as a revenue source to balance the budget.

- **Health Insurance:** The potential increase in health insurance premiums will continue to have a significant effect on the future financial health of the District. In an effort to slow rapidly rising health insurance premiums, the District modified and contractually negotiated the structure of the Health Insurance Plan for the teachers' contractual group. Their contribution to the plan was increased over the course of their contract to match the rest of the bargaining units.
 - For the 2024-2025 fiscal year, health insurance premiums increased 2.81%. Health insurance benefits account for 22.14% of the total 2024-2025 budget. Rising benefits costs impact the ability of the district to maintain valuable student programs and services.

- **OPEB (Other Post-Employment Benefits):** The District is required to account for and report the costs and obligations related to postemployment healthcare benefits under GASB 75. The projected benefits and annual expense are determined using actuarial methods.
 - The District's actuarial valuation report as of June 30, 2024 indicates a total 2023-2024 net expense of \$2,560,673. The expected net OPEB obligation is \$89,194,468. This will continue to grow each year. Currently, New York State School Districts do not have the legal authority to fund OPEB through bonding, reserves or an irrevocable trust.
 - The growing postemployment health insurance benefit obligation may impact school district's negatively going forward. For instance, the District's credit worthiness may be negatively impacted, resulting in higher than expected long-term debt interest rates for bonds, BANS, etc. In addition, since there is no legal authority to fund the OPEB obligation, there is no investment earning to offset the cost. However, the results of the actuarial study will provide the District an opportunity to evaluate the post-employment benefit obligation and determine possible long-term consequences of the current negotiated retiree benefits.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - Continued

- ❑ Accounting for Pensions (GASB Statements 68): The District is required to account for and report the Districts' proportionate share of the TRS & ERS net pension asset, liability, pension expense, deferred inflows/outflows, and other matters, as determined by the Plans' actuaries. These items are reported on the District's Statement of Net Position; also see the notes to financial statements for further analysis and information regarding this requirement.
- ❑ Natural gas, diesel, and electricity are volatile utilities when preparing the District budget. These expenses account for 2.32% of the 2024-2025 budget, compared to 2.33% in 2023-2024. The District bids some of these items cooperatively with St. Lawrence-Lewis BOCES to obtain the best pricing possible. For the 2024-2025 fiscal year, the District accepted a fixed rate of \$2.935 gallon for diesel. In 2024-2025, the District accepted a fluctuating rate of \$2.5822 gallon for gasoline.
- ❑ Due to the regulations and funding surrounding the education of special education students there is uncertainty in special education costs each year. Students tend to move in and out of the District throughout the year. Since the State does not fully reimburse costs incurred for educating these students, District expenses fluctuate unpredictably. General fund actual expenditures for special education increased by \$176,587 from 2022-2023 to 2023-2024. It is anticipated the 2024-2025 actual expenditures for students with disabilities will increase compared to the 2023-2024 budget due to increased enrollment and required services.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, parents, participants, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report, or need additional financial information, contact Brasher Falls Central School District, P.O. Box 307, 1039 State Highway 11C, Brasher Falls, NY 13613.

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BRASHER FALLS CENTRAL SCHOOL DISTRICT

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION - GOVERNMENTAL ACTIVITIES

June 30, 2024

ASSETS	
Cash and Cash Equivalents	
Unrestricted	\$ 4,184,306
Restricted	12,214,205
Receivables	
State and Federal Aid	1,436,865
Due From Other Governments	1,090,741
Other	16,503
Inventories	9,261
Prepaid Expenditures	11,990
Capital Assets, Net	42,915,913
TOTAL ASSETS	\$ 61,879,784
DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits	\$ 10,705,857
Pensions	4,379,530
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 15,085,387
LIABILITIES	
Payables	
Accounts Payable	\$ 61,033
Accrued Liabilities	48,901
Due to Other Governments	13,874
Accrued Interest on Bonds Payable and Bond Anticipation Notes	63,797
Due to Teachers' Retirement System	882,603
Due to Employees' Retirement System	152,272
Notes Payable	
Bond Anticipation	798,518
Unearned Credits	
Over Payments and Collections in Advance	86,177
Long-Term Liabilities	
Due and Payable Within One Year	
Bonds Payable, Net	1,673,971
Lease Liability	32,463
Due and Payable After One Year	
Bonds Payable, Net	16,463,685
Compensated Absences Payable	247,342
Net Pension Liability - Proportionate Share	1,955,293
Other Postemployment Benefits Payable	89,194,468
TOTAL LIABILITIES	\$ 111,674,397
DEFERRED INFLOWS OF RESOURCES	
Pensions	\$ 1,173,976
Other Postemployment Benefits	15,928,480
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 17,102,456
NET POSITION	
Net Investment in Capital Assets	\$ 23,947,276
Restricted for:	
Debt Service	815,226
Other Legal Restrictions	11,959,504
Unrestricted (Deficit)	(88,533,688)
TOTAL NET POSITION	\$ (51,811,682)

See notes to audited basic financial statements.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2024

		<u>Program Revenues</u>		Net (Expenses)
	<u>Expenses</u>	<u>Charges for</u>	<u>Operating</u>	<u>Revenues and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Net Position</u>
FUNCTIONS/PROGRAMS				
General Support	\$ 4,156,736	\$ -	\$ -	\$ (4,156,736)
Instruction	23,723,613	374,501	2,535,727	(20,813,385)
Pupil Transportation	3,378,822	-	-	(3,378,822)
Debt Service - Interest	856,880	-	-	(856,880)
School Food Service	890,448	59,694	796,729	(34,025)
	<u>33,006,499</u>	<u>434,195</u>	<u>3,332,456</u>	<u>(29,239,848)</u>
Total Functions and Programs	\$ 33,006,499	\$ 434,195	\$ 3,332,456	(29,239,848)
GENERAL REVENUES				
Real Property Taxes				4,430,125
Other Tax Items				1,136,262
Use of Money and Property				363,736
Sale of Property and Compensation for Loss				19,228
Loss on Disposal of Capital Assets				(47,488)
State Sources				22,398,998
Medicaid Reimbursement				13,108
Miscellaneous				634,337
				<u>28,948,306</u>
Total General Revenues				28,948,306
Change in Net Position				(291,542)
Net Position - Beginning of Year				<u>(51,520,140)</u>
Net Position - End of Year				<u>\$ (51,811,682)</u>

See notes to audited basic financial statements.

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2024

	<u>General</u>	<u>Capital Project - Renovation</u>
ASSETS		
Cash and Cash Equivalents		
Unrestricted	\$ 4,004,061	\$ 180,180
Restricted	11,657,232	-
Receivables		
Due From Other Funds	1,683,138	-
State and Federal Aid	236,616	-
Due From Other Governments	1,062,379	-
Other	15,110	-
Inventories	-	-
Prepaid Expenditures	11,990	-
TOTAL ASSETS	<u>\$ 18,670,526</u>	<u>\$ 180,180</u>
LIABILITIES		
Payables		
Accounts Payable	\$ 41,970	\$ 10,303
Accrued Liabilities	32,617	-
Due to Other Funds	111,875	563,268
Due to Other Governments	-	-
Due to Teachers' Retirement System	882,603	-
Due to Employees' Retirement System	152,272	-
Notes Payable		
Bond Anticipation	-	-
Unearned Credits		
Overpayments and Collections in Advance	86,177	-
Total Liabilities	<u>1,307,514</u>	<u>573,571</u>
FUND BALANCES (DEFICITS)		
Nonspendable	11,990	-
Restricted	11,657,232	-
Assigned	1,270,623	-
Unassigned (Deficit)	4,423,167	(393,391)
Total Fund Balances (Deficits)	<u>17,363,012</u>	<u>(393,391)</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	<u>\$ 18,670,526</u>	<u>\$ 180,180</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

<u>Special Aid</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ 65	\$ 4,184,306
-	556,973	12,214,205
-	671,255	2,354,393
1,040,270	159,979	1,436,865
28,362	-	1,090,741
-	1,393	16,503
-	9,261	9,261
-	-	11,990
<u>\$ 1,068,632</u>	<u>\$ 1,398,926</u>	<u>\$ 21,318,264</u>
\$ 4,402	\$ 4,358	\$ 61,033
14,284	2,000	48,901
1,036,110	643,140	2,354,393
13,836	38	13,874
-	-	882,603
-	-	152,272
-	798,518	798,518
-	-	86,177
<u>1,068,632</u>	<u>1,448,054</u>	<u>4,397,771</u>
-	9,261	21,251
-	1,117,498	12,774,730
-	153,830	1,424,453
-	(1,329,717)	2,700,059
<u>-</u>	<u>(49,128)</u>	<u>16,920,493</u>
<u>\$ 1,068,632</u>	<u>\$ 1,398,926</u>	<u>\$ 21,318,264</u>

See notes to audited basic financial statements.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

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

June 30, 2024

Total Fund Balance - Governmental Funds \$ 16,920,493

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

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

Net Pension Liability - Proportionate Share - TRS	\$ 452,330	
Net Pension Liability - Proportionate Share - ERS	<u>1,502,963</u>	(1,955,293)

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

Pensions	\$ 1,173,976	
Other Postemployment Benefits	<u>15,928,480</u>	(17,102,456)

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

Pensions	\$ 4,379,530	
Other Postemployment Benefits	<u>10,705,857</u>	15,085,387

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

Cost of Capital Assets	\$ 70,395,710	
Accumulated Depreciation and Amortization	<u>(27,479,797)</u>	42,915,913

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

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

Bonds Payable, Net	\$ 18,137,656	
Lease Liability	32,463	
Accrued Interest on Bonds and BANs Payable	63,797	
Compensated Absences Payable	247,342	
Other Postemployment Benefits Payable	<u>89,194,468</u>	<u>(107,675,726)</u>

