

JULY 31, 2024

ERRATUM NOTICE

TO THE PRELIMINARY OFFICIAL STATEMENT DATED JULY 29, 2024

RELATING TO THE ISSUANCE OF

OWEGO APALACHIN CENTRAL SCHOOL DISTRICT TIOGA COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE: 690632

\$2,608,000 Bond Anticipation Notes, 2024

(referred to herein as the "Notes")



PLEASE BE ADVISED borrowing amount and the front cover is revised to read as follows:

\$1,648,000

OWEGO APALACHIN CENTRAL SCHOOL DISTRICT TIOGA COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE: 690632

\$1,648,000 Bond Anticipation Notes, 2024 (Renewals)

(referred to herein as the "Notes")



Dated: August 15, 2024

Due: August 15, 2025

PLEASE BE ADVISED the borrowing amount and the first section on the top of page 1 are revised to read as follows:

OWEGO APALACHIN CENTRAL SCHOOL DISTRICT TIOGA COUNTY, NEW YORK

RELATING TO

\$1,648,000 Bond Anticipation Notes, 2024 (Renewals)

This Official Statement, which includes the cover page, has been prepared by the Owego Apalachin Central School District, Tioga County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$1,648,000 principal amount of Bond Anticipation Notes, 2024 (Renewals) (the "Notes").

PLEASE BE ADVISED the borrowing amount and the “Purpose of Issue” section on page 2 is revised to read as follows:

Purpose of Issue

The Notes are issued pursuant to the Constitution, the laws of the State, including, among others, the Local Finance Law and the Education Law, and various bond resolutions adopted by the Board of Education as set forth below.

<u>Purpose</u>	<u>Authorization Date</u>	<u>Amount Outstanding</u>	<u>Principal Reduction</u>	<u>New Money</u>	<u>Amount of the Notes</u>
Purchase of Buses	7/25/2019	\$ 139,000	\$ 139,000	\$ -	\$ -
Purchase of Buses	8/10/2020	313,000	157,000	-	156,000
Purchase of Buses	8/2/2021	477,000	161,000	-	316,000
Purchase of Buses	7/5/2022	625,000	157,000	-	468,000
Purchase of Buses	6/12/2023	885,000	177,000	-	708,000
		<u>\$ 2,439,000</u>	<u>\$ 791,000</u>	<u>\$ -</u>	<u>\$ 1,648,000</u>

The proceeds of the Notes, along with \$791,000 available funds, will partially redeem and renew the \$2,439,000 bond anticipation notes maturing August 16, 2024 for the purchase of school buses.

PLEASE BE ADVISED the “Other Information” section on the page 16 is revised to read as follows:

Other Information

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

The District has complied with the procedure for the publication of the Estoppel Notice with respect to the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

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

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

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

PLEASE BE ADVISED the “Debt Statement Summary” section on the page 24 is revised to read as follows:

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of July 29, 2024:

Full Valuation of Taxable Real Property	\$ 1,174,373,161
Debt Limit – 10% thereof	117,437,316

Inclusions:

Bonds	\$ 26,160,000
Bond Anticipation Notes	10,564,000
Principal of this Issue	<u>\$1,648,000</u>

Total Inclusions	<u>\$ 38,372,000</u>
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Exclusions:

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

Total Net Indebtedness ⁽²⁾	<u>\$ 38,372,000</u>
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Net Debt-Contracting Margin	<u>\$ 79,065,316</u>
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The percent of debt contracting power exhausted is	32.67%
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- (1) Based on preliminary 2024-2025 building aid estimates, the District anticipates State Building aid of 86.7% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates; however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.
- (2) Does not include lease purchase financings which, while not general obligation indebtedness, do count toward the District's debt limit. See "Other Obligations" herein. The District remains within its debt limit after taking into account the outstanding balance of such obligation.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District. Additionally, outstanding Energy Performance Contracts (EPCs) of the District are not included in the calculations above. EPCs are not general obligation indebtedness, but are counted against the District's debt limit. See "Other Obligations" herein.

PLEASE BE ADVISED the Bus paragraph in the "Capital Project Plans" section on the page 26 is revised to read as follows

The District annually issues bond anticipation notes for the purchase of school buses. On May 21, 2024 District voters approved a proposition to authorize the purchase of school buses at a maximum estimated cost of \$960,000. The Notes, along with \$794,000 available funds of the District will partially redeem and renew the outstanding \$2,439,000 bond anticipation notes maturing August 16, 2024 for the purchase of school buses.

PLEASE BE ADVISED the "Debt Ratios" section on the page 27 is revised to read as follows:

Debt Ratios

The following table sets forth certain ratios relating to the District's Net Indebtedness as of July 29, 2024:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 38,372,000	\$ 2,664.17	3.27%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	47,520,254	3,299.33	4.05

- (a) The 2022 estimated population of the District is 14,403. (See "THE SCHOOL DISTRICT – Population" herein.)
- (b) The District's full value of taxable real estate for the 2023-2024 fiscal year is \$1,174,373,161. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
- (d) The District's applicable share of Net Overlapping Indebtedness is estimated to be \$9,148,254. (See "Estimated Overlapping Indebtedness" herein.)

PLEASE BE ADVISED the heading and the first paragraph of the "FORM OF BOND COUNSEL'S OPINION" section on the "Appendix D" is revised to read as follows:

Re: Owego Apalachin Central School District, Tioga County, New York
\$1,648,000 Bond Anticipation Notes, 2024 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$1,648,000 Bond Anticipation Notes, 2024 (Renewals) (the "Obligations"), of the Owego Apalachin Central School District, Tioga County, New York (the "Obligor"), dated August 15, 2024, numbered 1, of the denomination of \$1,648,000, bearing interest at the rate of ____% per annum, payable at maturity, and maturing August 15, 2025.

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that 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 tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

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

\$2,608,000

OWEGO APALACHIN CENTRAL SCHOOL DISTRICT TIOGA COUNTY, NEW YORK



GENERAL OBLIGATIONS
CUSIP BASE: 690632

\$2,608,000 Bond Anticipation Notes, 2024
(referred to herein as the "Notes")

Dated: August 15, 2024

Due: August 15, 2025

The Notes will constitute general obligations of the Owego Apalachin Central School District, Tioga County, New York (the "District"), and will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes and will be payable from ad valorem taxes, which may be levied upon all the taxable real property within the District, without limitation as to rate or amount. See "TAX LEVY LIMITATION LAW" herein. The Notes will not be subject to redemption prior to maturity.

At the option of the purchaser(s), the Notes will be issued as registered book-entry notes or registered certificate form 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. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000, or integral multiples thereof, except for one necessary odd denomination, which is or includes \$8,000 as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered book-entry notes, 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 if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of \$5,000, or integral multiples thereof, except for one necessary odd denomination, which is or includes \$8,000 as may be determined by such successful bidder(s). If the Notes are issued as registered book-entry notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon by the purchaser(s), on or about August 15, 2024.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on August 1, 2024 by no later than 11:00 A.M. Prevailing Time. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

July 29, 2024

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 - C, MATERIAL EVENT NOTICES" HEREIN.

OWEGO APALACHIN CENTRAL SCHOOL DISTRICT TIOGA COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

GENE CVIK
President



LINDA GRETZ
Vice President

JASON LUKE
STACEY RIEGEL
KATHIE ROLLISON
MICHAEL PHELPS
DAN WHIPPO

* * * * *

ADMINISTRATION

COREY GREEN
Superintendent of Schools

ROBERT FARRELL
Assistant Superintendent

FERRARA FIORENZA PC
School District Attorney



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE, LLP
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
OF THE
OWEGO APALACHIN CENTRAL SCHOOL DISTRICT
TIOGA COUNTY, NEW YORK
RELATING TO
\$2,608,000 Bond Anticipation Notes, 2024

This Official Statement, which includes the cover page, has been prepared by the Owego Apalachin Central School District, Tioga County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$2,608,000 principal amount of Bond Anticipation Notes, 2024 (the "Notes").

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

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

THE NOTES

Description of the Notes

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

The Notes are dated August 15, 2024 and will mature on August 15, 2025 without the option of prior redemption. 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 to the purchaser, in denominations of \$5,000, or integral multiples thereof, except for one necessary odd denomination, which is or includes \$8,000, with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State, as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey ("DTC"), which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to bond resolutions duly adopted by the Board of Education as follows:

Purpose	Authorization Date	Amount Outstanding	Principal Reduction	New Money	Amount of the Notes
Purchase of Buses	7/25/2019	\$ 139,000	\$ 139,000	\$ -	\$ -
Purchase of Buses	8/10/2020	313,000	157,000	-	156,000
Purchase of Buses	8/2/2021	477,000	161,000	-	316,000
Purchase of Buses	7/5/2022	625,000	157,000	-	468,000
Purchase of Buses	6/12/2023	885,000	177,000	-	708,000
Purchase of Buses	7/8/2024	-	-	960,000	960,000
		<u>\$ 2,439,000</u>	<u>\$ 791,000</u>	<u>\$ 960,000</u>	<u>\$ 2,608,000</u>

The proceeds of the Notes, along with \$791,000 available funds, will partially redeem and renew the \$2,439,000 bond anticipation notes maturing August 16, 2024, and provide \$960,000 new money for the purchase of school buses.

NATURE OF OBLIGATION

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes in Certain Circumstances

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

The Notes will be issued in registered form in denominations of \$5,000, or integral multiples thereof, except for one necessary odd denomination, which is or includes \$8,000. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District.

THE SCHOOL DISTRICT

General Information

The District is located in the southern tier of the State in the County of Tioga. It is approximately 20 miles west of the City of Binghamton and approximately 30 miles east of the City of Elmira. The District encompasses the towns of Owego, Nichols, Candor, Newark Valley, and Tioga. The land area of the District is approximately 99 square miles.

Major highways within and in close proximity to the District include U.S. Route 11, Interstate 81, which extends north to Canada and south to Tennessee, Interstate 88, which runs northeast to Albany, Route 86 (“The Southern Tier Expressway”), which runs east-west and connects with Interstate 87 north of New York City and Interstate 90 near Erie, Pennsylvania, and New York State Routes 7, 12 and 26. Bus service is provided to and from the area within the District by Trailways, and the Short Line – Coach USA.

Air transportation is provided via the Binghamton Regional Airport which is serviced by Delta Air Line. Emery Air Freight and Federal Express also operate from the airport. The District is also served by the Tri-Cities Airport, located in nearby Endicott, New York. Railroads providing freight service to the area include Conrail, the Delaware and Hudson Railroad and the Delaware and Otsego Railroad.

Banking services are provided to the residents of the District by branch offices of Manufacturers & Traders Trust Company, N.A., NBT Bank, N.A., Community Bank, N.A., Chemung Canal Trust Company, Visions Federal Credit Union and Tioga State Bank.

Electric utility and natural gas services are provided by the New York State Electric and Gas Corporation (“NYSEG”), police protection is provided by the Village of Owego (the “Village”), the County and State agencies and fire protection is provided by the Village’s volunteer fire department. Water and sewer facilities are provided by Suez water.

Source: District officials.

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Recent Developments

Several businesses have announced new plans for operations and others have recently opened within the community.

- In February 2020, Lockheed Martin announced a new expansion that allowed for additional manufacturing space in which it will work on electronics for flight systems. It provided roughly 130 new jobs and a \$19.2 million investment.
- At the end of January 2016, Federal Express (“FedEx”) opened a \$12.9 million facility and created approximately 70 new jobs.
- On September 20, 2016, Lockheed Martin opened a new bioenergy facility in Owego. This system is operational and uses Concord Blue’s advanced technology that will convert waste into clean, renewable energy.
- Owego Gardens completed construction on 62 units of housing for people over 55 years of age in December 2016. Tenants moved into the building in 2017, and the facility is currently at maximum capacity. An expansion for this project is currently under development which will more than double the current size.
- In December 2016, Upstate Shredding completed a \$7.5 million project to expand its metal recycling operations that added 25 jobs. The 20,000 square foot expansion to house new metal processing technology was aided with a \$1 million grant from Empire State Development and included an upgrade to the existing shredder and the ability to separate media.
- In 2017, Crown Holdings, Inc., a global leader in metal packaging technology, opened its Tioga County manufacturing operations in the company’s first newly constructed U.S. facility in more than two decades. The facility, with a 375,000 in square feet of manufacturing space and 150,000 square feet of warehouse space, is located in the Town of Nichols and makes beverage containers. Crown invested over \$150 million to build the facility. By 2018 it created 164 new jobs and is currently employing approximately 200 people. Tioga Downs Casino is a full-fledged gaming facility, with the addition of table games. Two new restaurants within the Casino, and a new 161-room hotel opened in 2017. Additionally, the Casino has purchased and renovated the Tioga Country Club. Employment has risen from 310 to over 700 employees, with the changes and additions. The facility is located in an adjacent school district but employs many local people.
- Sanmina closed its plant in Owego on July 10, 2018. This resulted in the loss of approximately 230 jobs. The local IDA is reporting that it has significant interest in the facility from other firms.
- There has been an influx of Amish farms to the area with a group relocating from Ohio and another group from Pennsylvania. This new farming community began in 2017 with a significant influx in 2018 and continued into 2019. The population has remained stable to date.
- The Gateway Building on Front Street in Owego was completed during the first quarter of 2019. All apartments and retail spaces have been leased.
- In 2018, the Village of Owego was selected as the winner of the \$10 million Downtown Revitalization Initiative in the Southern Tier. The funds will be used for improvements to the Briggs and Awad buildings on Main Street, along with other improvements for mixed uses. Completed projects include renovation of the Coburn Free Library and the Main Street Rehabilitation Project. The remaining projects are at various stages of pre-construction development.

Note: Certain statements set forth above under “Recent Developments” are based upon certain current assumptions and estimates, and the actual results may vary. Because such 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.

Population

The current estimated population of the District is 14,403. (Source: 2022 U.S. Census Bureau estimate.)

Larger Employers

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

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Lockheed Martin	Tactical Systems	2,700
Tioga Downs	Racing	705
Owego-Apalachin Central School District	Education	472
Upstate Shredding	Recycling	360
ENSCO Avionics	Manufacturer/Processor	246

Source: District officials.

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2018-2022</u>
Towns of:						
Candor	\$ 22,957	\$ 31,331	\$ 34,815	\$ 58,333	\$ 75,227	64,740
Newark Valley	21,623	30,702	33,826	54,148	88,728	101,184
Nichols	20,216	31,682	33,699	53,933	74,231	80,556
Owego	29,083	37,993	43,385	67,301	92,440	105,200
Tioga	20,524	25,794	34,872	56,523	64,886	75,269
County of:						
Tioga	24,596	32,298	37,691	59,907	75,656	83,276
State of:						
New York	30,948	40,898	47,173	67,405	87,270	100,846

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

Source: 2006-2010, 2016-2020 and 2018-2022 5-Year American Community Survey data.

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

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

	<u>2024 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>
Tioga County	4.3%	4.4%	4.1%	3.4%	3.3%	N/A	N/A
New York State	4.3	4.5	4.2	3.9	4.2	N/A	N/A

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

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

Form of School Government

The Board of Education (the “Board”) is the policy-making body of the District, and consists of seven members, all of whom are qualified voters of the District, each with overlapping three-year terms so that as nearly an equal number of members as possible is elected to the Board each year. The Board President (the Chief Financial Officer of the District) and the Vice President are selected from among the Board members. The School Superintendent and Assistant Superintendent of the District run the day-to-day operations of the District.