Total Net Position - Governmental Activities \$ (51,811,682)

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

Year Ended June 30, 2024

	<u>General</u>	<u>Capital Project - Renovation</u>
REVENUES		
Real Property Taxes	\$ 4,430,125	\$ -
Other Tax Items	1,136,262	-
Charges for Services	374,501	-
Use of Money and Property	324,214	-
Sale of Property and Compensation for Loss	19,228	-
State Sources	22,398,998	-
Medicaid Reimbursement	13,108	-
Federal Sources	-	-
Surplus Food	-	-
Sales - School Food Service	-	-
Miscellaneous	408,517	-
Total Revenues	<u>29,104,953</u>	<u>-</u>
EXPENDITURES		
General Support	3,090,542	-
Instruction	11,287,286	-
Pupil Transportation	1,586,712	-
Employee Benefits	7,477,447	-
Debt Service:		
Principal	2,101,469	-
Interest	946,511	-
Food Service Program:		
General Support	-	-
Cost of Sales	-	-
Other Expenditures	-	-
Capital Outlay	-	432,341
Total Expenditures	<u>26,489,967</u>	<u>432,341</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,614,986</u>	<u>(432,341)</u>
OTHER FINANCING SOURCES AND (USES)		
Premium on Debt Issuance	-	-
BAN's Redeemed from Appropriations	-	-
Operating Transfers In	-	38,950
Operating Transfers (Out)	(143,522)	-
Total Other Financing Sources and (Uses)	<u>(143,522)</u>	<u>38,950</u>
Net Change in Fund Balances	2,471,464	(393,391)
Fund Balances (Deficits) - Beginning of Year	<u>14,891,548</u>	<u>-</u>
Fund Balances (Deficits) - End of Year	<u>\$ 17,363,012</u>	<u>\$ (393,391)</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

<u>Special Aid</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
\$ -	\$ -	\$ 4,430,125
-	-	1,136,262
-	-	374,501
-	39,522	363,736
-	-	19,228
467,062	196,488	23,062,548
-	-	13,108
2,068,665	667,716	2,736,381
-	44,466	44,466
-	54,410	54,410
-	231,010	639,527
<u>2,535,727</u>	<u>1,233,612</u>	<u>32,874,292</u>
-	-	3,090,542
1,942,656	-	13,229,942
33,755	-	1,620,467
569,255	150,534	8,197,236
-	-	2,101,469
-	-	946,511
-	244,197	244,197
-	450,467	450,467
-	189,776	189,776
-	904,660	1,337,001
<u>2,545,666</u>	<u>1,939,634</u>	<u>31,407,608</u>
<u>(9,939)</u>	<u>(706,022)</u>	<u>1,466,684</u>
-	94	94
-	372,000	372,000
9,939	94,633	143,522
-	-	(143,522)
<u>9,939</u>	<u>466,727</u>	<u>372,094</u>
-	(239,295)	1,838,778
-	190,167	15,081,715
<u>\$ -</u>	<u>\$ (49,128)</u>	<u>\$ 16,920,493</u>

See notes to audited basic financial statements.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2024

Net Change in Fund Balances - Total Governmental Funds \$ 1,838,778

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, assets with an initial individual cost of more than \$2,000 are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which loss on disposal of capital assets and depreciation and amortization expense exceeded capital outlays in the current period.

Capital Outlays	\$ 1,431,229	
Loss on Disposal of Capital Assets	(47,488)	
Depreciation and Amortization Expense	<u>(1,877,076)</u>	(493,335)

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period for bonds and lease liabilities. 1,729,473

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is decreased by the change in accrued interest on bonds and BANs and the amortization of bond premium. 89,631

Governmental funds report revenues only when they are considered "available", whereas the Statement of Activities report revenues when earned. Revenue relating to State grants was reported as revenue in the Statement of Activities in the prior year and as a deferred inflow in the governmental funds. When funds were received in the current year, they were then reported as revenue in the governmental funds and excluded from the Statement of Activities. The amounts represents prior year deferred inflows from the governmental funds. (115,174)

BRASHER FALLS CENTRAL SCHOOL DISTRICT

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

Year Ended June 30, 2024

In the Statement of Activities, certain operating expenses - compensated absences (vacations and certain sick pay), special termination benefits (early retirement) - are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (45,716)

On the Statement of Activities, the actual and projected long-term expenditures for postemployment benefits and related outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits. (2,560,673)

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

Teachers' Retirement System	\$ (490,048)	
Employees' Retirement System	<u>(244,478)</u>	<u>(734,526)</u>
Change in Net Position of Governmental Activities		<u>\$ (291,542)</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

Year Ended June 30, 2024

	Custodial
ASSETS	
Cash and Cash Equivalents	
Restricted	\$ -
Total Assets	<u>\$ -</u>
LIABILITIES	
Other Liabilities	\$ -
Total Liabilities	<u>-</u>
NET POSITION	
Restricted	<u>\$ -</u>

See notes to audited basic financial statements.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2024

	Custodial
ADDITIONS	
Taxes Collected for Other Governments (Library Levy)	\$ 77,000
Total Additions	<u>77,000</u>
DEDUCTIONS	
Payment of Tax to Other Governments (Library Levy)	<u>77,000</u>
Total Deductions	<u>77,000</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

See notes to audited basic financial statements.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Reporting Entity - Continued

Extra Classroom Activity Funds

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

Joint Venture

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

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

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

During the year, the District was billed \$4,221,746 for BOCES administrative, capital, and program costs.

The District's share of BOCES aid amounted to \$2,393,810. This represents State aid distributions of \$2,090,183 and 2023 fund balance returned to schools of \$303,627.

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation

District-Wide Statements

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

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

Fund Statements

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

The District reports the following governmental funds:

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Continued

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

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

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

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

Scholarships and Awards Fund: Used to account for proceeds received from various individuals and organizations that are restricted for specific scholarship and award programs not under specific trust arrangements.

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

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

The District reports the following fiduciary funds:

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Basis of Presentation - Continued

The District's fiduciary fund is as follows:

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement or results of operations. These funds are used to account for real property taxes collected on behalf of other governments and disbursed to those governments.

Measurement Focus and Basis of Accounting

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

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

On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from State Aid is recognized in the fiscal year it is appropriated by the State. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, 2023 and become a lien on August 22, 2023. Taxes are collected during the period from September 1, 2023 to October 31, 2023.

Uncollected real property taxes are subsequently enforced by the counties of St. Lawrence and Franklin, in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

Restricted Resources

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

Interfund Transactions

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

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Estimates

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

Cash and Cash Equivalents

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

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

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

Receivables

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Inventories and Prepaid Items

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. 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 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 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 prepaid item was recorded in the General Fund in the amount of \$11,990, which represents the District's contribution to the School and Municipal Energy Cooperative of WNY ("SMEC"). Contributions made by member districts are recorded by SMEC as a current liability, and members are allocated a share of the organization's net assets based on each participant's share of premiums paid for that year.

A portion of the fund balance in the amount of these non-liquid assets (inventories, and prepaids) has been identified as not available for other subsequent expenditures.

Other Assets

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

Capital Assets and Intangible Lease Assets

Capital assets are reported at actual cost or estimated historical cost. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized.

Land and construction in progress are not depreciated.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets and Intangible Lease Assets – Continued

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 5,000	Straight-line	40 - 50 Years
Building Improvements	2,000	Straight-line	40 - 50 Years
Site Improvements	2,000	Straight-line	20 Years
Furniture and Equipment	2,000	Straight-line	5 - 15 Years
Vehicles	2,000	Straight-line	8 Years

The District does not possess any infrastructure.

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$2,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the shorter of the lease term or the useful life of the underlying asset.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the Statement of Net Position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions and other inputs.

Unearned Revenue

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Vested Employee Benefits

Compensated Absences

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

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

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

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

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

Other Benefits

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

District employees may choose to participate in the district's elective deferred compensation plans established under internal revenue code sections 403(b) and 457.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Short-Term Debt

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

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

Accrued Liabilities and Long-Term Obligations

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications

District-Wide Statements

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

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

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

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

Fund Statements

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

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance typically includes the inventory recorded in the School Food Service Fund and prepaid expenditures recorded in the General Fund. The School Food Service Fund had \$9,261 of actual inventories on hand and the General Fund had \$11,990 of prepaid expenditures as of June 30, 2024.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications - Continued

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. This reserve must be accounted for separately and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

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

Employee Benefit Accrued Liability

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

Liability Claims and Property Loss

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

Workers' Compensation

According to General Municipal Law section §6-j, all expenditures made from the workers' compensation reserve must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

Unemployment Insurance

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

Capital Reserve

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

Insurance

According to General Municipal Law §6-n, all expenditures made from the insurance reserve must be 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.

Tax Certiorari

According to Education Law §3651.1-a, funds must be 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 that 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.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

Debt Service

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

Extra Classroom Activity Funds

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

Scholarships and Awards Fund

According to constraints placed on the use of resources established by various scholarship and award programs, funds must be used for the specific purpose outlined in the program. The monies are accounted for in the Scholarships and Awards Fund.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

Restricted fund balances include the following:

General Fund	
Reserve for State and Local Retirement System Contributions	\$ 3,676,260
Reserve for Teachers' Retirement System Contributions	780,550
Employee Benefit Accrued Liability	169,468
Workers' Compensation	596,631
Unemployment Insurance	255,714
Liability Claims and Property Loss	890,693
Capital Reserve	3,795,894
Insurance	1,439,445
Tax Certiorari	52,577
Extra Classroom Activity Funds	115,288
Scholarships and Awards Fund	186,984
Debt Service Fund	815,226
Total Restricted Funds	<u><u>\$ 12,774,730</u></u>

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

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$121,470. Appropriated fund balance in the General Fund amounted to \$1,149,153. Any remaining fund balance in other funds is considered assigned. The School Food Service Fund also reported assigned fund balance of \$153,830.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued

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

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Use of Fund Balance

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

New Accounting Standards

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

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

Future Changes in Accounting Standards

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

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES - Continued

Future Changes in Accounting Standards – Continued

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

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

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

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

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

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

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

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

1. Long-Term Revenue and Expense Differences:

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

2. Capital Related Differences:

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

3. Long-Term Debt Transaction Differences:

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

4. Pension Differences:

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

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

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

5. OPEB Differences:

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

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

Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The original budget was increased by \$146,072. The increase reflects adjustments for donations received of \$107,121 as well as an increase of \$38,951 to purchase land using capital reserve funds.

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

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

Budgets - Continued

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

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

Encumbrances

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

Other

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming year. Actions the District plans to pursue to address this issue include the establishment of appropriate reserves and to continue to appropriate fund balance to provide tax relief to district taxpayers.

The Capital Projects Fund - Buses shows an unassigned fund balance deficit of \$1,004,916 at June 30, 2024. This will be funded when the District redeems BAN's from appropriations in the 2024-2025 fiscal year and years going forward.

The Capital Projects Fund – Smart Schools shows an unassigned fund balance deficit of \$324,801 at June 30, 2024. This will be funded when State Grants are paid out for the reimbursable items subsequent to June 30, 2024.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

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

Other - Continued

The Capital Projects Fund – Renovation Project shows an unassigned fund balance deficit of \$393,391 at June 30, 2024. This will be funded when the District obtains bond funding in the years subsequent to June 30, 2024.

The District overspent central administration costs by \$3,170 compared to the final budget.

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

Cash and Investments

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

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

Uncollateralized	<u><u>\$ -</u></u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	<u><u>\$ 7,202,378</u></u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$11,657,232 restricted for various fund balance reserves in the General Fund, \$255,846 restricted for debt service payments in the Debt Service Fund, \$115,288 restricted for extra classroom in the Extra Classroom Activity Funds, and \$185,839 restricted for scholarships and awards in the Scholarships and Awards Fund within the governmental funds.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

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

Cash and Investments – Continued

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

Cash equivalents are valued at cost plus accrued interest, which approximates fair market value.

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

At year-end, the District held \$18,862 in investments consisting of Fidelity Government Cash Reserves mutual funds issued by the United States and its agencies. The amount is reported in the Scholarships and Awards Fund restricted for the Susan B. Goodnow scholarship endowment.

Other

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

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

Investment Pool – NYCLASS

The District participated in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article §5-G, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2024, the School District held \$9,160,929 in the General Fund and \$231,076 in the Debt Service Fund, through the cooperative classified as unrestricted and restricted cash.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

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

Investment Pool – NYCLASS - Continued

The above amounts represent the cost of the investment pool shares and are considered to approximate net asset value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NYCLASS.

NOTE 5 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 5 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

- continued

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

Governmental Activities	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 62,492	\$ -	\$ 38,951	\$ 101,443
Construction In Progress	-	840,142	(121,951)	718,191
Total Nondepreciable Assets	<u>62,492</u>	<u>840,142</u>	<u>(83,000)</u>	<u>819,634</u>
Other Capital Assets:				
Buildings and Improvements	64,454,308	13,222	83,000	64,550,530
Furniture and Equipment	1,641,781	81,006	-	1,722,787
Vehicles	2,958,025	496,859	(287,898)	3,166,986
Intangible Lease Assets - Equipment	135,773	-	-	135,773
Total Other Capital Assets	<u>69,189,887</u>	<u>591,087</u>	<u>(204,898)</u>	<u>69,576,076</u>
Less: Accumulated Depreciation:				
Buildings and Improvements	22,900,446	1,391,995	-	24,292,441
Furniture and Equipment	1,347,540	48,719	-	1,396,259
Vehicles	1,533,107	398,494	(240,410)	1,691,191
Less: Accumulated Amortization:				
Intangible Lease Assets - Equipment	62,038	37,868	-	99,906
Total Accumulated Depreciation and Amortization	<u>25,843,131</u>	<u>1,877,076</u>	<u>(240,410)</u>	<u>27,479,797</u>
Total Other Capital Assets, Net	<u>43,346,756</u>	<u>(1,285,989)</u>	<u>(47,488)</u>	<u>42,096,279</u>
Capital Assets, Net	<u>\$ 43,409,248</u>	<u>\$ (445,847)</u>	<u>\$ (47,488)</u>	<u>\$ 42,915,913</u>

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

General Support	\$ 259,203
Instruction	1,174,129
Pupil Transportation	398,494
School Food Service Program	<u>45,250</u>
Total Depreciation and Amortization Expense	<u>\$ 1,877,076</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 6 - SHORT-TERM DEBT

Short-term debt may be authorized and issued to fund the following:

Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuances of bond anticipation notes (BANs).

Transactions in short-term debt for the year are summarized below:

	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	8/22/23	3.75%	\$ 672,000	\$ -	\$ 672,000	\$ -
BAN	8/21/24	4.25%	-	798,518	-	798,518
			<u>\$ 672,000</u>	<u>\$ 798,518</u>	<u>\$ 672,000</u>	<u>\$ 798,518</u>

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

Interest Paid	\$ 25,200
Less: Interest Accrued in the Prior Year	(21,541)
Plus: Interest Accrued in the Current Year	<u>29,009</u>
Total Interest on Short-Term Debt	<u>\$ 32,668</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - LONG-TERM DEBT OBLIGATIONS

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

Serial Bonds

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

Lease Liabilities

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - LONG-TERM DEBT OBLIGATIONS - Continued

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

Governmental Activities	Beginning Balance	Additions	Deductions	Ending Balance	Amount Due Within One Year
Long-Term Liabilities					
General Obligation Debt					
Serial Bonds	\$ 18,705,000	\$ -	\$ (1,695,000)	\$ 17,010,000	\$ 1,580,000
Premium on Bonds	1,221,627	-	(93,971)	1,127,656	93,971
Total Long-Term Liabilities	<u>19,926,627</u>	<u>-</u>	<u>(1,788,971)</u>	<u>18,137,656</u>	<u>1,673,971</u>
Other Long-Term Liabilities					
Compensated Absences Payable	201,626	45,716	-	247,342	-
Other Postemployment Benefits Liability	88,792,252	402,216	-	89,194,468	-
Net Pension Liability - Proportionate Share	2,739,870	-	(784,577)	1,955,293	-
Lease Liability	66,936	-	(34,473)	32,463	32,463
Total Other Long-Term Liabilities	<u>91,800,684</u>	<u>447,932</u>	<u>(819,050)</u>	<u>91,429,566</u>	<u>32,463</u>
Total Governmental Activities	<u>\$111,727,311</u>	<u>\$ 447,932</u>	<u>\$ (2,608,021)</u>	<u>\$ 109,567,222</u>	<u>\$ 1,706,434</u>

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

Existing serial and statutory obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Serial Bond	6/15/2012	6/15/2025	2.125-3.0%	\$ 160,000
Serial Bond	6/10/2015	6/15/2030	3.00-5.0%	3,405,000
Serial Bond	6/15/2022	6/15/2036	5.0%	<u>13,445,000</u>
				<u>\$17,010,000</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - LONG-TERM DEBT OBLIGATIONS - Continued

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

	Principal	Interest	Total
2025	\$ 1,580,000	\$ 843,250	\$ 2,423,250
2026	1,490,000	767,450	2,257,450
2027	1,565,000	692,950	2,257,950
2028	1,645,000	614,700	2,259,700
2029	1,725,000	532,450	2,257,450
2030-2034	6,480,000	1,593,200	8,073,200
2035-2036	<u>2,525,000</u>	<u>181,750</u>	<u>2,706,750</u>
Total	<u>\$ 17,010,000</u>	<u>\$ 5,225,750</u>	<u>\$ 22,235,750</u>

Existing lease obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Copier	7/1/2021	7/1/2025	2.29%	<u>\$ 32,463</u>

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

	Principal	Interest	Total
2025	<u>\$ 32,463</u>	<u>\$ 345</u>	<u>\$ 32,808</u>
Total	<u>\$ 32,463</u>	<u>\$ 345</u>	<u>\$ 32,808</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 7 - LONG-TERM DEBT OBLIGATIONS - Continued

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

Interest Paid	\$ 921,311
Less: Amortization of Bond Premium	(93,971)
Less: Interest Accrued in the Prior Year	(37,916)
Plus: Interest Accrued in the Current Year	34,788
	<hr/>
Total Interest on Long-Term Debt	<u>\$ 824,212</u>

NOTE 8 - PENSION PLANS

General Information

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

Teachers' Retirement System (TRS) Plan Description

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS- Continued

Employees' Retirement System (ERS) Plan Description

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

TRS Benefits Provided

Benefits

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

Tier 1

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

Tier 2

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

TRS Benefits Provided - Continued

Tier 3

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

Tier 4

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

Tier 5

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

Tier 6

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

Service Retirements

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

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

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

TRS Benefits Provided - Continued

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

Vested Benefits

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

Disability Retirement

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

Death Benefits

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

Prior and Military Service

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

Tier Reinstatement

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

TRS Benefits Provided - Continued

Permanent Cost-of-Living Adjustment (COLA)

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

ERS Benefits Provided

Benefits

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

Tier 1 and 2

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

ERS Benefits Provided - Continued

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

Tier 3, 4, and 5

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

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

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

Tier 6

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

ERS Benefits Provided - Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

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

Vested Benefits

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

Disability Retirement Benefits

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

Ordinary Death Benefits

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

ERS Benefits Provided - Continued

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2023 and received an overall discount of \$2,674).