Investment Policy

Pursuant to the statutes of the State, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposit in a bank or trust company located and authorized to do business in the State; (2) obligations of the United States of America; (3) obligations of agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State; (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 for the District pursuant to another

provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State; and, (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. These statutes further require that all bank deposits in excess of the amount insured under the Federal Deposit Insurance Act be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

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

The District policy does not permit the District to enter into reverse repurchase agreements or make other derivative type investments.

Budgetary Procedures

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

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

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

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

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

Recent Budget Vote Results

The budget for the 2023-24 fiscal year was approved by the qualified voters on May 16, 2023 by a vote of 851 to 358. The District's adopted budget for 2023-24 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 0.0% which was below the District's allowable Tax Cap of 3.56% for the 2023-24 fiscal year.

The budget for the 2024-25 fiscal year was approved by the qualified voters on May 21, 2024 by a vote of 758 to 342. The District's adopted budget for 2024-25 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 1.99% which was below the District's allowable Tax Cap of 5.09% for the 2024-25 fiscal year.

For further details regarding the District's budgets, see "APPENDIX – A2, GENERAL FUND – Revenues, Expenditures and Changes in Fund Balance – Budget and Actual", attached hereto.

State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2024-25 fiscal year, approximately 54.54% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (See also “*School district fiscal year (2024-25)*” and “MARKET AND RISK FACTORS”).

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 and 2021 to 2023 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017, the 2023-24 State Budget which was not adopted until May 3, 2023 and the 2025-26 State Budget which was not adopted until April 20, 2024. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal Aid Received by the State

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

Since March 2020, the State has been awarded over \$14 billion in Federal education COVID response funding through the Coronavirus Aid, Relief, and Economic Security (“CARES”) Act; Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (“CRRSA”); and the American Rescue Plan (“ARP”) Act. These funds are supporting the ability of local educational agencies to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in the State. The District expects to receive \$4,118,130 in funds from the American Rescue Plan. The District has received \$3,831,429 as of June 30, 2024.

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2024-25 preliminary building aid ratios, the District expects to receive State building aid of approximately 86.7% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

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

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

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

of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

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

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

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

State Aid Litigation

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

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

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the CFE case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the NYSER case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid

formula that was put into place following the CFE cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enacted this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts.

State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2018-2019	\$ 45,322,464	\$ 22,809,218	50.33%
2019-2020	45,832,821	23,173,322	50.56
2020-2021	47,762,530	23,327,674	48.90
2021-2022	48,328,627	23,801,035	49.25
2022-2023	54,260,523	28,127,753	51.84
2023-2024 (Budgeted)	56,776,265	31,051,960	54.69
2023-2024 (Unaudited)	55,838,143	30,756,444	55.08
2024-2025 (Budgeted)	57,879,272	31,568,630	54.54

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

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Apalachin Elementary School	UPK-5	650	1966
Owego Elementary School ⁽¹⁾	UPK-5	721	2016
Owego-Apalachin Middle School	6-8	845	2005
Owego Free Academy	9-12	900	1972

⁽¹⁾ This building was demolished due to severe storm damage. A new replacement building has been constructed.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2019-2020	2,005	2024-2025	2,005
2020-2021	2,005	2025-2026	2,005
2021-2022	1,918	2026-2027	2,005
2022-2023	1,931	2027-2028	2,005
2023-2024	1,948	2028-2029	2,005

Note: Figures include enrollment for Universal Prekindergarten (UPK).

Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
207	Owego-Apalachin Teachers' Association	June 30, 2025
136	Owego-Apalachin Employees' Association	June 30, 2024 ⁽¹⁾
13	Owego-Apalachin Administrators' & Supervisors' Association	June 30, 2026
71 ⁽²⁾	Substitutes United in Broome County	June 30, 2025
1	Superintendent	June 30, 2028

⁽¹⁾ Currently in negotiations.

⁽²⁾ Figure does not represent full-time employees.

Note: The District currently has a group of 6 Confidential Employees not represented by a bargaining unit.

Status and Financing of Employee Pension Benefits

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

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

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

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years, the unaudited and budgeted figures for the 2023-2024 and budgeted figures for the 2024-2025 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2018-2019	\$ 580,890	\$ 1,514,491
2019-2020	559,175	1,258,548
2020-2021	552,642	1,290,065
2021-2022	452,469	1,362,569
2022-2023	452,952	1,601,614
2023-2024 (Budgeted)	550,000	1,737,475
2023-2024 (Unaudited)	572,308	1,657,046
2024-2025 (Budgeted)	735,000	1,743,853

Source: District officials. Audited results may vary.

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. Retirement incentives are built into the collective bargaining agreements between the District and the represented employees. The District currently does not have any additional early retirement incentive programs for its employees.

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

A chart of average ERS and TRS rates as a percent of payroll (2020-21 to 2024-25) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2020-21	14.6%	9.53%
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.02 ⁽¹⁾

⁽¹⁾ Estimated.

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

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

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

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

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

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

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established and funded a TRS reserve fund. The District anticipates funding \$95,000 to the TRS reserve fund for the fiscal year ending June 30, 2024.

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 GASB released new accounting standards for public other postemployment benefits (OPEB) plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The implementation of this statement requires districts to report Other Post-Employment Benefits (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 other postemployment benefit obligation. However, under GASB 45, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position.

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

	Balance beginning at July 1:	2021	2022
		\$ 129,709,835	\$ 60,369,974
<u>Changes for the year:</u>			
Service cost		1,893,386	1,968,984
Interest		2,810,076	2,156,959
Differences between expected and actual experience		(70,955,052)	-
Changes in benefit terms		-	-
Changes in assumptions or other inputs		(57,955)	9,022,965
Benefit payments		(3,030,316)	(2,840,512)
Net Changes		\$ (69,339,861)	\$ 10,308,396
	Balance ending at June 30:	2022	2023
		\$ 60,369,974	\$ 70,678,370

Source: Audited Financial Statements. The above table is not audited. For additional information see “APPENDIX – E.

The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the District’s audited financial statements for the fiscal years ending June 30, 2022 and June 30, 2023.

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

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

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

Other Information

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

The District has complied with the procedure for the publication of the Estoppel Notice with respect to the renewal portion of the Notes and is in the process of complying with the \$960,000 new money portion of the Notes as provided in Title 6 of Article 2 of the Local Finance Law.

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

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

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

Financial Statements

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

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

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

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

Unaudited Results for Fiscal Year Ending June 30, 2024:

The District expects to end the fiscal year ending June 30, 2024 with an unassigned fund balance of \$2,286,597.

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

Revenues:	\$ 55,904,637
Expenditures:	<u>\$ 55,401,856</u>
Excess (Deficit) Revenues Over Expenditures:	<u>\$ 502,381</u>
Total Fund Balance at June 30, 2023:	\$ 12,090,331
Total Fund Balance at June 30, 2024	\$ 12,592,712

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

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on September 18, 2020. The purpose of the audit was to determine whether District officials effectively managed special education services by ensuring students received services in accordance with their individual education programs (IEPs) and that the District claimed all Medicaid reimbursements to which it was entitled for the period July 1, 2018 through November 22, 2019.

Key Findings

- District officials did not ensure that students received all services in accordance with their IEPs. We reviewed IEPs for 28 students who received services in 2018-19. We found that these students did not receive 1,057 (39 percent) required physical therapy, speech therapy, occupational therapy and counseling sessions. Five students did not receive any required therapy and counseling services.
- Officials did not have procedures in place to reschedule missed sessions.
- The District was not reimbursed for 427 of 729 eligible services (59 percent) totaling \$12,170.

Key Recommendations

- Establish procedures to ensure students receive services in accordance with their IEPs.
- Establish procedures to ensure therapists properly schedule student services.
- Establish procedures to ensure all documentation requirements are met to submit Medicaid claims.

The District provided a complete response to the State Comptroller's office on July 1, 2020. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2023	No Designation	20.0
2022	No Designation	3.3
2021	No Designation	0.0
2020	No Designation	3.3

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>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Towns of:					
Owego	\$ 523,854,745	\$ 522,913,277	\$ 524,453,176	\$ 528,778,438	\$ 535,324,307
Nichols	8,494,539	8,659,682	8,839,150	8,982,790	9,943,650
Candor	5,886,295	6,085,896	6,086,249	6,121,675	6,115,953
Newark Valley	1,053,947	1,024,129	1,022,559	1,024,954	1,016,405
Tioga	5,553,701	5,561,030	5,569,332	5,598,267	5,632,697
Total Assessed Values	<u>\$ 544,843,227</u>	<u>\$ 544,244,014</u>	<u>\$ 545,970,466</u>	<u>\$ 550,506,124</u>	<u>\$ 558,033,012</u>

State Equalization Rates

Towns of:					
Owego	72.50%	68.00%	68.00%	62.00%	54.00%
Nichols	26.00%	26.00%	25.80%	24.40%	21.00%
Candor	97.00%	93.00%	92.00%	85.50%	72.50%
Newark Valley	68.00%	66.00%	66.00%	60.00%	49.00%
Tioga	6.40%	5.90%	6.00%	5.50%	4.50%
Total Taxable Full Valuation	<u>\$ 849,624,418</u>	<u>\$ 904,647,013</u>	<u>\$ 906,501,962</u>	<u>\$ 1,000,337,945</u>	<u>\$ 1,174,373,161</u>

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Towns of:					
Owego	\$ 28.54	\$ 29.09	\$ 29.03	\$ 28.86	\$ 28.23
Nichols	79.59	76.10	76.53	73.33	72.58
Candor	21.33	21.27	21.46	20.92	21.02
Newark Valley	30.43	29.97	29.91	29.82	31.11
Tioga	323.32	335.36	329.19	325.43	338.71

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Tax Levy	\$ 17,580,900	\$ 17,900,212	\$ 17,900,212	\$ 17,900,212	\$ 17,900,212
Amount Uncollected ⁽¹⁾	1,044,440	934,360	956,031	818,651	906,769
% Uncollected	5.94%	5.22%	5.34%	4.57%	5.07%

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

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge from September 1st to September 30th, but a 2% penalty is charged on all uncollected taxes from October 1st to October 31st. After October 31st, uncollected taxes plus penalties are returned to the County for collection. The District receives these amounts from the County prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Property Tax Levy</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2018-2019	\$ 45,322,464	\$ 17,097,053	37.72%
2019-2020	45,832,821	17,580,900	38.36
2020-2021	47,762,530	17,900,212	37.48
2021-2022	48,328,627	17,900,212	36.97
2022-2023	54,260,523	17,900,212	32.99
2023-2024 (Budgeted)	56,776,269	17,900,212	31.53
2023-2024 (Unaudited)	55,838,143	17,900,212	32.05
2024-2025 (Budgeted)	57,879,272	18,811,158	32.50

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

Larger Taxpayers 2023 for the 2023-24 Tax Roll

<u>Name of Taxpayer</u>	<u>Type of Business</u>	<u>Taxable Assessed Valuation</u>
Central NY Oil and Gas	Utility	\$217,370,776
Lockheed Martin (Loral)	Commercial	136,875,130
Crown Cork and Seal	Commercial	57,142,857
NYSEG	Utility	35,470,514
Millennium Pipeline	Utility	22,065,378
Nichols Distribution LLC	Commercial	20,911,905
FEM Buck Road LLC	Commercial	15,705,810
United Water Suez	Utility	14,696,669
Owego Gardens LLC	Commercial	13,915,371
Norfolk Southern Rail	Commercial	10,689,824

The larger taxpayers listed above have an estimated taxable assessed valuation total of \$544,844,234, which represents 46.39% of the total assessed valuation of the District for the 2023-24 fiscal year.

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

Source: District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$98,700 or less in 2023-2024, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$81,400 for the 2023-24 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

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

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

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

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

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Candor	\$ 61,940	\$ 22,830	4/9/2024
Newark Valley	43,470	16,020	4/9/2024
Nichols	17,680	6,510	4/9/2024
Owego	45,360	16,550	4/9/2024
Tioga	3,990	1,470	4/9/2024

\$2,250,000 of the District's \$17,900,212 school tax levy for 2023-24 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2024.

Approximately \$2,200,000 of the District's \$18,256,427 school tax levy for 2024-25 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 2025.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-40%; Commercial-35%; and Agricultural-25%.

The estimated total annual property tax bill of a \$75,000 market value residential property located in the District is approximately \$2,358 including County, Village, and respective Town and School District taxes.

TAX LEVY LIMITATION LAW

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

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020; however, 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 included a challenge to the supermajority requirements regarding school district property tax increases.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

The District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the 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. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its Notes.

There is no constitutional limitation on the amount of real property taxes which may be levied in any fiscal year to pay the principal of and interest on the Notes. Further, the New York Constitution prohibits the State Legislature from restricting the power of the District to levy real estate taxes for the payment of principal of and interest on indebtedness authorized and issued under the Local Finance Law. However, Chapter 97 of the Laws of 2011 imposes a statutory limit on the District’s power to increase its annual real property tax levy, including such taxes to pay the principal of and interest on the Notes. See “LEGAL MATTERS” herein.

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

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

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

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

Except on rare occasions the District complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 17,755,000	\$ 15,380,000	\$ 12,895,000	\$ 28,870,000	\$ 26,160,000
Bond Anticipation Notes	1,859,000	10,559,000	24,332,784	2,302,000	12,439,000
Revenue Anticipation Notes	2,700,000	0	0	0	0
Other Obligations ⁽¹⁾	<u>235,000</u>	<u>215,000</u>	<u>195,000</u>	<u>175,000</u>	<u>155,000</u>
Total Debt Outstanding	<u>\$ 22,549,000</u>	<u>\$ 26,154,000</u>	<u>\$ 37,422,784</u>	<u>\$ 31,347,000</u>	<u>\$ 38,754,000</u>

- ⁽¹⁾ Represents an Energy Performance Contract Lease purchase obligation (EPC). EPCs are not general obligation indebtedness; however, are counted against the District's debt limit. See "Other Obligations" herein.

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Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of July 29, 2024:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount Outstanding</u>
<u>Bonds</u>	2025-2044	\$ 26,160,000
<u>Bond Anticipation Notes</u>		
Capital Project	July 3, 2025	9,770,000
Bus Purchase	August 16, 2024	<u>2,439,000</u> ⁽¹⁾
Total Indebtedness		\$ 38,369,000

⁽¹⁾ To be partially redeemed and renewed at maturity along with \$794,000 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of July 29, 2024:

Full Valuation of Taxable Real Property	\$ 1,174,373,161
Debt Limit – 10% thereof	117,437,316

Inclusions:

Bonds	\$ 26,160,000
Bond Anticipation Notes	10,564,000
Principal of this Issue	<u>\$2,608,000</u>

Total Inclusions \$ 39,332,000

Exclusions:

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

Total Net Indebtedness ⁽²⁾ \$ 39,332,000

Net Debt-Contracting Margin \$ 78,105,316

The percent of debt contracting power exhausted is 33.49%

⁽¹⁾ Based on preliminary 2024-2025 building aid estimates, the District anticipates State Building aid of 86.7% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates; however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

⁽²⁾ Does not include lease purchase financings which, while not general obligation indebtedness, do count toward the District's debt limit. See "Other Obligations" herein. The District remains within its debt limit after taking into account the outstanding balance of such obligation.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District. Additionally, outstanding Energy Performance Contracts (EPCs) of the District are not included in the calculations above. EPCs are not general obligation indebtedness, but are counted against the District's debt limit. See "Other Obligations" herein.

Bonded Debt Service

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

Cash Flow Borrowings

The District has not issued tax anticipation notes, budget notes or deficiency notes in the past. The District has issued revenue anticipation notes in anticipation of the receipt of financial assistance from the U.S. Federal Emergency Management Agency ("FEMA") and other third-party sources for demolition and repair of school buildings and facilities occasioned by severe storm damage. See "Capital Project Plans" herein.