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

	NYSTRS	NYSERS
2023-2024	\$ 751,707	\$ 396,898
2022-2023	677,295	304,875
2021-2022	606,691	379,077

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

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

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

	ERS	TRS
Measurement Date	March 31, 2024	June 30, 2023
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,502,963)	\$ (452,330)
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0102075%	0.039554%
Change in Proportion (%) Since the Prior Measurement Date	0.0009216%	0.000541%

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

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

For the year ended June 30, 2024, the District's recognized pension expense of \$244,478 for ERS and \$490,048 for TRS. At June 30, 2024, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 484,103	\$ 1,096,781	\$ 40,982	\$ 2,711
Changes of Assumptions	568,237	973,854	-	212,246
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	231,222	734,190	-
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	97,723	7,815	8,492	175,355
District's Contributions Subsequent to the Measurement Date	152,272	767,523	-	-
Total	\$ 1,302,335	\$ 3,077,195	\$ 783,664	\$ 390,312

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

	ERS	TRS
2025	\$ (252,215)	\$ 147,544
2026	306,553	(277,878)
2027	456,913	1,777,133
2028	(144,852)	112,805
2029	-	95,253
Thereafter	-	64,503

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

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

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

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

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

Actuarial Assumptions - Continued

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

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

Discount Rate

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

<u>ERS</u>	<u>1% Decrease (4.90%)</u>	<u>Current Assumption (5.90%)</u>	<u>1% Increase (6.90%)</u>
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (4,725,470)	\$ (1,502,963)	\$ 1,188,498

<u>TRS</u>	<u>1% Decrease (5.95%)</u>	<u>Current Assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (6,889,220)	\$ (452,330)	\$ 4,961,372

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:

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 8 - PENSION PLANS - Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System’s fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer’s contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$152,272. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer’s contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$882,603.

NOTE 9 - INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund balances at June 30, 2024 are as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 1,683,138	\$ 111,875	\$ -	\$ 143,522
Special Aid	-	1,036,110	9,939	-
School Food Service	108,730	-	8,400	-
Scholarships and Awards	3,145	-	-	-
Debt Service	559,380	-	-	-
Capital Projects - Buses	-	206,398	-	-
Capital Projects - Smart Schools	-	436,742	3,233	-
Capital Projects - Renovation	-	563,268	38,951	-
Capital Projects - Other	-	-	82,999	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 2,354,393	\$ 2,354,393	\$ 143,522	\$ 143,522

The District typically transfers 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. The General Fund advanced funds to the Special Aid to provide temporary cash until New York State has reimbursed the grant programs.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 10 - FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances (deficits) of the District as of June 30, 2024:

Fund Balances (Deficits)	General	Capital Project - Renovation	Special Aid	Total Non- Major	Total Governmental Funds
Nonspendable					
Prepaid Expenditures	\$ 11,990	\$ -	\$ -	\$ -	\$ 11,990
Inventory	-	-	-	9,261	9,261
Restricted					
Reserve for State and Local					
Retirement System Contributions	3,676,260	-	-	-	3,676,260
Reserve for Teachers'					
Retirement System Contributions	780,550	-	-	-	780,550
Employee Benefit Accrued					
Liability	169,468	-	-	-	169,468
Unemployment Insurance	255,714	-	-	-	255,714
Workers' Compensation	596,631	-	-	-	596,631
Liability Claims and Property Loss	890,693	-	-	-	890,693
Capital Reserve	3,795,894	-	-	-	3,795,894
Insurance	1,439,445	-	-	-	1,439,445
Tax Certiorari	52,577	-	-	-	52,577
Extra Classroom Activity Funds	-	-	-	115,288	115,288
Scholarship and Awards Fund	-	-	-	186,984	186,984
Debt Service Fund	-	-	-	815,226	815,226
Assigned					
Designated for Next Fiscal Year	1,149,153	-	-	-	1,149,153
School Food Service Fund	-	-	-	153,830	153,830
General Support	62,148	-	-	-	62,148
Instruction	38,242	-	-	-	38,242
Pupil Transportation	7,793	-	-	-	7,793
Employee Benefits	13,287	-	-	-	13,287
Unassigned (Deficit)					
General Fund	4,423,167	-	-	-	4,423,167
Capital Projects Funds	-	(393,391)	-	(1,329,717)	(1,723,108)
Total Governmental Fund Balances					
(Deficits)	\$ 17,363,012	\$ (393,391)	\$ -	\$ (49,128)	\$ 16,920,493

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

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

Benefits Provided – The District provides healthcare benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms – At July 1, 2022, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	138
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>174</u>
Total Covered Employees	<u><u>312</u></u>

The District provides a Self-Insured Traditional Indemnity Plan to eligible retirees and dependents through the St. Lawrence-Lewis Health Care Consortium (the Plan). Currently 138 retired employees have elected to participate and contribute health insurance payments under the District’s group plan. The Plan does issue a publicly available financial report.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

General Information about the OPEB Plan - Continued

All active employees and retirees are subject to the following eligibility and contribution requirements:

Teachers

- Eligibility for postretirement benefits for NYSTRS Tiers 1 – 4 employees requires a minimum —age of 55 with at least five (5) years of service. NYSTRS Tiers 5 & 6 requires a minimum age of 57 with at least ten (10) years of service.
- Retirees are not required to contribute towards postemployment health benefits for the Individual Plan coverage. Retirees are required to contribute 5% of the difference between the individual and family or two-person premium amounts for the Two-Person/Family Plan coverage.
- Surviving spouses do not receive coverage or benefits from the District.

Teamsters and Clerical

- Eligibility for postretirement benefits for NYSERS Tiers 1 – 4 employees require a minimum age of 55 with at least five (5) years of service. NYSERS Tiers 5 & 6 requires a minimum age of 62 with at least ten (10) years of service.
- Retirees are required to contribute 5% of the individual premium amount for the Individual Plan coverage. Retirees are required to contribute 5% of the difference between the individual and family or two-person premium amounts for the Two-Person/Family Plan coverage.
- Surviving spouses do not receive coverage or benefits from the District.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

General Information about the OPEB Plan - Continued

Exempt/Administrators

- Eligibility for postretirement benefits for NYSERS Tiers 1 – 4 employees require a minimum age of 55 with at least five (5) years of service. NYSERS Tiers 5 & 6 requires a minimum age of 62 with at least ten (10) years of service.
- Retirees are not required to contribute 10% of the individual premium amount for the Individual Plan coverage. Retirees are required to contribute 10% of the two-person or family premium amounts for the Two-Person/Family Plan coverage.
- Surviving spouses do not receive coverage or benefits from the District.

The District provides Medicare Part B premium reimbursements at the same rates as health insurance benefits for all Medicare eligible and retirees and spouses only. Surviving spouses do not receive reimbursements.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2024, the District recognized \$2,175,042 for its share of insurance premiums for currently enrolled retirees.

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2024 which indicates that the total liability for other postemployment benefits is \$89,194,468 which is reflected in the Statement of Net Position. The OPEB liability was measured as of July 1, 2023 and was determined by an actuarial valuation as of July 1, 2022.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

Total OPEB Liability - Continued

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

Actuarial Methods and Assumptions

Measurement Date	7/1/2023
Rate of Compensation Increase	3.00%
Inflation Rate	2.50%
Discount Rate	3.65%

Assumed Medical/Prescription Drug Trend Rates at June 30

Health Care Cost Trend Rate Assumed for Next Fiscal Year	7.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	3.94%
Fiscal Year that the Rate Reaches Ultimate Trend Rate	2093

Additional Information

Actuarial Cost Method	Entry Age Normal
Amortized Cost Method	Level Percentage
Amortized Period Remaining (in Years)	6.37
Method Used to Determine Actuarial Value of Assets	N/A

The discount rate was based on a 20-year high quality tax-exempt municipal bond index as of July 1, 2023.

Mortality rates were based on the sex-distinct and job category-specific headcount weighted Pub-2010 Public Retirement Plans Mortality Tables for employees and healthy retirees, adjusted for mortality improvements with scale MP-2021 mortality improvement scale on a generational basis.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of an actuarial experience study for the period July 1, 2021 – June 30, 2022.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

Changes in the Total OPEB Liability

Balance at June 30, 2023	\$ 88,792,252
Changes for the Year	
Service Cost	3,436,691
Interest	3,221,910
Changes of Benefit Terms	(1,866,628)
Changes of Assumptions or Other Inputs	(1,960,669)
Benefit Payments	<u>(2,429,088)</u>
Net Changes	<u>402,216</u>
Balance at June 30, 2024	<u><u>\$ 89,194,468</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54 percent on July 1, 2022 to 3.65 percent on July 1, 2023.

The benefit terms changed for exempt/administration retirees effective July 1, 2022. Benefit terms also changed for the plans offered to Teamsters and Clerical employee groups to Rider 10.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.65 percent) or 1 percentage point higher (4.65 percent) than the current discount rate:

	1% Decrease	Discount Rate	1% Increase
	2.65%	3.65%	4.65%
Total OPEB Liability	<u>\$ 105,337,488</u>	<u>\$ 89,194,468</u>	<u>\$ 76,322,923</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

Changes in the Total OPEB Liability – Continued

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 2.94 percent) or 1 percentage point higher (trend increasing to 4.94 percent) than the current healthcare cost trend rate:

	1% Decrease Healthcare Cost Trend Rates (Trend Less 1% Decreasing to 2.94%)	Healthcare Cost Trend Rates (Trend at 3.94%)	1% Increase Healthcare Cost Trend Rates (Trend Plus 1% Increasing to 4.94%)
Total OPEB Liability	<u>\$ 74,133,371</u>	<u>\$ 89,194,468</u>	<u>\$ 108,872,197</u>

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$2,560,673. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 747,762	\$ 4,096,132
Changes of Assumptions or Other Inputs	7,519,666	11,832,348
Benefit Payments Subsequent to the Measurement Date	<u>2,438,429</u>	<u>-</u>
	<u>\$ 10,705,857</u>	<u>\$ 15,928,480</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 11 – POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

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

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

Fiscal Year Ending June 30,

2025	\$ 126,512
2026	181,739
2027	(2,922,433)
2028	(3,571,825)
2029	(1,361,158)
Thereafter	<u>(113,887)</u>
	<u>\$ (7,661,052)</u>

NOTE 12 - RISK MANAGEMENT

General

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

Pooled Non-Risk-Retained

The District participates in the St. Lawrence – Lewis County School District’s Healthcare Plan (Plan), a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 18 individual governmental units located within the pool’s geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$1,000,000 limit, and the District has essentially transferred all related risk to the pool.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 12 - RISK MANAGEMENT - Continued

Pooled Non-Risk-Retained - Continued

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing: St. Lawrence-Lewis Counties School District Employee Medical Plan, Post Office Box 697, Canton, New York 13617.

The District participates in the St. Lawrence-Lewis Counties School District Employees Workers' Compensation Plan, a risk-sharing pool, to ensure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District share of the liability for unbilled and open claims is \$0.

NOTE 13 - COMMITMENTS AND CONTINGENCIES

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 14 – DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds which are restricted by the donor for the purpose of providing scholarships.

Donor-restricted endowments are invested in savings accounts or investment pool funds.

The District authorizes expenditures from the endowments in compliance with the wishes expressed by the donor or trustee.

NOTE 15 – TAX ABATEMENT

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

The District has a PILOT agreement executed through the St. Lawrence County Industrial Development Agency (SLCIDA) dated February 1, 2011 for St. Lawrence Gas for a Natural Gas Pipeline. The agreement spans for a period of 15 years. The total taxable valuation for each total PILOT payment shall be calculated such that a graduated abatement factor shall be applied to the increased assessed valuation attributable to the improvements made to the facility by the company. This schedule will allow for 100% exemption relating to the improvements and equipment in the 1st 5 PILOT years. This will be reduced in 10% increments in PILOT years 6-14. Thereafter, the improvements and equipment by the facility shall be subject to full taxation.

The District has a PILOT agreement executed through the St. Lawrence County Industrial Development Agency (SLCIDA) dated February 26, 2014 for High Peaks Winery, LLC. The agreement spans for a period of 10 years through January 31, 2024. The taxable valuation shall be calculated at 50% for years 6-10 of the agreement.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2024

NOTE 15 – TAX ABATEMENT - Continued

For the fiscal year ended June 30, 2024, the District’s portion of the PILOTs were approximately \$183,191 and the District abated the following taxes:

Company	Type	Start Date	End Date	2023 % Abated	Total Taxable Value of Project	Abated	(A) Abated Total	(B) Appr. Tax Rate	(A) * (B) Appr. Taxes Foregone
St. Lawrence	IDA								
Gas	PILOT	9/1/2011	12/31/2026	20%	\$2,682,256	\$ 2,682,256	\$ 536,451	18.79409	\$ 10,082
St. Lawrence	IDA								
Gas	PILOT	9/1/2011	12/31/2026	20%	1,969,943	1,969,943	393,989	20.39585	8,036
St. Lawrence	IDA								
Gas	PILOT	9/1/2011	12/31/2026	20%	3,640,178	3,640,178	728,036	23.61625	17,193
High Peaks	IDA								
Winery	PILOT	9/1/2019	1/31/2024	50%	111,000	111,000	55,500	23.01634	1,277
									<u>\$ 36,588</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST SEVEN FISCAL YEARS**

Ended June 30, 2024

Total OPEB Liability	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 3,436,691	\$ 4,530,485	\$ 4,676,635	\$ 2,582,609	\$ 2,702,911	\$ 2,141,458	\$ 2,766,603
Interest	3,221,910	2,321,319	2,285,956	2,672,444	2,834,812	2,494,804	2,178,558
Changes of Benefit Terms	(1,866,628)	(14,052)	(769,250)	-	-	-	-
Difference between Expected and Actual Experience	-	(5,992,490)	-	2,152,010	-	(1,453,148)	-
Changes in Assumptions or Other Inputs	(1,960,669)	(14,811,401)	1,307,371	19,719,937	(355,382)	2,002,829	(9,815,436)
Benefit Payments	<u>(2,429,088)</u>	<u>(2,368,031)</u>	<u>(2,269,065)</u>	<u>(2,010,341)</u>	<u>(1,904,524)</u>	<u>(1,688,619)</u>	<u>(1,601,506)</u>
Net Change in Total OPEB Liability	402,216	(16,334,170)	5,231,647	25,116,659	3,277,817	3,497,324	(6,471,781)
Total OPEB Liability - Beginning	<u>88,792,252</u>	<u>105,126,422</u>	<u>99,894,775</u>	<u>74,778,116</u>	<u>71,500,299</u>	<u>68,002,975</u>	<u>74,474,756</u>
Total OPEB Liability - Ending	<u>\$ 89,194,468</u>	<u>\$ 88,792,252</u>	<u>\$ 105,126,422</u>	<u>\$ 99,894,775</u>	<u>\$ 74,778,116</u>	<u>\$ 71,500,299</u>	<u>\$ 68,002,975</u>
Covered Payroll	\$ 9,669,301	\$ 9,669,301	\$ 8,780,648	\$ 8,713,577	\$ 8,030,559	\$ 7,537,482	\$ 6,766,805
Total OPEB Liability as a Percentage of Covered Payroll	922.45%	918.29%	1197.25%	1146.43%	931.17%	948.60%	1004.95%

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

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

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

	Original Budget	Final Budget
REVENUES		
Local Sources		
Real Property Taxes	\$ 4,905,361	\$ 4,905,361
Other Tax Items	467,862	467,862
Charges for Services	71,443	71,443
Use of Money and Property	20,200	20,200
Sale of Property and Compensation for Loss	2,500	2,500
Miscellaneous	32,500	139,621
Total Local Sources	<u>5,499,866</u>	<u>5,606,987</u>
State Sources	23,211,697	23,211,697
Federal Sources	25,000	25,000
Total Revenues	<u>28,736,563</u>	<u>28,843,684</u>
OTHER FINANCING SOURCES		
Transfers From Other Funds	50,000	50,000
Appropriated Reserves	535,000	573,951
Total Other Financing Sources	<u>585,000</u>	<u>623,951</u>
Total Revenues and Other Financing Sources	<u>\$ 29,321,563</u>	<u>\$ 29,467,635</u>
EXPENDITURES		
General Support		
Board of Education	21,873	27,023
Central Administration	213,607	218,742
Finance	331,056	328,672
Staff	89,530	89,530
Central Services	1,534,881	1,606,266
Special Items	1,057,348	1,057,348
Total General Support	<u>3,248,295</u>	<u>3,327,581</u>
Instruction		
Instruction, Administration and Improvement	920,763	917,132
Teaching - Regular School	5,398,785	5,341,405
Programs for Children with Handicapping Conditions	3,639,438	3,624,783
Occupational Education	627,115	627,115
Teaching - Special School	139,479	143,754
Instructional Media	937,347	948,533
Pupil Services	1,088,381	1,218,112
Total Instruction	<u>12,751,308</u>	<u>12,820,834</u>
Pupil Transportation	1,710,678	1,727,070
Employee Benefits	8,842,136	8,784,053
Debt Service	3,065,246	3,065,246
Total Expenditures	<u>29,617,663</u>	<u>29,724,784</u>
OTHER FINANCING USES		
Operating Transfers to Other Funds	209,000	247,951
Total Expenditures and Other Financing Uses	<u>29,826,663</u>	<u>29,972,735</u>
Net Change in Fund Balance	(505,100)	(505,100)
Fund Balances - Beginning of Year	14,891,548	14,891,548
Fund Balances - End of Year	<u>\$ 14,386,448</u>	<u>\$ 14,386,448</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

Actual	Final Budget Variance With Actual
\$ 4,430,125	\$ (475,236)
1,136,262	668,400
374,501	303,058
324,214	304,014
19,228	16,728
408,517	268,896
<u>6,692,847</u>	<u>1,085,860</u>
22,398,998	(812,699)
13,108	(11,892)
<u>29,104,953</u>	<u>261,269</u>
-	(50,000)
-	(573,951)
-	(623,951)
<u>29,104,953</u>	<u>(362,682)</u>

	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
18,833	\$ 5,660	\$ 2,530
221,527	385	(3,170)
320,117	5,409	3,146
68,397	10,590	10,543
1,410,513	39,539	156,214
1,051,155	565	5,628
<u>3,090,542</u>	<u>62,148</u>	<u>174,891</u>
724,261	3,815	189,056
4,979,661	5,522	356,222
2,978,898	22,837	623,048
627,115	-	-
112,168	-	31,586
922,477	5,765	20,291
942,706	303	275,103
<u>11,287,286</u>	<u>38,242</u>	<u>1,495,306</u>
1,586,713	7,793	132,564
7,477,446	13,287	1,293,320
3,047,980	-	17,266
<u>26,489,967</u>	<u>121,470</u>	<u>3,113,347</u>
143,522	-	104,429
<u>26,633,489</u>	<u>\$ 121,470</u>	<u>\$ 3,217,776</u>
2,471,464		
14,891,548		
<u>\$ 17,363,012</u>		