Below is a chart of the District's revenue anticipation note borrowing history for the past five completed fiscal years:

<u>Fiscal Year</u>	<u>Amount</u>	<u>Issue Date</u>	<u>Due Date</u>
2014-2015	\$11,000,000	2/28/2014	2/27/2015
2015-2016	16,500,000	2/27/2015	2/26/2016
2015-2016	4,500,000	10/29/2015	10/28/2016
2015-2016	4,100,000	2/25/2016	10/28/2016
2015-2016	14,727,173	2/25/2016	2/25/2017
2016-2017	2,500,000	10/28/2016	10/27/2017
2016-2017	3,475,000	10/28/2016	10/27/2017
2016-2017	10,443,429	2/23/2017	2/22/2018
2017-2018	2,830,000	10/27/2017	10/26/2018 ⁽¹⁾
2017-2018	4,455,000	10/27/2017	10/26/2018
2017-2018	10,443,429	2/23/2017	2/22/2018
2017-2018	10,443,429	2/21/2018	6/28/2018
2017-2018	10,443,429	6/27/2018	6/27/2019
2017-2018	2,500,000	6/27/2018	6/27/2019
2018-2019	4,455,000	10/25/2018	10/25/2019
2018-2019	2,500,000	6/26/2019	6/26/2020
2019-2020	2,700,000	6/25/2020	6/25/2021

⁽¹⁾ The District elected to call and pay in full these revenue anticipation notes on March 9, 2018.

The District does not expect to issue tax or revenue anticipation notes or budget or deficiency notes during the current fiscal year or next fiscal year.

Source: District records.

Capital Project Plans

The District has completed a capital project to replace and reconstruct three school buildings. In 2011, three of the District's buildings were damaged beyond repair by severe flooding. They include the Owego Elementary School building, the District administration building, and a maintenance storage building. The District is working with the U.S. Federal Emergency Management Agency ("FEMA") on the funding for the replacement/reconstruction of these buildings. The District has received assurances from FEMA to provide reimbursement for the costs of replacement/reconstruction of approximately 85% of the Owego Elementary School building. The District has also been awarded a 428 Grant from FEMA to provide 100% of the costs of replacement/reconstruction of the administration building and the maintenance/storage building. The District expects to be responsible for approximately \$11 million (i.e., 15%) of the Owego Elementary School building. General obligation bonds authorized and issued by the District for the foregoing purpose is expected to receive approximately 86% of State building aid. The District issued long-term general obligation serial bonds through the Dormitory Authority of the State of New York (DASNY) in June 2016 and withdrew funds from a capital reserve for replacement/reconstruction costs not expected to be paid for from FEMA financial assistance. See "MARKET AND RISK FACTORS – Owego Floodplain" herein.

The District has also completed a "dry flood proof" section of the Owego Free Academy that was damaged by the floods. The project involves installing new flood-proof doors, reinforcing the walls, and moving the heating/ventilation units to the roof, rather than at their current floor level in each room. These unit ventilators, and the doorways, were the path of ingress by the flood waters. This project will seal off that section of the building. The project is expected to be funded with FEMA/New York State Office of Emergency Management funds.

The District used funds that remained in the 428 FEMA grant to renovate some of the District's athletic facilities which was represented by the \$2,700,000 Revenue Anticipation Notes, 2020 (RAN) that matured on June 25, 2021. The District has received FEMA reimbursement and paid the RAN off in full on June 25, 2021.

With respect to the administration building and maintenance storage building, the District received State Education Department approval and received a FEMA commitment to fund the construction of the new buildings at an estimated cost of slightly more than \$20 million. Construction is completed and the District has received final reimbursement from FEMA.

On January 22, 2019, the voters of the District approved a capital project for the construction of improvements and reconstruction to District buildings at a maximum cost of \$24,475,784, and the expenditure of \$2,000,000 from the District's Capital Reserve Fund. The project will be at a no additional tax impact and an additional \$1,753,478 will be allocated and funded through the New York State's Smart School Bond Act. Construction work began in the summer of 2020. The District issued \$8,500,000 bond anticipation notes on August 20, 2020 as the first borrowing for the project. On July 21, 2021, the District issued \$22,475,784 bond anticipation notes to renew the previously outstanding \$8,500,000 bond anticipation notes provided the remaining of the authorized funds for the above-mentioned capital project. On June 28, 2022 the District issued \$22,030,784 bond anticipation notes, along with \$445,000 of available funds of the District, to renew \$22,475,784 bond anticipation notes maturing June 29, 2022. The District used \$1,315,000 of available funds and proceeds of a financing through DASNY to permanently finance the \$22,030,784 bond anticipation notes. The bonds issued through DASNY closed on June 15, 2023.

On May 17, 2022, District voters approved a capital project with a maximum estimated cost of \$12.9 million. for the construction of improvements to and reconstruction of various District buildings in and for the District. The District is utilizing \$2.4 million of available funds and \$500,000 Capital Reserve Funds to help offset the project costs. The District issued \$10,000,000 bond anticipation notes on July 11, 2023 as the first borrowing of this authorization. On July 3, 2024, the District issued \$9,770,000 bond anticipation notes, along with \$230,000 available funds of the District to redeem and renew the Notes that matured July 5, 2024.

On May 21, 2024 District voters approved a proposition to construct improvements to and reconstruct School District buildings and related facilities, at a maximum estimated cost not to exceed \$28,500,000, including \$500,000 of Capital Reserve Fund monies and \$1,600,000 current funds of the District.

The District annually issues bond anticipation notes for the purchase of school buses. On May 21, 2024 District voters approved a proposition to authorize the purchase of school buses at a maximum estimated cost of \$960,000. The Notes, along with \$794,000 available funds of the District will partially redeem and renew the outstanding \$2,439,000 bond anticipation notes maturing August 16, 2024 and will provide \$960,000 new money for the purchase of school buses.

Other than as stated above there are currently no other capital projects authorized at this time by the District.

Other Obligations

On April 28, 2015, the District entered into a lease purchase obligation to finance an Energy Performance Contract (EPC) in the amount of \$323,375 at an interest rate of 2.99%. The last principal payment is expected to be made on April 15, 2030. EPC lease purchase obligations are counted against the District's debt limit, but do not constitute general obligation debt of the District. The energy savings along with the anticipated building aid are expected to offset the lease payments.

The following is a schedule of future minimum lease payments:

<u>Fiscal Year Ending June 30th:</u>	<u>Amount</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 25,000	\$ 4,635	\$ 29,635
2026	25,000	3,887	28,887
2027-2030	<u>105,000</u>	<u>8,073</u>	<u>113,073</u>
Totals:	<u>\$ 155,000</u>	<u>\$ 16,595</u>	<u>\$ 171,595</u>

On July 1, 2021, the District entered into an installment purchase contract in the principal amount of \$400,000 for the purchase of equipment. Installment purchase contracts are counted against the District's debt limit, but do not constitute general obligation debt of the District

The following is a schedule of future IPC payments:

<u>Fiscal Year Ending June 30th:</u>	<u>Amount</u>	<u>Interest</u>	<u>Total</u>
2024-2025	\$ 101,360.81	\$ 2,438.87	\$ 103,799.68

Source: District Officials. This table itself is not audited.

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Tioga	6/30/2023	\$ 5,905,000 ⁽³⁾	\$ 1,210,000	\$ 4,695,000	31.71%	\$ 1,488,785
Towns of:						
Candor	12/31/2022	- ⁽⁴⁾	- ⁽⁵⁾	-	2.30%	-
Newark Valley	12/31/2021	- ⁽⁴⁾	- ⁽⁵⁾	-	0.88%	-
Nichols	12/31/2021	- ⁽⁴⁾	- ⁽⁵⁾	-	24.05%	-
Owego	12/31/2021	10,878,000 ⁽⁴⁾	- ⁽⁵⁾	10,878,000	60.68%	6,600,770
Tioga	12/31/2021	67,366 ⁽⁴⁾	- ⁽⁵⁾	67,366	34.39%	23,167
Village of:						
Owego	1/29/2024	11,268,557 ⁽³⁾	10,233,025	1,035,532	100.00%	1,035,532
					Total:	\$ 9,148,254

- (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 Net Indebtedness as of July 29, 2024:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 39,332,000	\$ 2,730.61	3.35%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	48,480,254	3,365.77	4.13

- (a) The 2022 estimated population of the District is 14,403. (See "THE SCHOOL DISTRICT – Population" herein.)
- (b) The District's full value of taxable real estate for the 2023-2024 fiscal year is \$1,174,373,161. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
- (c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
- (d) The District's applicable share of Net Overlapping Indebtedness is estimated to be \$9,148,254. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept for School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by

the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

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

Owego Floodplain. In September of 2011 Tropical Storm Lee caused severe damage to public infrastructure in the greater Owego area. The Owego Apalachin School District was particularly impacted, with five of its seven buildings badly damaged, and four rendered uninhabitable, including the Owego Elementary School and the District's administration building and storage facility. The high school, middle school and athletic complex and fields also suffered major damage. After the flood of 2011 substantially damaged the Owego Elementary School located in the floodplain, the building was demolished and rebuilt in the same location 4 to 5 feet higher as per FEMA regulations in order to receive State and Federal funds. See "STATUS OF INDEBTEDNESS – Capital Project Plans" herein.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and 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 is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – D”.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

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

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

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

Future legislative proposals, if enacted into law, 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 owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, 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 authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver such opinion at the time of issuance of the Notes substantially in the form set forth in "APPENDIX – D", respectively attached hereto.

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.

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.

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the District will enter into an Undertaking to provide Material Event Notices, a description of which is attached hereto as "APPENDIX – C".

Historical Compliance

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

RATING

The Notes are not rated. Pending the approval of the District, the purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA, and/or the provision of a supplement to the final Official Statement.

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

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District contact information is as follows: Robert Farrell, Assistant Superintendent, Owego Apalachin Central School District, 5 Sheldon Guile Boulevard, Owego, New York 13827, Phone: (607) 687-6218, Fax: (607) 687-6313, Email: farrellb@oacsd.org.

Additional copies of the Notices 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 or www.fiscaladvisorsauction.com.

OWEGO APALACHIN CENTRAL SCHOOL DISTRICT

Dated: July 29, 2024

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

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 1,704,846	\$ 3,707,238	\$ 4,858,717	\$ 3,648,130	\$ 768,227
Restricted Cash	3,026,031	3,004,899	5,055,794	2,960,087	7,629,350
Investments - Unrestricted	2,000,720	-	-	-	-
Investments - Restricted	-	-	-	1,494,601	-
Taxes Receivable	-	-	-	-	-
Due from Other Funds	396,501	578,920	1,196,812	2,417,739	3,214,658
Due from Fiduciary Funds	-	-	-	-	-
State and Federal Aid Receivable	479,879	582,322	773,412	581,604	1,854,396
Due from Other Governments	1,284,333	1,310,533	1,237,063	1,328,466	1,695,352
Other Receivables	155,596	67,570	32,905	208,261	273,845
Prepaid Items	-	-	-	504,700	220,000
TOTAL ASSETS	\$ 9,047,906	\$ 9,251,482	\$ 13,154,703	\$ 13,143,588	\$ 15,655,828
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 808,292	\$ 1,113,017	\$ 1,000,587	\$ 1,248,415	\$ 853,233
Accrued Liabilities	64,622	41,737	54,979	44,006	75,167
Due to Other Funds	15,795	-	47,078	58,103	76,638
Due to Fiduciary Funds	-	-	-	-	-
Due to Other Governments	29	67	-	17	-
Due to Teachers' Retirement System	1,647,928	1,397,262	1,458,245	1,641,296	1,903,814
Due to Employees' Retirement System	156,749	156,684	167,693	103,700	134,352
Unearned Revenues	3	-	87,401	522,293	522,293
TOTAL LIABILITIES	2,693,418	2,708,767	2,815,983	3,617,830	3,565,497
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ 504,700	\$ 220,000
Restricted	2,995,734	2,994,724	5,045,618	4,444,510	7,618,917
Assigned	1,760,653	1,918,698	2,813,026	2,950,162	2,003,947
Unassigned	1,598,101	1,629,293	2,480,076	1,626,386	2,247,467
TOTAL FUND EQUITY	6,354,488	6,542,715	10,338,720	9,525,758	12,090,331
TOTAL LIABILITIES & FUND EQUITY	\$ 9,047,906	\$ 9,251,482	\$ 13,154,703	\$ 13,143,588	\$ 15,655,828

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
REVENUES					
Real Property Taxes	\$ 14,072,450	\$ 14,435,742	\$ 15,039,468	\$ 15,370,439	\$ 15,609,178
Real Property Tax Items	6,269,000	6,391,347	6,331,398	6,384,745	6,273,185
Charges for Services	1,598	8,480	35,031	18,531	90,426
Use of Money & Property	78,613	222,748	108,911	41,427	11,627
Sale of Property and Compensation for Loss	71,412	12,895	23,101	20,490	21,476
Miscellaneous	1,623,607	1,191,549	845,499	2,401,219	1,136,677
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	22,291,857	22,809,218	23,173,322	23,327,674	23,801,035
Revenues from Federal Sources	62,278	78,818	77,436	137,672	566,887
Total Revenues	<u>\$ 44,470,815</u>	<u>\$ 45,150,797</u>	<u>\$ 45,634,166</u>	<u>\$ 47,702,197</u>	<u>\$ 47,510,491</u>
Other Sources:					
Interfund Transfers	282,088	171,667	198,655	60,333	818,136
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
Total Revenues and Other Sources	<u>44,752,903</u>	<u>45,322,464</u>	<u>45,832,821</u>	<u>47,762,530</u>	<u>48,328,627</u>
EXPENDITURES					
General Support	\$ 5,922,454	\$ 5,381,856	\$ 5,264,291	\$ 6,351,872	\$ 6,797,951
Instruction	20,368,297	21,196,893	21,504,933	20,039,359	21,067,697
Pupil Transportation	1,861,252	1,887,560	1,939,564	1,768,581	1,839,728
Community Services	47,673	48,440	29,607	10,838	33,853
Employee Benefits	11,980,660	12,311,186	12,526,969	11,971,889	12,563,215
Debt Service	4,247,693	4,141,995	4,219,705	3,685,114	4,695,164
Total Expenditures	<u>\$ 44,428,029</u>	<u>\$ 44,967,930</u>	<u>\$ 45,485,069</u>	<u>\$ 43,827,653</u>	<u>\$ 46,997,608</u>
Other Uses:					
Interfund Transfers	143,040	2,147,251	159,525	138,872	2,143,981
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
Total Expenditures and Other Uses	<u>44,571,069</u>	<u>47,115,181</u>	<u>45,644,594</u>	<u>43,966,525</u>	<u>49,141,589</u>
Excess (Deficit) Revenues Over Expenditures	<u>181,834</u>	<u>(1,792,717)</u>	<u>188,227</u>	<u>3,796,005</u>	<u>(812,962)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	7,965,371	8,147,205	6,354,488	6,542,715	10,338,720
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 8,147,205</u>	<u>\$ 6,354,488</u>	<u>\$ 6,542,715</u>	<u>\$ 10,338,720</u>	<u>\$ 9,525,758</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:

	2023			2024	2025
	Original Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
<u>REVENUES</u>					
Real Property Taxes	\$ 17,900,212	\$ 15,769,416	\$ 15,766,996	\$ 17,900,212	\$ 18,256,427
Real Property Tax Items	4,070,276	6,236,072	6,249,676	4,082,264	3,914,973
Charges for Services	-	-	154,043	-	50,000
Use of Money & Property	-	35,934	363,926	6,000	6,000
Sale of Property and Compensation for Loss		-	5,882	329,934	319,759
Miscellaneous	973,993	722,500	3,381,238	1,436,692	1,500,500
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	27,416,693	27,416,693	28,127,753	31,051,960	31,568,630
Revenues from Federal Sources	-	75,000	105,450	75,000	65,000
Total Revenues	<u>\$ 50,361,174</u>	<u>\$ 50,255,615</u>	<u>\$ 54,154,964</u>	<u>\$ 54,882,062</u>	<u>\$ 55,681,289</u>
Other Sources:					
Interfund Transfers	-	105,559	105,559	89,500	167,983
Appropriated Fund Balance	1,600,000	2,500,000	-	1,600,000	2,000,000
Appropriated Reserves	900,000	-	-	204,707	30,000
Designated Fund Balance & Encumbrances					
Carried Forward from Prior Year	-	450,162	-	-	-
Total Revenues and Other Sources	<u>52,861,174</u>	<u>53,311,336</u>	<u>54,260,523</u>	<u>56,776,269</u>	<u>57,879,272</u>
<u>EXPENDITURES</u>					
General Support	\$ 5,739,716	\$ 6,791,843	\$ 6,526,289	\$ 6,308,837	\$ 6,703,804
Instruction	23,461,721	23,791,483	23,522,017	26,665,066	27,659,651
Pupil Transportation	2,180,846	2,116,391	2,053,043	2,353,641	2,363,658
Community Services	35,000	52,051	52,050	35,000	35,000
Employee Benefits	14,660,432	13,818,566	12,910,095	15,809,590	15,833,785
Debt Service	5,741,459	6,365,293	6,364,793	5,139,135	4,848,374
Total Expenditures	<u>\$ 51,819,174</u>	<u>\$ 52,935,627</u>	<u>\$ 51,428,287</u>	<u>\$ 56,311,269</u>	<u>\$ 57,444,272</u>
Other Uses:					
Interfund Transfers	<u>1,042,000</u>	<u>375,709</u>	<u>267,663</u>	<u>465,000</u>	<u>435,000</u>
Total Expenditures and Other Uses	<u>52,861,174</u>	<u>53,311,336</u>	<u>51,695,950</u>	<u>56,776,269</u>	<u>57,879,272</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>2,564,573</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	-		9,525,758	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 12,090,331</u>	<u>\$ -</u>	<u>\$ -</u>

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

APPENDIX - B
Owego Apalachin CSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	\$ 2,055,000	\$ 1,190,787.50	\$ 3,245,787.50
2026	1,355,000	1,111,637.50	2,466,637.50
2027	1,425,000	1,048,787.50	2,473,787.50
2028	1,495,000	978,837.50	2,473,837.50
2029	1,570,000	905,387.50	2,475,387.50
2030	1,645,000	828,287.50	2,473,287.50
2031	1,725,000	747,487.50	2,472,487.50
2032	1,810,000	662,737.50	2,472,737.50
2033	1,895,000	576,500.00	2,471,500.00
2034	1,990,000	484,850.00	2,474,850.00
2035	1,995,000	388,650.00	2,383,650.00
2036	2,010,000	288,900.00	2,298,900.00
2037	2,035,000	188,400.00	2,223,400.00
2038	410,000	94,650.00	504,650.00
2039	425,000	82,350.00	507,350.00
2040	435,000	69,600.00	504,600.00
2041	450,000	56,550.00	506,550.00
2042	465,000	43,050.00	508,050.00
2043	480,000	29,100.00	509,100.00
2044	490,000	14,700.00	504,700.00
TOTALS	\$ 26,160,000	\$ 9,791,250.00	\$ 35,951,250.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2016			2020		
	Various Capital Improvements issued through DASNY			Refunding of 2013 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 225,000	\$ 281,900.00	\$ 506,900.00	\$ 755,000	\$ 16,550.00	\$ 771,550.00
2026	235,000	270,650.00	505,650.00	-	-	-
2027	245,000	261,400.00	506,400.00	-	-	-
2028	260,000	249,150.00	509,150.00	-	-	-
2029	270,000	236,150.00	506,150.00	-	-	-
2030	285,000	222,650.00	507,650.00	-	-	-
2031	300,000	208,400.00	508,400.00	-	-	-
2032	315,000	193,400.00	508,400.00	-	-	-
2033	330,000	177,650.00	507,650.00	-	-	-
2034	345,000	161,150.00	506,150.00	-	-	-
2035	365,000	143,900.00	508,900.00	-	-	-
2036	380,000	125,650.00	505,650.00	-	-	-
2037	400,000	106,650.00	506,650.00	-	-	-
2038	410,000	94,650.00	504,650.00	-	-	-
2039	425,000	82,350.00	507,350.00	-	-	-
2040	435,000	69,600.00	504,600.00	-	-	-
2041	450,000	56,550.00	506,550.00	-	-	-
2042	465,000	43,050.00	508,050.00	-	-	-
2043	480,000	29,100.00	509,100.00	-	-	-
2044	490,000	14,700.00	504,700.00	-	-	-
TOTALS	\$ 7,110,000	\$ 3,028,700.00	\$ 10,138,700.00	\$ 755,000	\$ 16,550.00	\$ 771,550.00

Fiscal Year Ending June 30th	2022			2023		
	Refunding of 2012 Bonds			DASNY 2023A		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 120,000	\$ 48,087.50	\$ 168,087.50	\$ 955,000	\$ 844,250.00	\$ 1,799,250.00
2026	120,000	44,487.50	164,487.50	1,000,000	796,500.00	1,796,500.00
2027	130,000	40,887.50	170,887.50	1,050,000	746,500.00	1,796,500.00
2028	130,000	35,687.50	165,687.50	1,105,000	694,000.00	1,799,000.00
2029	140,000	30,487.50	170,487.50	1,160,000	638,750.00	1,798,750.00
2030	145,000	24,887.50	169,887.50	1,215,000	580,750.00	1,795,750.00
2031	150,000	19,087.50	169,087.50	1,275,000	520,000.00	1,795,000.00
2032	155,000	13,087.50	168,087.50	1,340,000	456,250.00	1,796,250.00
2033	155,000	9,600.00	164,600.00	1,410,000	389,250.00	1,799,250.00
2034	165,000	4,950.00	169,950.00	1,480,000	318,750.00	1,798,750.00
2035	-	-	-	1,630,000	244,750.00	1,874,750.00
2036	-	-	-	1,630,000	163,250.00	1,793,250.00
2037	-	-	-	1,635,000	81,750.00	1,716,750.00
TOTALS	\$ 1,410,000	\$ 271,250.00	\$ 1,681,250.00	\$ 16,885,000	\$ 6,474,750.00	\$ 23,359,750.00

MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

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

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FORM OF BOND COUNSEL’S OPINION

August 15, 2024

Owego Apalachin Central School District
Tioga County
State of New York

Re: Owego Apalachin Central School District, Tioga County, New York
\$2,608,000 Bond Anticipation Notes, 2024

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$2,608,000 Bond Anticipation Notes, 2024 (the “Obligations”), of the Owego Apalachin Central School District, Tioga County, New York (the “Obligor”), dated August 15, 2024, numbered 1, of the denomination of \$2,608,000, bearing interest at the rate of ___% per annum, payable at maturity, and maturing August 15, 2025.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the “Code”);
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the “Arbitrage Certificate”); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Obligations included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP

OWEGO APALACHIN CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

For the Fiscal Year Ended

June 30, 2023

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.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

Owego, New York

FINANCIAL REPORT

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



OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
Owego-Apalachin Central School District
Owego, New York

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2023, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

INSERO & Co. CPAs, LLP

The Highest Standard | (800) 232-9547 | www.inseroepa.com

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison schedules; the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; Schedule of Changes in the District's Total OPEB Liability and Related Ratios; and related notes be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with GAAS, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2023, on our consideration of the School District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering School District's internal control over financial reporting and compliance.

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2023

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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

District-Wide Financial Statements

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

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

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

Fund Financial Statements

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

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

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 1

Condensed Statement of Net Position	Governmental Activities and Total School District		Total Dollar Change
	2023	2022	
<i>Current Assets</i>	\$ 9,868,739	\$ 17,136,711	\$ (7,267,972)
<i>Noncurrent Assets</i>	10,479,918	22,661,308	(12,181,390)
<i>Capital Assets, Net</i>	168,388,336	163,590,854	4,797,482
Total Assets	188,736,993	203,388,873	(14,651,880)
Total Deferred Outflows of Resources	23,130,639	16,109,808	7,020,831
<i>Current Liabilities</i>	10,871,598	33,330,052	(22,458,454)
<i>Noncurrent Liabilities</i>	107,499,401	74,025,046	33,474,355
Total Liabilities	118,370,999	107,355,098	11,015,901
Total Deferred Inflows of Resources	51,805,408	83,325,574	(31,520,166)
<i>Net Investment in Capital Assets</i>	130,365,918	128,074,532	2,291,386
<i>Restricted</i>	14,425,353	11,425,998	2,999,355
<i>Unrestricted</i>	(103,100,046)	(110,682,521)	7,582,475
Total Net Position	\$ 41,691,225	\$ 28,818,009	\$ 12,873,216

Significant changes from prior year are as follows:

- Total assets decreased 7.2%. This change was primarily the result of a change in the School District's net pension assets to net pension liabilities and a decrease in cash and investments due to normal operations offset by the Capital Asset additions purchased during the year.
- Deferred outflows of resources increased 43.6% and deferred inflows of resources decreased 37.8%. The change in deferred outflows and deferred inflows of resources is the result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for other postemployment benefits (OPEB).
- Total liabilities increased 10.3%. This change stems from the conversion of the School District's net pension asset in the NYSLRS and NYSTRS pension plans to a net pension liability. Additionally, the School District converted short term financing into long term financing.
- Total net position increased 44.7%. This change stems from revenues exceeding expenses.

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 2

<i>Condensed Statement of Activities</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
REVENUES			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 527,729	\$ 203,889	\$ 323,840
<i>Operating Grants and Contributions</i>	4,702,925	6,335,245	(1,632,320)
<i>Capital Grants</i>	1,619,808	169,974	1,449,834
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	15,766,996	15,609,178	157,818
<i>Real Property Tax Items</i>	6,249,676	6,273,185	(23,509)
<i>State Sources</i>	28,090,909	23,791,650	4,299,259
<i>Federal Sources</i>	-	509,922	(509,922)
<i>Use of Money and Property</i>	564,647	24,389	540,258
<i>Other General Revenues</i>	3,388,311	1,012,783	2,375,528
Total Revenues	\$ 60,911,001	\$ 53,930,215	\$ 6,980,786
PROGRAM EXPENSES			
<i>General Support</i>	7,725,241	7,035,856	689,385
<i>Instruction</i>	31,358,409	28,411,811	2,946,598
<i>Pupil Transportation</i>	6,263,819	2,364,838	3,898,981
<i>Community Service</i>	64,549	34,489	30,060
<i>School Lunch Program</i>	1,413,477	1,320,575	92,902
<i>Interest on Debt</i>	1,212,290	195,374	1,016,916
Total Expenses	\$ 48,037,785	\$ 39,362,943	\$ 8,674,842
CHANGE IN NET POSITION	\$ 12,873,216	\$ 14,567,272	\$ (1,694,056)

Significant changes from prior year are as follows:

- Total revenues for the School District's Governmental Activities increased by 12.9%, and total expenses increased by 22.0%.
- The increase in state sources is due to increases in both the basic formula aid and the lottery aid over the prior year. The increase in Other General Revenues is due to a large payout the School District received related to its exit from the BTB Health Insurance Consortium. Operating and capital grants fluctuated based on capital projects funded with ESF funds.
- The increase in total expenses is primarily due to an increase in both pension and OPEB expenses in comparison to the amount expended in the prior year. Interest on debt increased due to the interest paid on the 2022 Construction BAN.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 3 shows the changes in fund balance for the year for the School District's Major and aggregate Non-Major Funds. Total fund balances increased by 321.9% from the prior year. This increase is primarily attributed to the issuance of long-term debt within the Capital Projects - Construction Fund.

Figure 3

<i>Governmental Fund Balances</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>Major Funds:</i>			
<i>General Fund</i>	\$ 12,090,331	\$ 9,525,758	\$ 2,564,573
<i>Capital Projects Fund - Construction</i>	(3,566,821)	(18,445,022)	14,878,201
<i>Capital Projects Fund - Buses</i>	(2,302,000)	(2,212,000)	(90,000)
<i>Debt Service Fund</i>	3,142,831	3,327,801	(184,970)
<i>Miscellaneous Special Revenue Fund</i>	2,850,568	2,788,181	62,387
<i>Non-Major Funds</i>	756,035	(831,408)	1,587,443
<i>Total Governmental Funds (Deficit)</i>	<i>\$ 12,970,944</i>	<i>\$ (5,846,690)</i>	<i>\$ 18,817,634</i>

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Board approves budgetary transfers of \$10,000 or more that revise the School District budget line items.

The School District received \$3,899,349 more in General Fund revenues and other financing sources due to higher than anticipated state aid and payouts from the School District's exit from its Health Insurance Consortium within other revenues including financing sources. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by \$1,511,439. This is primarily due to lower than expected costs related to general support and instructional programs, as well as employee benefits.

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

Figure 4

<i>Condensed Budgetary Comparison General Fund 2023</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Real Property Taxes</i>	\$ 17,900,212	\$ 15,769,416	\$ 15,766,996	\$ (2,420)
<i>Other Tax Items</i>	4,105,276	6,236,072	6,249,676	13,604
<i>State Sources</i>	27,416,693	27,416,693	28,127,753	711,060
<i>Federal Sources</i>	75,000	75,000	105,450	30,450
<i>Other, Including Financing Sources</i>	863,993	863,993	4,010,648	3,146,655
Total Revenues and Other Financing Sources	\$ 50,361,174	\$ 50,361,174	\$ 54,260,523	\$ 3,899,349
Appropriated Fund Balances	\$ 2,950,162	\$ 2,950,162		
EXPENDITURES				
<i>General Support</i>	\$ 6,080,955	\$ 6,791,843	\$ 6,565,133	\$ 226,710
<i>Instruction</i>	23,452,648	23,791,483	23,587,120	204,363
<i>Pupil Transportation</i>	2,298,842	2,116,391	2,053,043	63,348
<i>Community Service</i>	35,000	52,051	52,050	1
<i>Employee Benefits</i>	14,660,432	13,818,566	12,910,095	908,471
<i>Debt Service</i>	5,741,459	6,365,293	6,364,793	500
<i>Other Financing Uses</i>	1,042,000	375,709	267,663	108,046
Total Expenditures and Other Financing (Uses)	\$ 53,311,336	\$ 53,311,336	\$ 51,799,897	\$ 1,511,439

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2023, the School District had invested in a broad range of capital assets totaling \$220,827,863, including intangible lease assets, offset by accumulated depreciation and amortization of \$50,512,267 and \$1,927,260, respectively. *Figure 5* shows the changes in the School District's capital assets.