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

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN
LAST TEN FISCAL YEARS
Ended June 30, 2024**

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)										
District's Proportion of the Net Pension Asset (Liability)	0.039554%	0.039013%	0.037507%	0.036404%	0.034098%	0.033868%	0.033952%	0.034884%	0.030967%	0.034981%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (452,330)	\$ (748,608)	\$ 6,499,576	\$ (1,005,948)	\$ 885,881	\$ 612,426	\$ 258,070	\$ (373,617)	\$ 3,216,529	\$ 3,896,638
District's Covered Payroll	\$ 7,302,605	\$ 6,910,463	\$ 6,366,023	\$ 6,178,597	\$ 5,691,224	\$ 5,516,881	\$ 5,382,216	\$ 5,406,436	\$ 5,167,202	\$ 4,684,698
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	6.19%	10.83%	102.10%	16.28%	15.57%	11.10%	4.79%	6.91%	62.25%	83.18%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Employees' Retirement System (ERS)										
District's Proportion of the Net Pension Asset (Liability)	0.0102075%	0.0092859%	0.0086704%	0.0086171%	0.0085227%	0.0083130%	0.0083822%	0.0080286%	0.0081319%	0.0082187%
District's Proportionate Share of the Net Pension Asset (Liability)	\$(1,502,963)	\$(1,991,262)	\$ 708,772	\$ (8,580)	\$(2,256,869)	\$ (589,001)	\$ (270,531)	\$ (754,384)	\$(1,305,186)	\$ (277,673)
District's Covered Payroll	\$ 3,105,494	\$ 2,665,875	\$ 2,389,194	\$ 2,505,674	\$ 2,381,813	\$ 2,258,000	\$ 2,236,842	\$ 2,086,514	\$ 2,023,243	\$ 2,033,056
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	48.40%	74.69%	29.67%	0.34%	94.75%	26.09%	12.09%	36.16%	64.51%	13.66%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.95%

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS - NYSLRS PENSION PLAN
LAST TEN FISCAL YEARS
 Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)										
Contractually Required Contribution	\$ 751,707	\$ 677,295	\$ 606,691	\$ 547,456	\$ 604,447	\$ 540,641	\$ 630,572	\$ 713,770	\$ 815,448	\$ 815,448
Contributions in Relation to the Contractually Required Contribution	<u>751,707</u>	<u>677,295</u>	<u>606,691</u>	<u>547,456</u>	<u>604,447</u>	<u>540,641</u>	<u>630,572</u>	<u>713,770</u>	<u>815,448</u>	<u>815,448</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
District's Covered Payroll	\$ 7,302,605	\$ 6,910,463	\$ 6,366,023	\$ 6,178,597	\$ 5,691,224	\$ 5,516,881	\$ 5,382,216	\$ 5,406,436	\$ 5,167,202	\$ 4,684,698
Contributions as a Percentage of Covered Payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.20%	15.78%	17.41%
Employees' Retirement System (TRS)										
Contractually Required Contribution	\$ 396,898	\$ 304,875	\$ 379,077	\$ 362,989	\$ 347,622	\$ 331,035	\$ 334,923	\$ 315,562	\$ 371,646	\$ 403,244
Contributions in Relation to the Contractually Required Contribution	<u>396,898</u>	<u>304,875</u>	<u>379,077</u>	<u>362,989</u>	<u>347,622</u>	<u>331,035</u>	<u>334,923</u>	<u>315,562</u>	<u>371,646</u>	<u>403,244</u>
Contribution Deficiency (Excess)	<u>\$ -</u>									
District's Covered Payroll	\$ 3,105,494	\$ 2,665,875	\$ 2,389,194	\$ 2,505,674	\$ 2,381,813	\$ 2,258,000	\$ 2,236,842	\$ 2,086,514	\$ 2,023,243	\$ 2,033,056
Contributions as a Percentage of Covered Payroll	12.78%	11.44%	15.87%	14.49%	14.59%	14.66%	14.97%	15.12%	18.37%	19.83%

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

SUPPLEMENTARY INFORMATION

COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2024

	<u>Debt Service</u>	<u>School Food Service</u>	<u>Scholarships and Awards</u>	<u>Extra Classroom Activity</u>
ASSETS				
Cash and Cash Equivalents				
Unrestricted	\$ -	\$ 65	\$ -	\$ -
Restricted	255,846	-	185,839	115,288
Receivables				
Due From Other Funds	559,380	108,730	3,145	-
State and Federal Aid	-	48,038	-	-
Other	-	1,393	-	-
Inventories	-	9,261	-	-
TOTAL ASSETS	<u>\$ 815,226</u>	<u>\$ 167,487</u>	<u>\$ 188,984</u>	<u>\$ 115,288</u>
LIABILITIES				
Payables				
Accounts Payable	\$ -	\$ 4,358	\$ -	\$ -
Accrued Liabilities	-	-	2,000	-
Notes Payable				
Bond Anticipation	-	-	-	-
Due to Other Funds	-	-	-	-
Due to Other Governments	-	38	-	-
Total Liabilities	<u>-</u>	<u>4,396</u>	<u>2,000</u>	<u>-</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	9,261	-	-
Restricted	815,226	-	186,984	115,288
Assigned	-	153,830	-	-
Unassigned (Deficit)	-	-	-	-
Total Fund Balances (Deficits)	<u>815,226</u>	<u>163,091</u>	<u>186,984</u>	<u>115,288</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)				
	<u>\$ 815,226</u>	<u>\$ 167,487</u>	<u>\$ 188,984</u>	<u>\$ 115,288</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

Capital Project - Smart Schools	Capital Project - Buses	Capital Projects - Other	Total Non-Major
\$ -	\$ -	\$ -	\$ 65
-	-	-	556,973
-	-	-	671,255
111,941	-	-	159,979
-	-	-	1,393
-	-	-	9,261
<u>\$ 111,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,398,926</u>
\$ -	\$ -	\$ -	\$ 4,358
-	-	-	2,000
-	798,518	-	798,518
436,742	206,398	-	643,140
-	-	-	38
<u>436,742</u>	<u>1,004,916</u>	<u>-</u>	<u>1,448,054</u>
-	-	-	9,261
-	-	-	1,117,498
-	-	-	153,830
(324,801)	(1,004,916)	-	(1,329,717)
<u>(324,801)</u>	<u>(1,004,916)</u>	<u>-</u>	<u>(49,128)</u>
<u>\$ 111,941</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,398,926</u>

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

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

Year Ended June 30, 2024

	Debt Service	School Food Service	Scholarships and Awards	Extra Classroom Activity
REVENUES				
Use of Money and Property	\$ 37,986	\$ -	\$ 1,536	\$ -
State Sources	-	84,547	-	-
Federal Sources	-	667,716	-	-
Surplus Food	-	44,466	-	-
Sales - School Food Service	-	54,410	-	-
Miscellaneous	-	5,284	46,162	179,564
Total Revenues	<u>37,986</u>	<u>856,423</u>	<u>47,698</u>	<u>179,564</u>
EXPENDITURES				
Food Service Program:				
General Support	-	244,197	-	-
Cost of Sales	-	450,467	-	-
Employee Benefits	-	150,534	-	-
Other Expenditures	-	-	15,259	174,517
Capital Outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>845,198</u>	<u>15,259</u>	<u>174,517</u>
Excess (Deficiency) of Revenues over Expenditures	<u>37,986</u>	<u>11,225</u>	<u>32,439</u>	<u>5,047</u>
OTHER FINANCING SOURCES AND (USES)				
Premium on Debt Issuance	94	-	-	-
BAN's Redeemed from Appropriations	-	-	-	-
Operating Transfers In	-	8,400	-	-
Total Other Financing Sources and (Uses)	<u>94</u>	<u>8,400</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	38,080	19,625	32,439	5,047
Fund Balances (Deficits) - Beginning of Year	<u>777,146</u>	<u>143,466</u>	<u>154,545</u>	<u>110,241</u>
Fund Balances (Deficits) - End of Year	<u>\$ 815,226</u>	<u>\$ 163,091</u>	<u>\$ 186,984</u>	<u>\$ 115,288</u>

BRASHER FALLS CENTRAL SCHOOL DISTRICT

Capital Project - Smart Schools	Capital Project - Buses	Capital Projects - Other	Total Non-Major
\$ -	\$ -	\$ -	\$ 39,522
111,941	-	-	196,488
-	-	-	667,716
-	-	-	44,466
-	-	-	54,410
-	-	-	231,010
<u>111,941</u>	<u>-</u>	<u>-</u>	<u>1,233,612</u>
-	-	-	244,197
-	-	-	450,467
-	-	-	150,534
-	-	-	189,776
<u>324,801</u>	<u>496,859</u>	<u>83,000</u>	<u>904,660</u>
<u>324,801</u>	<u>496,859</u>	<u>83,000</u>	<u>1,939,634</u>
<u>(212,860)</u>	<u>(496,859)</u>	<u>(83,000)</u>	<u>(706,022)</u>
-	-	-	94
-	372,000	-	372,000
<u>3,233</u>	<u>-</u>	<u>83,000</u>	<u>94,633</u>
<u>3,233</u>	<u>372,000</u>	<u>83,000</u>	<u>466,727</u>
<u>(209,627)</u>	<u>(124,859)</u>	<u>-</u>	<u>(239,295)</u>
<u>(115,174)</u>	<u>(880,057)</u>	<u>-</u>	<u>190,167</u>
<u>\$ (324,801)</u>	<u>\$ (1,004,916)</u>	<u>\$ -</u>	<u>\$ (49,128)</u>