Figure 5

<i>Changes in Capital Assets</i>	<i>2023</i>	<i>2022</i>	<i>Total Dollar Change</i>
<i>Land</i>	\$ 633,651	\$ 633,651	\$ -
<i>Construction in Progress</i>	49,202,782	65,798,217	(16,595,435)
<i>Buildings, Net</i>	113,070,096	92,604,173	20,465,923
<i>Equipment, Net</i>	4,470,706	3,801,033	669,673
<i>Intangible Lease Assets, Net</i>	1,011,101	753,780	257,321
Total	\$168,388,336	\$163,590,854	\$ 4,797,482

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

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

Construction in Progress	\$ 7,352,582
Buses	823,852
Equipment	583,646
Intangible Lease Asset Additions	871,556
Total Additions	<u>9,631,636</u>
 (Less) Net Book Value of Disposed Equipment	 (65,094)
(Less) Depreciation Expense	(4,154,825)
(Less) Amortization Expense	<u>(614,235)</u>
 Net Change in Capital Assets	 <u><u>\$ 4,797,482</u></u>

Debt Administration

Figure 6 shows the changes in the School District's outstanding debt. Total outstanding indebtedness of the School District represented 31.3% of its statutory debt limit, exclusive of building aid estimates. Total outstanding debt decreased 9.3% due to a decrease in bond anticipation notes offset by the issuance of serial bonds.

Figure 6

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2023</i>	<i>2022</i>	
<i>Bond Anticipation Notes</i>	\$ 2,302,000	\$ 24,242,784	\$ (21,940,784)
<i>Serial Bonds</i>	33,079,628	14,829,818	18,249,810
<i>Installment Purchase Debt</i>	175,000	195,000	(20,000)
<i>Lease Liabilities</i>	606,115	614,198	(8,083)
<i>Total</i>	\$ 36,162,743	\$ 39,881,800	\$ (3,719,057)

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

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

JUNE 30, 2023

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The Federal CARES Act, CRRSA Act, and ARP Act has provided the School District with the opportunity to sustain programs and services. The School District has expended up to 95% of the federal funds at the end of June 2023. In addition, this past fiscal year was the second and final year the School District received a large increase in state foundation aid. Foundation aid is expected to level off at 2-3% increase moving forward. The challenge moving forward is to develop a multi-year fiscal strategic plan to sustain the programs and services the district offers.
- Special Education program costs continue to fluctuate as students move in/out of the School District, and even though enrollments have been declining, more children are requiring special services. The district is expecting an increase in enrollment due to a new housing development project completed in the Spring of 2023. This increase in enrollment will likely increase special education costs.
- Our 2022-23 budget showed a relatively constant level of expenditures. Many other areas of the budget were held flat or decreased. The district renegotiated with all unions a new health insurance plan. The new HDHP plan with fully funded HSAs started this past fiscal year. The district was able to create savings related to this change and has funded the Health Insurance Reserve fund an additional \$2.7 million to increase the reserve to \$3.2 million. The goal is to increase the reserve to half the average annual cost of health insurance.
- For 2023-24 our voters approved a budget with no tax increase. For the past ten years, the School District has had an average property tax levy increase of only 1.41% per year. Due to the large increase in federal funds allocated to the district through CARES, CRRSA, and ARP, the School District decided to lower the tax rate to 0% and instead utilize the federal funds to offset associated cost increases to the budget. We've been able to keep the tax rate increase low, but this is dependent on state aid received by the School District, which is difficult to predict from year to year.
- NYS is in the process of passing legislation related to PILOT payments and their effect on the tax cap formula. If this legislation does not go through, the School District could be faced with significant budgetary challenges required by the tax levy limit, therefore affecting the overall revenue for the district.
- Fees related to legal counsel have increased 20% in the past year and are expected to continue. The School District anticipates these fees will likely increase over the coming years. Legal concerns both internal from the organization and their effect on internal/external personnel have directly increased the School District's legal costs. This could be a budgetary challenge moving forward.
- Our bus purchase proposition was approved by the voters and we will be able to purchase five new buses. This continues our long term bus replacement strategy and maintains stability in that portion of our budget and operation. This strategy is very effective in reducing maintenance costs, increasing fuel efficiency, lowering operating costs, and assuring the safety of children riding our buses. Bus purchases are aided by NYSED at approximately 85 cents on the dollar.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2023

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Owego-Apalachin Central School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please feel free to contact the District Office of the Owego-Apalachin Central School District, 5 Sheldon Guile Blvd., Owego, New York 13827.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2023

ASSETS

Current Assets

Cash - Unrestricted	\$ 798,855
Cash - Restricted	1,095,976
Investments - Restricted	2,929,692
Receivables:	
State and Federal Aid	2,749,368
Due From Other Governments	1,695,352
Other	320,427
Inventories	59,069
Prepaid items	220,000
Total Current Assets	9,868,739

Noncurrent Assets

Cash - Restricted	7,752,559
Investments - Restricted	2,727,359
Capital Assets, Net:	
Nondepreciable Capital Assets	49,836,433
Depreciable Capital Assets, Net	117,540,802
Intangible Lease Assets, Net	1,011,101
Total Noncurrent Assets	178,868,254
Total Assets	188,736,993

DEFERRED OUTFLOWS OF RESOURCES

Deferred Charges on Defeased Debt	55,958
Pensions	11,481,265
Other Postemployment Benefits	11,593,416
Total Deferred Outflows of Resources	23,130,639

LIABILITIES

Current Liabilities

Payables:	
Accounts Payable	2,367,040
Accrued Liabilities	75,261
Due to Other Governments	161
Bond Interest and Matured Bonds	125,588
Bond Anticipation Notes Payable	2,302,000
Overpayments and Collections in Advance	522,293
Unearned Revenues	72,792
Due to Teachers' Retirement System	1,903,814
Due to Employees' Retirement System	134,352
Current Portion of Noncurrent Liabilities:	
Bonds Payable	3,050,355
Lease Liabilities	297,942
Installment Purchase Debt Payable	20,000
Total Current Liabilities	10,871,598

See Notes to Basic Financial Statements

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED)

JUNE 30, 2023

Noncurrent Liabilities

Bonds Payable	\$ 30,029,273
Lease Liabilities	308,173
Installment Purchase Debt Payable	155,000
Compensated Absences Payable	1,156,235
Other Postemployment Benefits Liability	70,678,370
Net Pension Liability - Proportionate Share	5,172,350
Total Noncurrent Liabilities	107,499,401

Total Liabilities	118,370,999
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DEFERRED INFLOWS OF RESOURCES

Pensions	1,262,998
Other Postemployment Benefits	49,894,148
Economic Gain of Defeased Debt	648,262

Total Deferred Inflows of Resources	51,805,408
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NET POSITION

Net Investment in Capital Assets	130,365,918
Restricted	14,425,353
Unrestricted (Deficit)	(103,100,046)

Total Net Position	\$ 41,691,225
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See Notes to Basic Financial Statements

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2023

	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	Capital Grants	
FUNCTIONS/PROGRAMS					
General Support	\$ 7,725,241	\$ -	\$ -	\$ -	\$ (7,725,241)
Instruction	31,358,409	221,524	3,408,771	1,619,808	(26,108,306)
Pupil Transportation	6,263,819	-	-	-	(6,263,819)
Community Services	64,549	-	-	-	(64,549)
School Lunch Program	1,413,477	306,205	1,294,154	-	186,882
Interest on Debt	1,212,290	-	-	-	(1,212,290)
Total Functions and Programs	\$ 48,037,785	\$ 527,729	\$ 4,702,925	\$1,619,808	(41,187,323)
GENERAL REVENUES					
Real Property Taxes					15,766,996
Real Property Tax Items					6,249,676
Use of Money and Property					564,647
State Sources					28,090,909
Sale of Property and Compensation for Loss					(59,212)
Miscellaneous					3,447,523
Total General Revenues					54,060,539
Change in Net Position					12,873,216
Total Net Position - Beginning of Year					28,818,009
Total Net Position - End of Year					\$ 41,691,225

See Notes to Basic Financial Statements

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2023

	Major Funds				Special Revenue Fund	Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund - Construction	Capital Projects Fund - Buses	Debt Service Fund	Miscellaneous Special Revenue Fund		
ASSETS							
Cash - Unrestricted	\$ 768,227	\$ -	\$ -	\$ -	\$ -	\$ 30,628	\$ 798,855
Cash - Restricted	7,629,350	203,255	-	213,059	123,209	679,662	8,848,535
Investments - Restricted	-	-	-	2,929,692	2,727,359	-	5,657,051
Due From Other Funds	3,214,658	-	-	80	-	27,776	3,242,514
State and Federal Aid	1,854,396	-	-	-	-	894,972	2,749,368
Due From Other Governments	1,695,352	-	-	-	-	-	1,695,352
Other Receivables	273,845	-	-	-	-	46,582	320,427
Inventories	-	-	-	-	-	59,069	59,069
Prepaid Items	220,000	-	-	-	-	-	220,000
Total Assets	\$ 15,655,828	\$ 203,255	\$ -	\$ 3,142,831	\$ 2,850,568	\$ 1,738,689	\$ 23,591,171
LIABILITIES							
Payables:							
Accounts Payable	\$ 853,233	\$ 1,470,546	\$ -	\$ -	\$ -	\$ 43,261	\$ 2,367,040
Accrued Liabilities	75,167	-	-	-	-	94	75,261
Due to Other Funds	76,638	2,299,530	-	-	-	866,346	3,242,514
Due to Other Governments	-	-	-	-	-	161	161
Bond Anticipation Notes Payable	-	-	2,302,000	-	-	-	2,302,000
Overpayments and Collections in Advance	522,293	-	-	-	-	-	522,293
Unearned Revenues	-	-	-	-	-	72,792	72,792
Due to Teachers' Retirement System	1,903,814	-	-	-	-	-	1,903,814
Due to Employees' Retirement System	134,352	-	-	-	-	-	134,352
Total Liabilities	3,565,497	3,770,076	2,302,000	-	-	982,654	10,620,227
FUND BALANCES							
Nonspendable	220,000	-	-	-	-	59,069	279,069
Restricted	7,618,917	-	-	3,142,831	2,850,568	813,037	14,425,353
Assigned	2,003,947	-	-	-	-	-	2,003,947
Unassigned	2,247,467	(3,566,821)	(2,302,000)	-	-	(116,071)	(3,737,425)
Total Fund Balances (Deficit)	12,090,331	(3,566,821)	(2,302,000)	3,142,831	2,850,568	756,035	12,970,944
Total Liabilities and Fund Balances	\$ 15,655,828	\$ 203,255	\$ -	\$ 3,142,831	\$ 2,850,568	\$ 1,738,689	\$ 23,591,171

See Notes to Basic Financial Statements

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

Fund Balances (Deficit) - Total Governmental Funds **\$ 12,970,944**

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

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

Total Historical Cost	\$ 220,827,863	
(Less) Accumulated Depreciation	(50,512,267)	
(Less) Accumulated Amortization	<u>(1,927,260)</u>	168,388,336

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

TRS Net Pension Liability - Proportionate Share	\$ (1,662,593)	
ERS Net Pension Liability - Proportionate Share	<u>(3,509,757)</u>	(5,172,350)

Deferred outflows of resources represents a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources presents an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

ERS Deferred Outflows of Resources - Pension	\$ 2,412,033	
TRS Deferred Outflows of Resources - Pension	9,069,232	
ERS Deferred Inflows of Resources - Pension	(358,530)	
TRS Deferred Inflows of Resources - Pension	(904,468)	
Other Postemployment Benefits Deferred Outflows of Resources	11,593,416	
Other Postemployment Benefits Deferred Inflows of Resources	(49,894,148)	
Deferred Charges on Defeased Debt	55,958	
Economic Gain on Defeased Debt	<u>(648,262)</u>	(28,674,769)

Proceeds of debt are reported as revenue in the Governmental Funds, but issuance of debt increases the balance of obligations payable in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Bonds Payable	\$ (28,870,000)	
Unamortized Bond Premium	(4,209,628)	
Lease Liabilities	(606,115)	
Installment Purchase Debt	<u>(175,000)</u>	(33,860,743)

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

Compensated Absences	\$ (1,156,235)	
Other Postemployment Benefits Liability	(70,678,370)	
Accrued Interest on Long-Term Debt	<u>(125,588)</u>	(71,960,193)

Net Position of Governmental Activities **\$ 41,691,225**

See Notes to Basic Financial Statements

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

	Major Funds				Special Revenue Fund	Total Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund - Construction	Capital Projects Fund - Buses	Debt Service Fund	Miscellaneous Special Revenue Fund		
REVENUES							
Real Property Taxes	\$ 15,766,996	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 15,766,996
Real Property Tax Items	6,249,676	-	-	-	-	-	6,249,676
Charges for Services	154,043	-	-	-	-	-	154,043
Use of Money and Property	363,926	-	-	91,424	98,610	10,687	564,647
Sale of Property and Compensation for Loss	5,882	-	-	-	-	-	5,882
Miscellaneous	3,381,238	-	-	-	10,213	70,681	3,462,132
State Sources	28,127,753	-	-	-	-	958,905	29,086,658
Medicaid Reimbursement	67,481	-	-	-	-	-	67,481
Federal Sources	37,969	-	-	-	-	5,274,406	5,312,375
Sales - School Lunch	-	-	-	-	-	306,205	306,205
Total Revenues	54,154,964	-	-	91,424	108,823	6,620,884	60,976,095
EXPENDITURES							
General Support	6,526,289	-	-	275,557	-	-	6,801,846
Instruction	23,522,017	-	-	-	46,436	3,928,522	27,496,975
Pupil Transportation	2,053,043	-	-	-	-	8,051	2,061,094
Community Services	52,050	-	-	-	-	-	52,050
Employee Benefits	12,910,095	-	-	-	-	504,138	13,414,233
Debt Service:							
Principal	5,182,774	-	-	2,190,784	-	-	7,373,558
Interest	1,182,019	-	-	192,111	-	-	1,374,130
Cost of Sales	-	-	-	-	-	660,392	660,392
Capital Outlay	-	7,952,274	772,352	-	-	-	8,724,626
Total Expenditures	51,428,287	7,952,274	772,352	2,658,452	46,436	5,101,103	67,958,904
Excess of Revenues Over (Expenditures)	2,726,677	(7,952,274)	(772,352)	(2,567,028)	62,387	1,519,781	(6,982,809)
OTHER FINANCING SOURCES AND (USES)							
Redeemed From Appropriations	-	3,505,784	690,000	-	-	-	4,195,784
Premium on Obligations	-	-	-	2,479,968	-	-	2,479,968
Proceeds of Obligations	-	19,124,691	-	-	-	-	19,124,691
Operating Transfers In	105,559	200,000	-	7,649	-	67,662	380,870
Operating Transfers (Out)	(267,663)	-	(7,648)	(105,559)	-	-	(380,870)
Total Other Sources (Uses)	(162,104)	22,830,475	682,352	2,382,058	-	67,662	25,800,443
Net Change in Fund Balances	2,564,573	14,878,201	(90,000)	(184,970)	62,387	1,587,443	18,817,634
Fund Balances (Deficit) - Beginning of Year	9,525,758	(18,445,022)	(2,212,000)	3,327,801	2,788,181	(831,408)	(5,846,690)
Fund Balances (Deficit) - End of Year	\$ 12,090,331	\$ (3,566,821)	\$ (2,302,000)	\$ 3,142,831	\$ 2,850,568	\$ 756,035	\$ 12,970,944

See Notes to Basic Financial Statements

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

Net Change in Fund Balances - Total Governmental Funds **\$ 18,817,634**

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

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. This is the change in capital assets, net of accumulated depreciation/amortization.

Capital Outlay	\$ 9,631,636	
Net Book Value of Disposed Assets	(65,094)	
Depreciation Expense	(4,154,825)	
Amortization Expense	<u>(614,235)</u>	4,797,482

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

ERS	\$ (728,620)	
TRS	<u>(392,605)</u>	(1,121,225)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount of repayments, proceeds of debt, and associated amortization of accrued amounts.

Proceeds of Debt	\$ (18,525,000)	
Proceeds of Lease	(599,691)	
Principal Payments	2,570,000	
Repayment of Leases	607,774	
Amortization of Bond Premium	191,531	
Amortization of Deferred Charges on Refunding of Debt	(23,141)	
Amortization of Economic Gain on Defeased Debt	58,933	
Premium on Obligations	<u>(2,466,341)</u>	(18,185,935)

Long-term liabilities, such as those associated with employee benefits, are reported in the Statement of Net Position. Therefore, expenses which result in a decrease or increase in these long-term liabilities are not reflected in the Governmental Fund financial statements. This is the decrease or increase in the amount reported in the Statement of Activities.

Change in Compensated Absences	\$ (77,075)	
Change in Other Postemployment Benefits Liability	<u>8,721,445</u>	8,644,370

Some expenses or revenues reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures or revenues in Governmental Funds.

Change in Accrued Interest Payable		<u>(79,110)</u>
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Net Change in Net Position of Governmental Activities **\$ 12,873,216**

See Notes to Basic Financial Statements

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2023

	<u>Custodial Fund</u>
ASSETS	
Cash - Unrestricted	<u>\$ 59,333</u>
Total Assets	<u><u>\$ 59,333</u></u>
NET POSITION	
Unrestricted	<u>\$ 59,333</u>
Total Net Position	<u><u>\$ 59,333</u></u>

See Notes to Basic Financial Statements

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

	Custodial Fund
ADDITIONS	
Extraclassroom Receipts	<u>\$ 143,477</u>
Total Additions	<u>143,477</u>
DEDUCTIONS	
Extraclassroom Disbursements	<u>146,817</u>
Change in Net Position	(3,340)
Net Position - Beginning of Year	<u>62,673</u>
Net Position - End of Year	<u><u>\$ 59,333</u></u>

See Notes to Basic Financial Statements

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

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

Reporting Entity

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

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

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

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

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

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's business office, located at 5 Sheldon Guile Boulevard, Owego, NY 13827.

Joint Venture

The Owego-Apalachin Central School District is one of 15 component School Districts in the Broome-Tioga Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that share planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Joint Venture - Continued

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

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

A separate financial statement for Broome-Tioga BOCES may be obtained by contacting the Business Office, Broome Tioga BOCES, 435 Upper Glenwood Road, Binghamton, NY 13905-1699.

Basis of Presentation - District-Wide Financial Statements

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those that are specifically associated with and clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the School District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense. 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.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Basis of Presentation - Governmental Fund Financial Statements

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

Major Funds

- **General Fund:** The School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- **Capital Projects Fund - Construction:** Accounts for the financial resources used for the construction of the School District's educational complexes.
- **Capital Projects Fund - Buses:** Accounts for the financial resources used for the purchase of buses.
- **Debt Service Fund:** Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.
- **Special Revenue Fund:** These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - **Miscellaneous Special Revenue Fund -** Used to account for scholarship funds awarded to individual students.

Non-Major Funds

- **Special Revenue Funds:** These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - **Special Aid Fund:** Used to account for proceeds received from state and federal grants that are restricted for special educational programs.
 - **School Lunch Fund:** Accounts for revenues and expenditures in connection with the School District's food service program.
 - **Renovations Fund:** Accounts for student renovation of local property through agreement with the Tioga County IDA.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Non-Major Funds - Continued

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

The School District reports the following Fiduciary Fund:

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

Measurement Focus and Basis of Accounting

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

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

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Cash and Investments

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

Accounts Receivable

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

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Inventories and Prepaid Items

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

A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures and is reported as non-spendable fund balance in the governmental fund financial statements.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 1 Summary of Significant Accounting Policies - Continued

Capital Assets

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

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 financial statements are as follows:

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

Leases

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

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

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

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Vested Employee Benefits - Compensated Absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts, the use of which is based on a last-in, first-out basis. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

Consistent with GASB Statement No. 17, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

Postemployment Benefits

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

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

The School District follows GASB Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions." The School District's liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 12 for additional information.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element, 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 School District reports deferred outflows related to pensions, defeased debt, and OPEB in the District-wide Statement of Net Position. The types of deferred outflows related to pensions and OPEB are described in Notes 11 and 12, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports deferred inflows related to defeased debt, pensions, and OPEB plans, which are further described in Notes 8, 11, and 12.

Unearned and Unavailable Revenues

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

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

Restricted Resources

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Equity Classifications - District-Wide Financial Statements

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

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

Equity Classifications - Governmental Fund Financial Statements

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

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Equity Classifications - Governmental Fund Financial Statements - Continued

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

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

The Board of Education of the School District has not adopted any resolutions to commit or assign fund balance. Currently fund balance is assigned by the Business Official for encumbrances and the Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within New York State. These reserve funds are established through board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by the School District include the following:

- Unemployment Insurance Reserve (GML §6-m) - Used to accumulate funds to pay the cost of reimbursement to the New York State Unemployment Insurance Fund for payments made to claimants. Excess reserve amounts may be either transferred to another reserve or applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.
- Mandatory Reserve for Debt Service (GML §6-l) - Used to account for interest and earnings on outstanding obligations and remaining bond proceeds not to be utilized for the intended purpose. These monies must be used to pay the debt service of the obligations from which they originated. This reserve is accounted for in the Debt Service Fund.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

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

Legally Adopted Reserves - Continued

- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- Retirement Contribution Reserve (GML §6-r) - Used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the subfund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of GML §6-r. These reserves are accounted for in the General Fund.
- Capital Reserve (Education Law §3651) - Used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve; the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.
- Reserve for Tax Reduction (Education Law §1604[36] and 1709[37]) - Used to establish a reserve for the purpose of gradual use of the proceeds of the sale of school district real property where such proceeds are not required to be placed in a mandatory reserve for debt service. Specifically, the School District is permitted to retain the proceeds of the sale for a period not to exceed ten years and to use them during that period for tax reduction. This reserve is accounted for in the General Fund.
- Workers Compensation Reserve (GML §6-j) - Used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses for administering this self-insurance program. The reserve may be established by board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Legally Adopted Reserves - Continued

- Insurance Reserve (GML §6-n) - Used to fund health insurance claims. The initial funding for this reserve was primarily from refunds received from the withdrawal from the Broome-Tioga-Delaware BOCES Consortium. This reserve is accounted for in the General Fund.

Property Taxes - Calendar

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 8, 2022. Taxes were collected during the period September 1, 2022 to October 31, 2022.

Property Taxes - Enforcement

Uncollected real property taxes are subsequently enforced by Tioga County in which the School District is located. An amount representing uncollected real property taxes must be transmitted by the county to the School District no later than the following April 1.

Interfund Transfers

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

Use of Estimates

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

New Accounting Standards

The School District adopted and implemented the following current Statement of the GASB effective for the year ended June 30, 2023:

- GASB has issued Statement No. 96, "Subscription-Based Information Technology Arrangements," The School District has determined there was no material effect on the financial statements.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

Future Changes in Accounting Standards

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

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

***Note 2* Participation in BOCES**

During the year ended June 30, 2023, the School District's share of BOCES aid amounted to \$3,246,293. The School District was billed \$7,316,137 for BOCES administration and program costs. Financial statements for Broome-Tioga BOCES are available from the BOCES administrative office at 435 Glenwood Rd., Binghamton, NY 13760.

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

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

The School District's aggregate bank balances of \$16,088,779, including investments, are either insured or collateralized with securities held by the pledging financial institution in the School District's name.

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within New York 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. The School District has few investments (primarily donated scholarship funds and certificates of deposit) and chooses to disclose its investments by specifically identifying each. The School District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

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

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

	<u>Cost</u>	<u>Carrying Amount Fair Value</u>	<u>Type of Investment</u>	<u>Level</u>
Debt Service Fund	\$ 2,923,377	\$ 2,929,692	U.S. Treasury Bill	(1)
Miscellaneous Special Revenue Fund	<u>2,726,957</u>	<u>2,727,359</u>	U.S. Treasury Bill	(1)
Total	<u>\$ 5,650,334</u>	<u>\$ 5,657,051</u>		

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

General Fund Reserves	\$ 7,629,350
Restricted for School Lunch	679,662
Restricted for Debt	3,142,831
Restricted for Capital Projects	203,175
Restricted for Scholarships	<u>2,850,568</u>
Total	<u>\$ 14,505,586</u>

Note 4 Due From State, Federal, and Other Governments

State and federal aid and due from other governments consisted of the following, which are stated at net realizable value:

	<u>Amount</u>
Basic State and Federal Aid	\$ 1,854,396
School Lunch Claims	77,669
Special Aid Claims	<u>817,303</u>
Total State and Federal Aid	<u>2,749,368</u>
BOCES Aid	<u>1,695,352</u>
Total Due From Other Governments	<u>1,695,352</u>
Total	<u>\$ 4,444,720</u>

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 5 Interfund Balances and Activity

Interfund balances at June 30, 2023, are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 3,214,658	\$ 76,638	\$ 105,559	\$ 267,663
Capital Projects Fund - Construction	-	2,299,530	200,000	-
Capital Projects Fund - Buses	-	-	-	7,648
Debt Service Fund	80	-	7,649	105,559
Non-Major Funds	<u>27,776</u>	<u>866,346</u>	<u>67,662</u>	<u>-</u>
Total	<u>\$ 3,242,514</u>	<u>\$ 3,242,514</u>	<u>\$ 380,870</u>	<u>\$ 380,870</u>

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

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

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 6 Capital Assets

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

Governmental Activities	Beginning Balance	Additions	Reclassifications and Disposals	Ending Balance
Capital Assets That Are Not Depreciated				
Land	\$ 633,651	\$ -	\$ -	\$ 633,651
Construction in Progress	65,798,217	7,352,582	(23,948,017)	49,202,782
Total Nondepreciable Historical Cost	<u>66,431,868</u>	<u>7,352,582</u>	<u>(23,948,017)</u>	<u>49,836,433</u>
Capital Assets That Are Depreciated				
Buildings	133,168,520	-	23,948,017	157,116,537
Furniture and Equipment	9,996,170	1,407,498	(467,136)	10,936,532
Total Depreciable Historical Cost	<u>143,164,690</u>	<u>1,407,498</u>	<u>23,480,881</u>	<u>168,053,069</u>
Intangible Lease Assets				
Equipment	<u>2,066,805</u>	<u>871,556</u>	<u>-</u>	<u>2,938,361</u>
Total Historical Cost	<u>211,663,363</u>	<u>9,631,636</u>	<u>(467,136)</u>	<u>220,827,863</u>
(Less) Accumulated Depreciation				
Buildings	(40,564,347)	(3,482,094)	-	(44,046,441)
Furniture and Equipment	(6,195,137)	(672,731)	402,042	(6,465,826)
Total Accumulated Depreciation	<u>(46,759,484)</u>	<u>(4,154,825)</u>	<u>402,042</u>	<u>(50,512,267)</u>
(Less) Accumulated Amortization				
Equipment	<u>(1,313,025)</u>	<u>(614,235)</u>	<u>-</u>	<u>(1,927,260)</u>
Total Historical Cost, Net	<u><u>\$ 163,590,854</u></u>	<u><u>\$ 4,862,576</u></u>	<u><u>\$ (65,094)</u></u>	<u><u>\$ 168,388,336</u></u>

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

General Support	\$ 190,868
Instruction	3,962,395
Pupil Transportation	595,056
School Lunch Program	<u>20,741</u>
Total	<u><u>\$ 4,769,060</u></u>

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 7 Short-Term Debt

The School District may issue revenue anticipation notes (RANs) and tax anticipation notes (TANs), 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 School District did not issue or redeem any RANs or TANs during the year.

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

The School District may issue bond anticipation notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds.

State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2023
Bus BAN	08/18/2022	08/18/2023	3.75%	\$ 1,522,000
Bus BAN	12/01/2022	08/18/2023	4.00%	780,000
Total				\$ 2,302,000

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

	Beginning Balance	Issued	Refinanced/ Redeemed	Ending Balance
BANs	\$ 24,242,784	\$ 2,302,000	\$ (24,242,784)	\$ 2,302,000
Total	\$ 24,242,784	\$ 2,302,000	\$ (24,242,784)	\$ 2,302,000

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

Interest Paid	\$ 903,351
(Less) Interest Accrued in the Prior Year	(24,005)
Interest Accrued in the Current Year	67,578
(Less) Premiums on BANs	(13,627)
Total	\$ 933,297

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 8 Long-Term Debt

At June 30, 2023, the total outstanding indebtedness of the School District represented 31.3% of its statutory debt limit, exclusive of building aid estimates. Long-term debt is classified as follows.

- Serial Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.
- Installment Purchase Debt - The School District leases equipment with the intent to purchase.

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

	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2023</u>
Bonds				
2016 Revenue Bond	06/15/2016	06/15/2044	2.00% - 5.00%	\$ 7,325,000
2021 Refunding Bond	09/22/2020	06/15/2025	2.00% - 5.00%	1,495,000
2022 Refunding Bond	06/15/2022	06/15/2034	2.00% - 5.00%	1,525,000
2023 Revenue Bond	06/15/2023	06/15/2037	5.00%	18,525,000
Subtotal Bonds				28,870,000
Unamortized Premium				4,209,628
Total Bonds				<u>33,079,628</u>
Installment Purchase Debt	04/28/2015	04/28/2030	2.99%	<u>175,000</u>
Total				<u>\$ 33,254,628</u>

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

Interest Paid	\$ 454,719
(Less) Interest Accrued in the Prior Year	(22,473)
Interest Accrued in the Current Year	58,010
(Less) Amortization of Bond Premium	(191,531)
Amortization of Deferred Charges on Defeased Debt	23,141
(Less) Amortization of Economic Gain on Defeased Debt	<u>(58,933)</u>
Total	<u>\$ 262,933</u>

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 8 Long-Term Debt - Continued

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

Long-term liability balances and activity for the year ended June 30, 2023 are summarized below.

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Bonds	\$ 12,895,000	\$ 18,525,000	\$ (2,550,000)	\$ 28,870,000	\$ 2,710,000
Installment Purchase Debt	195,000	-	(20,000)	175,000	20,000
Subtotal	13,090,000	18,525,000	(2,570,000)	29,045,000	2,730,000
Premium	1,934,818	2,466,341	(191,531)	4,209,628	340,355
Total	\$ 15,024,818	\$ 20,991,341	\$ (2,761,531)	\$ 33,254,628	\$ 3,070,355

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

Year	Principal	Interest	Total
2024	\$ 2,710,000	\$ 1,574,515	\$ 4,284,515
2025	2,055,000	1,190,786	3,245,786
2026	1,355,000	1,111,636	2,466,636
2027	1,425,000	1,048,786	2,473,786
2028	1,495,000	978,836	2,473,836
2029-2033	8,645,000	3,720,394	12,365,394
2034-2038	8,440,000	1,445,450	9,885,450
2039-2043	2,255,000	280,650	2,535,650
2044	490,000	14,700	504,700
Total	\$ 28,870,000	\$ 11,365,753	\$ 40,235,753

Installment Purchase Debt

The following is a schedule of future minimum lease payments under installment purchase debt:

Year	Principal	Interest	Total
2024	\$ 20,000	\$ 5,232	\$ 25,232
2025	25,000	5,635	30,635
2026	25,000	3,887	28,887
2027	25,000	3,139	28,139
2028	25,000	2,392	27,392
2029-2030	55,000	2,542	57,542
Total	\$ 175,000	\$ 22,827	\$ 197,827

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 8 Long-Term Debt - Continued

Installment Purchase Debt - Continued

The cost and net book value of assets procured through installment purchase debt was \$-0- and \$-0-, respectively.