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

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

June 30, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 29,821,563
Add: Prior Year's Encumbrances	<u>5,100</u>
Original Budget	29,826,663
Budget Revision	<u>146,072</u>
Final Budget	<u><u>\$ 29,972,735</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2024-2025 Voter Approved Expenditure Budget	<u>\$ 31,569,073</u>
Maximum Allowed 4% of 2024-2025 Budget	<u><u>\$ 1,262,763</u></u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$1,270,623
Unassigned Fund Balance	<u>4,423,167</u>
Total Unrestricted Fund Balance	<u><u>5,693,790</u></u>
Less:	
Appropriated Fund Balance	1,149,153
Encumbrances Included in Assigned Fund Balance	<u>121,470</u>
Total Adjustments	<u><u>1,270,623</u></u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 4,423,167</u></u>
Actual Percentage	<u><u>14.01%</u></u>

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES

June 30, 2024

PROJECT TITLE	Expenditures					Methods of Financing				Fund Balance (Deficit) 6/30/2024	
	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	Proceeds Of Obligations	State Aid	Local Sources		Total
Buses	\$ 3,267,509	\$ 3,267,509	\$ 3,024,981	\$ 496,859	\$ 3,521,840	\$ (254,331)	\$ -	\$ -	\$ 2,516,924	\$ 2,516,924	\$ (1,004,916)
Capital Outlay 2023-2024	100,000	100,000	-	83,000	83,000	17,000	-	-	83,000	83,000	-
Capital Renovation Project	12,600,000	12,600,000	-	432,341	432,341	12,167,659	-	-	38,950	38,950	(393,391)
Smart School Project	615,202	615,202	115,174	324,801	439,975	175,227	-	111,941	3,233	115,174	(324,801)
Totals	<u>\$ 16,582,711</u>	<u>\$ 16,582,711</u>	<u>\$ 3,140,155</u>	<u>\$ 1,337,001</u>	<u>\$ 4,477,156</u>	<u>\$ 12,105,555</u>	<u>\$ -</u>	<u>\$ 111,941</u>	<u>\$ 2,642,107</u>	<u>\$ 2,754,048</u>	<u>\$ (1,723,108)</u>

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2024

Capital Assets, Net		\$ 42,915,913
Deduct:		
Bond Anticipation Note	\$ 798,518	
Premium on Bonds Payable	1,127,656	
Short-Term Portion of Lease Liability	32,463	
Short-Term Portion of Bonds Payable	1,580,000	
Long-Term Portion of Bonds Payable	<u>15,430,000</u>	<u>18,968,637</u>
Net Investment in Capital Assets		<u><u>\$ 23,947,276</u></u>

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

FEDERAL AWARD PROGRAM INFORMATION

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

**THE BOARD OF EDUCATION
BRASHER FALLS CENTRAL SCHOOL DISTRICT**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brasher Falls Central School District as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Brasher Falls Central School District’s basic financial statements and have issued our report thereon dated September 25, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

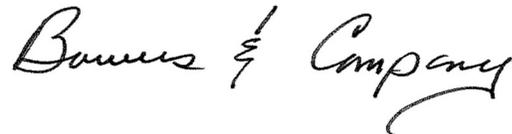
As part of obtaining reasonable assurance about whether Brasher Falls Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2024-001.

Brasher Falls Central School District's Response to Findings

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

Purpose of this Report

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

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

Watertown, New York
September 25, 2024

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

**THE BOARD OF EDUCATION
BRASHER FALLS CENTRAL SCHOOL DISTRICT**

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Brasher Falls Central School District’s compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Brasher Falls Central School District’s major federal programs for the year ended June 30, 2024. Brasher Falls Central School District’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, Brasher Falls Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Brasher Falls Central School District's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Brasher Falls Central School District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Brasher Falls Central School District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Brasher Falls Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Brasher Falls Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Brasher Falls Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

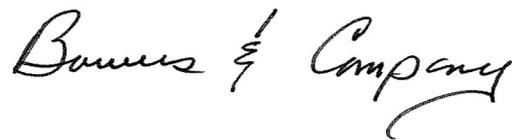
Report on Internal Control over Compliance

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

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

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

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

The image shows a handwritten signature in cursive script that reads "Bowens & Company". The signature is written in dark ink and is positioned to the right of the date and location information.

Watertown, New York
September 25, 2024

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Agency or Pass-Through Number	Total Federal Expenditures
<u>U. S. Department of Education</u>			
Passed-Through NYS Education Department:			
Title I Grants to Local Educational Agencies	84.010A	0021-24-2580	\$ 413,708
			<u>413,708</u>
Special Education Cluster:			
Special Education - Grants to States (IDEA, Part B)	84.027A	0032-24-0785	286,570
Special Education - Preschool Grants (IDEA Preschool)	84.173A	0033-24-0785	5,817
Total Special Education Cluster			<u>292,387</u>
Education Stabilization Fund:			
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5882-21-2580	39,628
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5883-21-2580	48,321
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5884-21-2580	428,041
COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-2580	752,249
Total Education Stabilization Fund			<u>1,268,239</u>
Supporting Effective Instruction State Grants	84.367A	0147-24-2580	41,231
Student Support and Academic Enrichment Program	84.424A	0204-24-2580	33,100
			<u>33,100</u>
Total Passed Through NYS Education Department			<u>2,048,665</u>
Total U.S. Department of Education			<u>2,048,665</u>
Subtotal To Next Page			\$ <u>2,048,665</u>

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS – CONTINUED

Year Ended June 30, 2024

Subtotal From Previous Page \$ 2,048,665

U. S. Department of Agriculture

Passed-Through NYS Education Department:

Local Food for Schools Cooperative Agreement	10.185		<u>10,089</u>
Child Nutrition Discretionary Grants Limited Availability	10.579	5805-23-0018	<u>20,000</u>
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
Fresh Fruit and Vegetable Program	10.582		18,931
National School Lunch Program	10.555		<u>25,535</u>
Non-Cash Assistance Subtotal			<u>44,466</u>
Cash Assistance			
School Breakfast Program	10.553		162,975
National School Lunch Program	10.555		441,589
COVID-19: Supply Chain Assistance Grant	10.555		30,605
Snack Program	10.555		8,578
Summer Program	10.559		<u>13,880</u>
Cash Assistance Subtotal			<u>657,627</u>
Total Child Nutrition Cluster			<u>702,093</u>
Total Passed Through NYS Education Department			<u>732,182</u>
Total U.S. Department of Agriculture			<u>732,182</u>
Total Federal Assistance			<u>\$ 2,780,847</u>

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

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the “Schedule”) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District’s accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the financial statements. Federal awards that are included in the Schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies.

The information in the Schedule is presented in accordance with the requirements of Title 2 *U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

NOTE 2 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable programs and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District’s financial reporting system.

The federal expenditures are recognized under the Uniform Guidance.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source of the data presented. The District has elected to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

Matching costs (the District’s share of certain program costs) are not included in the reported expenditures.

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

NOTE 3 - SUBRECIPIENTS

No amounts were provided to subrecipients.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2024

NOTE 4 – 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 District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year-end.

NOTE 5 – NON-MONETARY FEDERAL PROGRAM

The District is the recipient of federal award programs that do not result in cash receipts or disbursements. The District was granted \$25,535 of commodities under the National School Lunch Program (Assistance Listing Number 10.555) and \$18,931 under the Fresh Fruit and Vegetable Program (Assistance Listing Number 10.582).

NOTE 6 – SCOPE OF AUDIT

The District is an independent municipal corporation. All federal grant operations of the District are included in the scope of the single audit.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2024

NOTE A - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Brasher Falls Central School District.
2. No significant deficiencies or material weaknesses were disclosed during the audit of the basic financial statements of Brasher Falls Central School District.
3. One instance of noncompliance material to the financial statements of Brasher Falls Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs of Brasher Falls Central School District.
5. The auditor's report on compliance for the major federal award programs for Brasher Falls Central School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a) related to the major federal award programs for Brasher Falls Central School District.
7. The Program tested as a major program include:

U.S. Department of Education

Passed-Through NYS Education Department:

Education Stabilization Fund:

COVID-19: American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U
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8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. Brasher Falls Central School District was determined to be a low-risk auditee.

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2024

NOTE B - FINDINGS - FINANCIAL STATEMENT AUDIT

Finding Control Number: 2024-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

Criteria

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserves for tax reduction and insurance recoveries, the District can retain to no more than 4% of the subsequent year's budgeted appropriations. Amounts appropriated for the subsequent year, encumbrances, nonspendable and restricted balances are also excluded for the 4% limitation.

Condition

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$3,160,404 during the fiscal year.

Context

During our audit test of compliance - §1318 Real Property Tax, it was noted that the unassigned fund balances of \$4,423,167 had exceeded maximum allowed unexpended balance of \$1,262,763 for the fiscal year ended.

Effect

As a result, the District was not in compliance with the unexpended surplus funds limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2024.

Cause

The District understands the requirements relating to §1318 Real Property Tax law and due to the uncertainty of primary revenue sources maintains fund balance levels deemed appropriate in accordance with their long range fund balance plan.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

June 30, 2024

**NOTE B - FINDINGS - FINANCIAL STATEMENT AUDIT -
CONTINUED**

Finding Control Number: 2024-001 - Continued

Recommendation

We recognize the District has developed and implemented a long range written reserve plan. The District also monitors the fund balance on a regular basis. We recommend school officials continue to review fund balance throughout the year to address compliance with the Real Property Tax Law §1318.