Unamortized economic gain of defeased debt as shown below are related to the 2012 bond refunding which is amortized over the life of the bonds. In addition, a deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges on defeased debt as shown below are related to the 2021 bond refunding. Balances and activity for the year are summarized below.

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Redeemable Within One Year
Deferred Charges on Defeased Debt	\$ (79,099)	\$ -	\$ 23,141	\$ (55,958)	\$ (13,356)
Unamortized Economic Gain of Defeased Debt	707,195	-	(58,933)	648,262	58,933
Total	<u>\$ 628,096</u>	<u>\$ -</u>	<u>\$ (35,792)</u>	<u>\$ 592,304</u>	<u>\$ 45,577</u>

On September 22, 2020, \$3,660,000 in general obligation bonds, with variable interest rates ranging from 1.0%-2.0% were issued to advance refund the refunding of \$3,670,000 of outstanding bonds, with variable interest rates ranging from 2.5%-3.0%. The net proceeds of \$3,706,578 (after payment of fiscal agent fees, original bond premium, insurance, and other issuance costs) were used to purchase U.S. Government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, the bonds are considered to be defeased and the liability for those bonds has been removed from the financial statements. The outstanding principal of the defeased bonds was \$1,530,000 at June 30, 2023.

During March 2022, the School District issued \$3,180,000 in general obligation bonds, with interest rates of 2% to 4%. The School District issued the bonds to advance refund \$3,190,000 of outstanding general obligation bonds with interest rates ranging from 2% to 5%. The School District used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$3,190,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$1,595,000 at June 30, 2023.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 9 **Compensated Absences**

Compensated absences represent unpaid accumulated sick and vacation leave. This liability is liquidated from the General and School Lunch Funds. See Note 1 for further information.

Compensated absences balance and activity are summarized below.

	Beginning Balance	Additions	Deletions	Ending Balance
Compensated Absences	<u>\$ 1,079,160</u>	<u>\$ 77,075</u>	<u>\$ -</u>	<u>\$ 1,156,235</u>
Total	<u>\$ 1,079,160</u>	<u>\$ 77,075</u>	<u>\$ -</u>	<u>\$ 1,156,235</u>

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

Note 10 **Lease Liabilities**

The School District enters into lease agreements for certain equipment that are considered leases. The School District is not party to any material short term leases, and current leases do not require any variable payments.

At June 30, 2023, the School District reported \$917,891, offset by accumulated amortization of \$512,906, in intangible lease assets that were not included in the lease liability below.

Lease liabilities as of June 30, 2023 are as follows:

Description of Lease	Issue Date	Final Maturity	Discount Rate	Outstanding June 30, 2023
2020 IPA	7/1/2020	8/1/2023	2.05%	\$ 101,176
2021 IPA	7/1/2021	8/1/2024	3.60%	200,340
2023 IPA	7/1/2022	8/1/2025	4.53%	293,490
Postage Machine	10/2/2020	10/1/2025	3.00%	<u>11,109</u>
Total				<u>\$ 606,115</u>

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

Year	Principal	Interest	Total
2024	\$ 297,942	\$ 20,772	\$ 318,714
2025	203,600	11,845	215,445
2026	<u>104,573</u>	<u>4,757</u>	<u>109,330</u>
Total	<u>\$ 606,115</u>	<u>\$ 37,374</u>	<u>\$ 643,489</u>

Interest paid for the current year amounted to \$16,060.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 11* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)**

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

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

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary.

Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Descriptions and Benefits Provided - Continued

Employees' Retirement System (ERS) (System)

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System 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, New York 12244.

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

Summary of Significant Accounting Policies

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Contributions

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

	ERS	TRS
2023	\$ 449,312	\$ 1,493,300
2022	552,593	1,348,068
2021	578,591	1,292,329

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

At June 30, 2023, the School District reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2023 for ERS and June 30, 2022 for TRS. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset)/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	ERS	TRS
Actuarial Valuation Date	04/01/2022	06/30/2021
Net Pension (Asset)/Liability	\$ 21,444,032,790	\$ 1,918,891,690
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	3,509,757	1,662,593
School District's Share of the Plan's Net Pension (Asset)/Liability	0.0163671%	0.086643%

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

For the year ended June 30, 2023, the School District recognized pension expense of \$1,208,031 for ERS and \$2,127,603 for TRS in the District-wide financial statements. At June 30, 2023 the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 373,817	\$ 1,742,187	\$ 98,567	\$ 33,315
Changes of Assumptions	1,704,564	3,225,148	18,839	669,739
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	-	2,148,227	20,620	-
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	199,300	228,856	220,504	201,414
School District's Contributions Subsequent to the Measurement Date	134,352	1,724,814	-	-
Total	\$ 2,412,033	\$ 9,069,232	\$ 358,530	\$ 904,468

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

Year Ending	ERS	TRS
2024	\$ 439,630	\$ 1,260,695
2025	(208,596)	682,689
2026	704,707	(259,047)
2027	983,410	4,224,887
2028	-	523,944
Thereafter	-	6,782

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions

The total pension liability as of the valuation 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. The actuarial valuations used the following actuarial assumptions.

Significant actuarial assumptions used in the valuations were as follows.

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Actuarial Valuation Date	April 1, 2022	June 30, 2021
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.4%	1.95% - 5.18%
Cost of Living Adjustment	1.5%	1.3%
Inflation Rate	2.9%	2.4%

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

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Actuarial Assumptions - Continued

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

	ERS	TRS
Measurement Date	March 31, 2023	June 30, 2022
Asset Type		
Domestic Equity	4.30%	6.50%
International Equity	6.85%	7.20%
Global Equity	-	6.90%
Real Estate	4.60%	6.20%
Private Equity	7.50%	9.90%
Opportunistic/Absolute Return	5.38%	-
Real Assets	5.84%	-
Cash	-	-
Credit	1.50%	-
Domestic Fixed Income	-	1.10%
Global Bonds	-	0.60%
Private Debt	-	5.30%
Real Estate Debt	-	2.40%
High-Yield Bonds	-	3.30%
Cash Equivalents	-	(0.30)%

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

Discount Rate

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

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

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
ERS			
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 8,481,576	\$ 3,509,757	\$ (644,777)
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$15,329,884	\$ 1,662,593	\$ (9,831,509)

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.

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - 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, 2023 represent the projected employer contribution for the period of April 1, 2023 through June 30, 2023 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2023 amounted to \$134,352.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2023 are paid to the System in September, October, and November 2023 through a state aid intercept. Accrued retirement contributions as of June 30, 2023 represent employee and employer contributions for the fiscal year ended June 30, 2023 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2023 amounted to \$1,903,814.

Current Year Activity

The following is a summary of current year activity:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ (981,945)	\$ 4,491,702	\$ 3,509,757
Deferred Outflows of Resources	(1,843,735)	(568,298)	(2,412,033)
Deferred Inflows of Resources	3,553,314	(3,194,784)	358,530
Subtotal	<u>727,634</u>	<u>728,620</u>	<u>1,456,254</u>
TRS			
Net Pension (Asset)/Liability	(14,442,294)	16,104,887	1,662,593
Deferred Outflows of Resources	(8,541,629)	(527,603)	(9,069,232)
Deferred Inflows of Resources	16,089,147	(15,184,679)	904,468
Subtotal	<u>(6,894,776)</u>	<u>392,605</u>	<u>(6,502,171)</u>
Total	<u><u>\$ (6,167,142)</u></u>	<u><u>\$ 1,121,225</u></u>	<u><u>\$ (5,045,917)</u></u>

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 12* Postemployment Benefits Other Than Pensions (OPEB)**

General Information about the OPEB Plan

Plan Description - The School District provides medical and Medicare Part B benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the School District has in place with different classifications of employees. The School District acquires health insurance through its self-insurance program administered by the School District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements since there are no assets legally segregated for the sole purpose of paying benefits under the plan.

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

Employees Covered by Benefit Terms - At July 1, 2021, the following employees were covered by the benefit terms.

Inactive Employees or Beneficiaries	
Currently Receiving Benefit Payments	457
Inactive Employees Entitled to	
But Not Yet Receiving Benefit Payments	-
Active Employees	<u>285</u>
Total	<u>742</u>

Total OPEB Liability

The School District's total OPEB liability of \$70,678,370 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

Actuarial Assumptions and Other Inputs - The total OPEB liability in the July 1, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Long-Term Bond Rate	3.65%
Salary Increases Including Inflation	2.40%
Actuarial Cost Method	Entry Age Normal
Healthcare Cost Trend Rates	6.4% for 2023, Decreasing to an Ultimate Rate of 3.8% for Years After 2073

The long-term bond rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Total OPEB Liability - Continued

Retirement rates are based on tables used by the New York State Teachers' Retirement System and New York State and Local Retirement System.

Medical trend rates are based on long-term healthcare trend rates generated by the Society of Actuaries' Getzen Trend Model.

Mortality rates are based on PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount Weighted Mortality Table for Non-Teaching Positions, both generationally projected using the MP-2021 Ultimate Scale.

The actuarial assumptions used in the July 1, 2021 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	<u>\$ 60,369,974</u>
Changes for the Year	
Service Cost	1,968,984
Interest Cost	2,156,959
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	-
Changes in Assumptions	9,022,965
Benefit Payments	<u>(2,840,512)</u>
Net Change	<u>10,308,396</u>
Balance at June 30, 2023	<u><u>\$ 70,678,370</u></u>

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

	1% Decrease (2.65%)	Discount Rate (3.65%)	1% Increase (4.65%)
Total OPEB Liability	\$ 81,022,095	\$ 70,678,370	\$ 62,199,205

Changes of assumptions and other inputs reflect a change in the discount rate from 3.54% in 2021 to 3.65% in 2022.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 12 Postemployment Benefits Other Than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability

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

	Healthcare Cost Trend Rate		
	1% Decrease	(6.40% to 3.8%)	1% Increase
Total OPEB Liability	\$ 59,939,711	\$ 70,678,370	\$ 84,322,714

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

For the year ended June 30, 2023, the School District recognized OPEB expense of \$5,880,933.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 1,446,004	\$ 47,703,887
Changes in Assumptions or Other Inputs	10,147,412	2,190,261
Total	\$ 11,593,416	\$ 49,894,148

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,	Amount
2024	\$ (10,006,876)
2025	(9,289,774)
2026	(8,826,534)
2027	(9,980,148)
2028	(197,400)
Thereafter	-

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 12* Postemployment Benefits Other Than Pensions (OPEB) - Continued**

Current Year Activity

The following is a summary of current year activity:

Current Year Activity	Beginning Balance	Change	Ending Balance
OPEB Liability	\$ 60,369,974	\$ 10,308,396	\$ 70,678,370
Deferred Outflows of Resources	(5,645,345)	(5,948,071)	(11,593,416)
Deferred Inflows of Resources	62,975,918	(13,081,770)	49,894,148
Total	\$ 117,700,547	\$ (8,721,445)	\$ 108,979,102

***Note 13* Commitments and Contingencies**

Risk Financing

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

Health Insurance

The School District is self-insured for employee medical, dental, and prescription drug insurance coverage. The School District uses a third-party administrator who is responsible for processing claims and estimating liabilities. The School District has also purchased stop-loss insurance for major medical claims, and has created an insurance reserve to pay for future health insurance claims.

Liabilities are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-out and other economic and social factors.

During the year ended June 30, 2023, the School District incurred premiums or contributions expenditures totaling \$9,229,201.

Workers' Compensation

During the 2019-2020 year, the School District exited the workers' compensation plan sponsored by BOCES. The School District has created a workers' compensation reserve to pay future workers' compensation claims.

The School District is self-insured for employee workers' compensation insurance coverage. The School District uses a third party administrator who is responsible for processing claims and estimating liabilities.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 13 Commitments and Contingencies - Continued

Workers' Compensation - Continued

Liabilities are reported when it is probable that a loss has occurred and the amount of loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claims liabilities are calculated considering the effects of inflation, recent claim settlement trends including frequency and amount of pay-out and other economic and social factors

During the year ended June 30, 2023, the School District incurred premiums or contribution expenditures totaling \$173,820.

Other Items

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

Note 14 Fund Balance Detail

At June 30, 2023, nonspendable, restricted, and assigned fund balance in the Governmental Funds were as follows:

	General Fund	Debt Service Fund	Miscellaneous Special Revenue Fund	Non- Major Funds
Nonspendable				
Inventory	\$ -	\$ -	\$ -	\$ 59,069
Prepaid Expenses	220,000	-	-	-
Total Nonspendable Fund Balance	\$ 220,000	\$ -	\$ -	\$ 59,069
Restricted				
Workers' Compensation Reserve	\$ 151,677	\$ -	\$ -	\$ -
Unemployment Insurance Reserve	98,726	-	-	-
Reserve for Employees' Retirement Contributions	2,170,937	-	-	-
Reserve for Teachers' Retirement Contributions	1,468,363	-	-	-
Insurance Reserve	2,763,334	-	-	-
Employee Benefit Accrued Liability Reserve	435,921	-	-	-
Capital Reserve	529,959	-	-	-
Miscellaneous Special Revenue	-	-	2,850,568	-
School Lunch	-	-	-	813,037
Debt Service	-	3,142,831	-	-
Total Restricted Fund Balance	\$ 7,618,917	\$ 3,142,831	\$ 2,850,568	\$ 813,037
Assigned				
Appropriated for Next Year's Budget	\$ 1,900,000	\$ -	\$ -	\$ -
Encumbered for:				
General Support	38,844	-	-	-
Instruction	65,103	-	-	-
Total Assigned Fund Balance	\$ 2,003,947	\$ -	\$ -	\$ -

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

Note 15 Restricted Fund Balances

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

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Workers' Compensation Reserve	\$ 147,766	\$ -	\$ 3,911	\$ -	\$ 151,677
Unemployment Insurance Reserve	96,180	-	2,546	-	98,726
Reserve Employees' Retirement Contributions	2,114,953	-	55,984	-	2,170,937
Reserve for Teachers' Retirement Contributions	1,131,650	306,757	29,956	-	1,468,363
Insurance Reserve	500,096	2,250,000	13,238	-	2,763,334
Employee Benefit Accrued Liability Reserve	424,679	-	11,242	-	435,921
Capital Reserve	29,186	500,000	773	-	529,959
Total	<u>\$ 4,444,510</u>	<u>\$ 3,056,757</u>	<u>\$117,650</u>	<u>\$ -</u>	<u>\$ 7,618,917</u>
Reserve for Tax Reduction	<u>\$ 10,178</u>	<u>\$ -</u>	<u>\$ 255</u>	<u>\$ -</u>	<u>\$ 10,433</u>
Debt Service Fund	<u>\$ 3,327,801</u>	<u>\$ 2,487,617</u>	<u>\$ 91,424</u>	<u>\$ (2,764,011)</u>	<u>\$ 3,142,831</u>

Note 16 Stewardship, Compliance, and Accountability-Deficit Fund Balance

Deficit Net Position

At June 30, 2023, the District-wide Statement of Net Position had an unrestricted deficit net position of \$103,100,046. This is a result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see Note 12). This deficit is not expected to be eliminated during the normal course of operations.

Deficit Fund Balance

The Capital Projects Fund - Buses had a deficit fund balance of \$2,302,000 at June 30, 2023. The Capital Projects Fund - Construction had a deficit fund balance of \$3,566,821 at June 30, 2023. These deficits will be eliminated as short-term debt is redeemed or converted to permanent financing.

The Special Aid Fund had a deficit fund balance of \$99,752 at June 30, 2023. This deficit will be eliminated as unearned revenue is earned.

The Renovations Fund had a deficit fund balance of \$16,319 at June 30, 2023. This deficit will be eliminated as project revenue is received.