Views of Responsible Officials and Planned Corrective Actions

The Brasher Falls Central School District's Board of Education understands that the District is maintaining a larger fund balance reserve than typically allowed under Section 1318. The Board of Education is aware of the upcoming fiscal cliff the State and public school districts are facing in 2025. The Board of Education continues to implement a long-range plan of utilizing fund balance to help prevent significant financial hardship to the taxpayers due to unexpected financial events.

**NOTE C – FINDINGS AND QUESTIONED COSTS – MAJOR
FEDERAL AWARD PROGRAMS AUDIT**

There were no findings to report.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

June 30, 2024

NOTE A - FINDINGS - FINANCIAL STATEMENT AUDIT

Finding Control Number: 2023-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserves for tax reduction and insurance recoveries, the District can retain to no more than 4% of the subsequent year's budgeted appropriations. Amounts appropriated for the subsequent year, encumbrances, nonspendable and restricted balances are also excluded for the 4% limitation.

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$4,222,833 during the previous fiscal year.

Views of Responsible Officials and Corrective Actions

The Brasher Falls Central School District's Board of Education understands that the District is maintaining a larger fund balance reserve than typically allowed under Section 1318. The Board of Education continues implementing a long-range plan of utilizing fund balance to help prevent significant financial hardship due to unexpected financial events.

Current Status

Similar finding was noted in the 2024 audit.

**NOTE B - FINDINGS AND QUESTINED COSTS – MAJOR
FEDERAL AWARD PROGRAMS AUDIT**

There were no prior year audit findings.

EXTRA CLASSROOM ACTIVITY FUNDS

INDEPENDENT AUDITOR’S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

THE BOARD OF EDUCATION BRASHER FALLS CENTRAL SCHOOL DISTRICT

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Brasher Falls Central School District for the year ended June 30, 2024, and the related note to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of Extra Classroom Activity Funds of Brasher Falls Central School District for the year ended June 30, 2024, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Brasher Falls Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter - Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

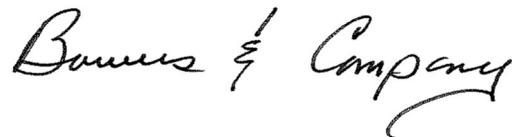
Auditor's Responsibilities for the Audit of the Financial Statement

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

In performing an audit in accordance auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts, we:

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

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

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the main text block.

Watertown, New York
September 25, 2024

BRASHER FALLS CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS - STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2024

	Cash Balances 7/1/2023	Cash Receipts	Cash Disbursements	Cash Balances 6/30/2024
Class of:				
2023	\$ 3,716	\$ -	\$ 3,716	\$ -
2024	7,548	28,336	35,884	-
2025	2,959	10,617	6,834	6,742
2026	253	10,721	7,444	3,530
2027	-	12,668	7,332	5,336
Athletic Association	20,654	64,329	68,487	16,496
Band	5,859	-	912	4,947
Dramatics	21,065	11,073	10,618	21,520
Greenhouse Club	2,283	176	451	2,008
GSA - The Collective	271	403	248	426
Honor Society	495	1,276	985	786
Junior Honor Society	1,035	-	319	716
Outing Club	1,163	-	-	1,163
Spanish Club	3,411	7,009	1,552	8,868
Student Council - HS	2,141	327	135	2,333
Student Council - MS	12,252	13,645	12,970	12,927
TRI-M Musical Honor	687	144	354	477
Vocal Music Club	8,894	9,260	7,251	10,903
Yearbook	15,055	6,009	5,437	15,627
NYS Sales Tax	500	3,571	3,588	483
Total	<u>\$ 110,241</u>	<u>\$ 179,564</u>	<u>\$ 174,517</u>	<u>\$ 115,288</u>

See extra classroom activity funds - note to financial statement.

BRASHER FALLS CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS - NOTE TO FINANCIAL STATEMENT

June 30, 2024

NOTE 1 - SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activity Funds of Brasher Falls Central School District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activity Funds of Brasher Falls Central School District are maintained on a cash basis and the Statement of Cash Receipts and Disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.

To the Board of Education
Brasher Falls Central School District

In planning and performing our audit of the financial statements of Brasher Falls Central School District (the District) for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of a certain matter that is an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comment and suggestion regarding the matter. This letter does not affect our report dated September 25, 2024, on the financial statements of Brasher Falls Central School District.

Condition: Increase Threshold for Capitalization of Fixed Assets

At present, the District capitalizes property acquisitions over \$2,000 which is a low threshold based on the District's fixed asset holdings.

Recommendation

We recommend that the District consider increasing their minimum capitalization thresholds for financial statement reporting purposes to be more in line with Federal standards. This will also avoid having to keep ongoing records for items of relatively small value. We recommend increasing the minimum threshold to \$5,000 for vehicles and equipment and \$25,000 for building improvements.

Management's Response

We agree with the recommendation and will review the capitalization policy and increase the minimum capitalization thresholds as recommended.

President and Board of Education
Brasher Falls Central School District
September 25, 2024
Page 2

We will review the status of the comment during our next audit engagement. We have already discussed the comment and suggestion with various District personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing recommendations.

This communication is intended solely for the information and use of management, the Board of Education, and others within the District, and is not intended to be, and should not be used by anyone other than specified parties.

Bowen & Company

Watertown, New York
September 25, 2024

September 25, 2024

To the President and Members
of the Board of Education of the
Brasher Falls Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Brasher Falls Central School District for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 29, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Brasher Falls Central School District are described in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2024. We noted no transactions entered into by Brasher Falls Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of depreciation and amortization is based on economic useful lives of capital asset classes.

Management's estimate of present value of right to use leased assets and lease liability is based on the discount rate or implicit interest rate within the agreements in accordance with GASB Statement No. 87, *Leases*.

Management estimates actuarial assumptions that are used to determine pension asset (liabilities) and annual pension cost for the year in accordance with GASB Statement No. 68.

Management estimates actuarial assumptions that are used to determine annual postretirement cost for the year in accordance with GASB Statement No. 75.

We have evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule represents material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated September 25, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Brasher Falls Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Brasher Falls Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit test of compliance - §1318 Real Property Tax, it was noted that the District exceeded the 4% limitation of unexpended surplus funds within the General Fund and the District was not in compliance with the limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2024. The finding was disclosed as a material instance of noncompliance in the Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Governmental Auditing Standards.

Other Matters

We applied certain limited procedures to *Management's Discussion and Analysis, Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund, Schedule of District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan, and the Schedule of District's Contributions – NYSLRS Pension Plan*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on the *Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, and Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

President and Board of Education
Brasher Falls Central School District
September 25, 2024
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Restriction on Use

This information is intended solely for the information and use of the Board of Education and management of Brasher Falls Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bowers & Company

Schedule 1: Material Misstatements Corrected by Management

Government-Wide

Non-Current Governmental Assets:

Adjusting Journal Entries JE # 1

To adjust fixed assets for current year activity.

K00101.00 Land	38,000.00	
K00101.05 Construction in Progress	1,337,001.00	
K00102.00 Buildings	9,343.00	
K00102.00 Buildings	82,999.00	
K00104.00 Equipment	84,885.00	
K00107.00 Other Capital Assets	496,859.00	
K00117.00 Accumulated Depreciation- other capital assets	240,410.00	
K00159.00 Total Non-Current Governmental Assets	457,467.00	
K00101.05 Construction in Progress		579,858.00
K00107.00 Other Capital Assets		327,898.00
K00112.00 Accumulated Depreciation - Buildings		1,391,995.00
K00114.00 Accumulated Depreciation - Equipment		48,719.00
K00117.00 Accumulated Depreciation- other capital assets		398,494.00
K00102.00 Buildings		
Total	2,746,964.00	2,746,964.00

Adjusting Journal Entries JE # 2

To post changes to deferred outflows per GASB 68 and 75

K00159.00 Total Non-Current Governmental Assets	5,029,899.00	
K00496.01 Deferred Outflow Resources- TRS		911,155.00
K00496.02 Deferred Outflow Resources- ERS		35,545.00
K00496.03 Deferred Outflow of Resources-OPEB		4,083,199.00
Total	5,029,899.00	5,029,899.00

Schedule 1: Material Misstatements Corrected by Management - Continued

Non-Current Governmental Liabilities:

Adjusting Journal Entries JE # 1		
To post principal payments made		
W00628	Bonds Payable	920,237.00
W00630	Current Portion - Bonds	774,762.00
W00125	Budgets for Capital Indebtedne	1,694,999.00
Total		1,694,999.00 1,694,999.00

Adjusting Journal Entries JE # 4		
To post changes to OPEB per GASB 75		
W00697.01	Deferred Inflows Resources - OPEB	1,924,742.00
W00125	Budgets for Capital Indebtedne	1,522,526.00
W00683	OPEB	402,216.00
Total		1,924,742.00 1,924,742.00

Fund Financial Statements

General Fund:

Adjusting Journal Entries JE # 103		
To adjust appropriated fund balance to tie to 24-25 budget		
A00917.00	UNASSIGNED FUND BALANCE	394,053.00
A00914.00	ASSIGNED APPROPRIATED FUND BAL	394,053.00
Total		394,053.00 394,053.00

Miscellaneous Special Revenue Fund:

Adjusting Journal Entries JE # 3		
To correct double posting of extracurricular fund activity in 2023-24.		
899.00	Other Restricted Fund Balance	174,517.00
2989-400	EDUCATION SCHOLARSHIPS	174,517.00
Total		174,517.00 174,517.00

Schedule 1: Material Misstatements Corrected by Management - Continued

Fund Financial Statements - Continued

Capital Projects Fund:

Adjusting Journal Entries JE # 2		
To record revenue received within 60 days for SSBA		
H00691.00 DEFERRED REVENUES	111,941.00	
H03297 STATE SOURCES OTHER		111,941.00
Total	111,941.00	111,941.00