Note 17 Tax Abatements

For the year ended June 30, 2023, the School District was subject to tax abatements negotiated by the Tioga County Industrial Development Agency (TCIDA).

TCIDA enters into various property tax abatement programs for the purpose of economic development. School District property tax revenue was reduced by \$3,690,253. The School District received payment in lieu of tax (PILOT) payment totaling \$4,084,959.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2023

***Note 18* Subsequent Events**

On July 11, 2023, the School District issued bond anticipation notes of \$10,000,000 at interest rate of 4.5% to finance the capital projects.

On August 17, 2023, the School District issued bond anticipation notes of \$2,439,000 at interest rate of 4.5% to finance the purchase of buses.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 17,900,212	\$ 15,769,416	\$ 15,766,996	\$ (2,420)
Real Property Tax Items	4,105,276	6,236,072	6,249,676	13,604
Charges for Services	-	-	154,043	154,043
Use of Money and Property	35,934	35,934	363,926	327,992
Sale of Property and Compensation for Loss	-	-	5,882	5,882
Miscellaneous	722,500	722,500	3,381,238	2,658,738
Total Local Sources	<u>22,763,922</u>	<u>22,763,922</u>	<u>25,921,761</u>	<u>3,157,839</u>
State Sources	27,416,693	27,416,693	28,127,753	711,060
Medicaid Reimbursement	75,000	75,000	67,481	(7,519)
Federal Sources	-	-	37,969	37,969
Total Revenues	<u>50,255,615</u>	<u>50,255,615</u>	<u>54,154,964</u>	<u>3,899,349</u>
OTHER FINANCING SOURCES				
Operating Transfers In	105,559	105,559	105,559	-
Total Revenues and Other Financing Sources	<u>50,361,174</u>	<u>50,361,174</u>	<u>\$ 54,260,523</u>	<u>\$ 3,899,349</u>
Appropriated Fund Balance	2,500,000	2,500,000		
Appropriated Reserves	-	-		
Designated Fund Balance and Encumbrances Carried Forward From Prior Year	450,162	450,162		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$ 53,311,336</u>	<u>\$ 53,311,336</u>		

See Notes to Required Supplementary Information

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP)

GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2023

	Original Budget	Final Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of Education	\$ 15,018	\$ 15,091	\$ 12,599	\$ 1,835	\$ 657
Central Administration	258,281	300,468	299,205	844	419
Finance	661,736	797,544	785,351	5,218	6,975
Staff	188,062	327,926	320,582	5,226	2,118
Central Services	4,267,310	4,678,658	4,506,419	25,721	146,518
Special Items	690,548	672,156	602,133	-	70,023
Total General Support	6,080,955	6,791,843	6,526,289	38,844	226,710
Instruction					
Instruction, Administration, and Improvement	1,556,743	1,747,098	1,729,780	1,172	16,146
Teaching - Regular School Programs for Children With Handicapping Conditions	11,951,964	13,138,544	13,076,386	36,414	25,744
Occupational Education	5,708,172	4,581,716	4,496,762	16,183	68,771
Teaching - Special School	607,089	508,633	508,630	-	3
Instructional Media	-	60,500	60,500	-	-
Pupil Services	1,208,789	548,165	494,969	89	53,107
Total Instruction	23,452,648	23,791,483	23,522,017	65,103	204,363
Pupil Transportation	2,298,842	2,116,391	2,053,043	-	63,348
Community Service	35,000	52,051	52,050	-	1
Employee Benefits	14,660,432	13,818,566	12,910,095	-	908,471
Debt Service					
Principal	4,864,000	5,183,273	5,182,774	-	499
Interest	877,459	1,182,020	1,182,019	-	1
Total Debt Service	5,741,459	6,365,293	6,364,793	-	500
Total Expenditures	52,269,336	52,935,627	51,428,287	103,947	1,403,393
OTHER FINANCING USES					
Operating Transfers Out	1,042,000	375,709	267,663	-	108,046
Total Expenditures and Other Financing Uses	\$ 53,311,336	\$ 53,311,336	51,695,950	\$ 103,947	\$ 1,511,439
Net Change in Fund Balances			2,564,573		
Fund Balance - Beginning of Year			9,525,758		
Fund Balance - End of Year			\$12,090,331		

See Notes to Required Supplementary Information

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 449,312	\$ 552,593	\$ 578,591	\$ 598,439	\$ 600,671	\$ 631,972	\$ 592,124	\$ 634,166	\$ 783,171	\$ 735,103
Contributions in Relation to the Contractually Required Contribution	(449,312)	(552,593)	(578,591)	(598,439)	(600,671)	(631,972)	(592,124)	(634,166)	(783,171)	(735,103)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	4,304,320	3,743,971	4,395,894	4,433,622	4,488,986	4,477,535	4,163,741	4,098,909	4,219,442	4,056,994
Contributions as a Percentage of Covered Employee Payroll	10.4%	14.8%	13.2%	13.5%	13.4%	14.1%	14.2%	15.5%	18.6%	18.1%

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually Required Contribution	\$ 1,724,814	\$ 1,493,300	\$ 1,348,068	\$ 1,292,329	\$ 1,548,569	\$ 1,441,793	\$ 1,722,571	\$ 1,840,118	\$ 2,357,520	\$ 2,217,060
Contributions in Relation to the Contractually Required Contribution	(1,724,814)	(1,493,300)	(1,348,068)	(1,292,329)	(1,548,569)	(1,441,793)	(1,722,571)	(1,840,118)	(2,357,520)	(2,217,060)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Employee Payroll	16,762,041	15,237,755	14,145,519	14,586,106	14,581,629	14,712,173	14,697,705	13,877,210	13,448,488	13,643,446
Contributions as a Percentage of Covered Employee Payroll	10.3%	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%	17.5%	16.3%

See Notes to Required Supplementary Information

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY

NYSLRS PENSION PLAN

FOR THE YEARS ENDED JUNE 30,

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.0163671%	0.0120122%	0.0142694%	0.0146938%	0.0148904%	0.0155769%	0.0152982%	0.0153614%	0.0168150%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 3,509,757	\$ (981,945)	\$ 14,209	\$ 3,891,008	\$ 1,055,028	\$ 502,735	\$ 1,437,449	\$ 2,465,554	\$ 568,051
School District's Covered Employee Payroll	4,234,269	3,698,131	4,347,722	4,378,203	4,440,639	4,404,901	4,088,956	3,993,139	4,294,210
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	82.9%	26.6%	0.3%	88.9%	23.8%	11.4%	35.2%	61.7%	13.2%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%
The Following is a Summary of Changes of Assumptions									
Inflation	2.90%	2.90%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Salary Increases	4.40%	4.40%	4.40%	4.50%	4.20%	3.80%	3.80%	3.80%	3.80%
Cost of Living Adjustments	1.50%	1.50%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Investment Rate of Return	5.90%	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%
Discount Rate	5.90%	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%
Society of Actuaries' Mortality Scale	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

See Notes to Required Supplementary Information

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015
School District's Proportion of the Net Pension (Asset)/Liability	0.086643%	0.083342%	0.086022%	0.087528%	0.088685%	0.091292%	0.088484%	0.088484%	0.092363%
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 1,662,593	\$ (14,442,294)	\$ 2,377,030	\$ (2,273,988)	\$ (1,603,649)	\$ (693,907)	\$ 951,804	\$ (9,190,636)	\$ (10,288,659)
School District's Covered Employee Payroll	15,237,755	14,145,519	14,586,106	14,581,629	14,712,173	14,697,705	13,877,210	13,448,488	13,643,446
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Employee Payroll	10.9%	102.1%	16.3%	15.6%	10.9%	4.7%	6.9%	68.3%	75.4%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	98.6%	113.2%	102.2%	101.5%	100.7%	99.0%	110.5%	111.5%	111.5%
The Following is a Summary of Changes of Assumptions									
Inflation	2.40%	2.20%	2.20%	2.25%	2.25%	2.50%	3.00%	3.00%	3.00%
Salary Increases	1.95% - 5.18%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%	4.0% - 10.9%
Cost of Living Adjustments	1.30%	1.30%	1.30%	1.50%	1.50%	1.50%	1.50%	1.63%	1.63%
Investment Rate of Return	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Discount Rate	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%	8.00%
Society of Actuaries' Mortality Scale	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

See Notes to Required Supplementary Information

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Service Cost	\$ 1,968,984	\$ 1,893,386	\$ 4,698,896	\$ 4,096,029	\$ 4,892,605	\$ 4,750,102	\$	\$	\$	\$
Interest Cost	2,156,959	2,810,076	2,824,661	4,002,827	3,586,598	3,431,779	*	*	*	*
Changes of Benefit Terms	-	-	-	(164,383)	-	-	*	*	*	*
Differences Between Expected and Actual Experience	-	(70,955,052)	-	3,511,720	-	(49,315)	*	*	*	*
Changes in Assumptions or Other Inputs	9,022,965	(57,955)	1,051,791	5,305,833	(9,322,333)	-	*	*	*	*
Benefit Payments	(2,840,512)	(3,030,316)	(3,937,126)	(3,868,433)	(3,235,074)	(2,995,600)	*	*	*	*
	10,308,396	(69,339,861)	4,638,222	12,883,593	(4,078,204)	5,136,966	*	*	*	*
Total OPEB Liability - Beginning of Year	60,369,974	129,709,835	125,071,613	112,188,020	116,266,224	111,129,258	*	*	*	*
Total OPEB Liability - End of Year	\$ 70,678,370	\$ 60,369,974	\$ 129,709,835	\$ 125,071,613	\$ 112,188,020	\$ 116,266,224	\$ 111,129,258	\$	\$	\$
Covered Employee Payroll	\$ 10,734,959	\$ 16,452,320	\$ 17,072,159	\$ 17,072,159	\$ 17,531,113	\$ 17,531,113	\$	\$	\$	\$
Total OPEB Liability as a Percentage of Covered Payroll	658%	367%	760%	733%	640%	663%	*	*	*	*
The Following is a Summary of Changes of Assumptions										
Healthcare Cost Trend Rates	6.40% to 3.80%	5.30% - 4.10%	5.30% - 4.10%	5.30% - 4.10%	6.10% - 4.10%	7.50% - 4.50%	*	*	*	*
Salary Increases	2.40%	2.60%	2.60%	2.60%	2.60%	3.00%	*	*	*	*
Discount Rate	3.65%	3.54%	2.16%	2.20%	3.50%	3.00%	*	*	*	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2019	MP-2016	MP-2016	MP-2016	MP-2016	*	*	*	*

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be presented as it becomes available.

See Notes to Required Supplementary Information

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2023

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

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

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

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

An annual legal budget is not adopted for the Special Grant Fund, School Lunch, Miscellaneous Special Revenue Fund, or Renovations Fund which are Special Revenue Funds. Budgetary controls are established in accordance with grant agreements.

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

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

***Note 3* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

NYSLRS

Changes in Benefit Terms

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

NYSTRS

Changes in Benefit Terms

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 52,861,174
Prior Year's Encumbrances	<u>450,162</u>
Original Budget	53,311,336
Total Additions	<u>-</u>
Total Deductions	<u>-</u>
Final Budget	<u><u>\$ 53,311,336</u></u>

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's 2023-2024 Voter Approved Budget	<u><u>\$ 56,776,269</u></u>
Maximum allowed (4% of 2023-2024 Budget)	<u><u>\$ 2,271,051</u></u>

General Fund fund balance subject to §1318 of Real Property Tax Law:

Unrestricted Fund Balance:

Assigned Fund Balance	\$ 2,003,947
Unassigned Fund Balance	<u>2,247,467</u>
Total Unrestricted Fund Balance	<u><u>4,251,414</u></u>

(Less):

Appropriated Fund Balance	\$ 1,900,000
Encumbrances Included in Committed and Assigned Fund Balance	103,947
Tax Reduction Reserve	<u>10,433</u>
Total Adjustments	<u><u>2,014,380</u></u>

General Fund Fund Balance Subject to §1318 of Real Property Law	<u><u>\$ 2,237,034</u></u>
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Actual Percentage	3.94%
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OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

PROJECT TITLE	Original Budget	Revised Budget	Prior Years	Expenditures		Unexpended Balance	Proceeds of Obligations	Methods of Financing			Fund Balance (Deficit) June 30, 2023
				Current Year	Transfer to Debt Service			Federal Aid	State Aid	Local Sources	
Buses 2021-2022	\$ 790,000	\$ 790,000	\$ 790,000	\$ -	\$ -	\$ 790,000	\$ 153,000	\$ -	\$ -	\$ 637,000	\$ 790,000
Buses 2022-2023	780,000	780,000	-	772,352	7,648	780,000	90,000	-	-	690,000	780,000
Excel 0-014-001	1,250,000	13,631,250	12,676,825	-	-	12,676,825	9,033,038	-	-	3,008,275	12,041,313
Flood 0-014-001	2,505,000	64,602,279	110,151,425	-	-	110,151,425	1,345,580	94,164,083	722,638	13,951,186	110,181,487
Owego Apalachin Elementary School 0008-013	3,110,916	7,455,962	10,508,356	740,793	-	11,249,149	9,249,149	-	2,000,000	-	11,249,149
Owego Free Academy 0009-026	11,597,241	15,061,494	11,924,338	774,330	-	12,698,668	12,698,668	-	-	-	12,698,668
Owego Free Academy 0009-027	543,648	575,368	729,187	34,151	-	763,338	821,688	-	-	70,162	891,850
Owego Apalachin Elementary School 0008-014	701,148	728,378	435,910	41,092	-	477,002	554,229	-	-	28,752	582,981
Owego Apalachin Elementary School 0014-002	508,649	532,277	484,023	27,034	-	511,057	714,091	-	-	11,270	725,361
Owego Apalachin Elementary School 0008-017	1,974,991	2,680,080	255,432	1,619,808	-	1,875,240	405,258	1,974,991	-	-	2,380,249
Owego Apalachin Elementary School 0008-028	100,000	100,000	100,000	-	-	100,000	-	-	-	100,000	100,000
Owego Apalachin Elementary School 0008-029	1,233,400	2,007,579	-	702,082	-	702,082	1,305,497	-	-	13,513	13,513
Owego Apalachin Elementary School 0008-030	10,126,800	6,710,759	-	578,710	-	578,710	6,132,049	-	-	13,513	13,513
Owego Apalachin Elementary School 5011-003	1,539,800	1,822,200	-	1,174,921	-	1,174,921	647,279	-	-	13,512	13,512
Owego Apalachin Elementary School 9999-999	1,336,197	1,659,462	-	1,659,462	-	1,659,462	-	-	-	159,462	159,462
Leases	599,691	599,691	-	599,691	-	599,691	599,691	-	-	-	599,691
Unredeemed B.A.N.s	-	-	-	-	-	-	(2,302,000)	-	-	-	(2,302,000)
Total	\$37,907,481	\$118,946,779	\$147,265,496	\$8,724,626	\$ 7,648	\$155,997,770	\$33,207,592	\$96,139,074	\$2,722,638	\$18,059,645	\$150,128,949

*Architectural and State Approved Budget Modifications for Subproject
Reallocations are Not Yet Finalized and Were Unavailable at This Report Date

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS JUNE 30, 2023

Capital Assets, Net	<u>\$ 168,388,336</u>
Add:	
Deferred Charges on Defeased Debt	<u>55,958</u>
Unspent Bond Proceeds	<u>203,175</u>
(Deduct):	
Bond Anticipation Notes	<u>(2,302,000)</u>
Lease Liabilities	<u>(606,115)</u>
Capital Fund Payable	<u>(1,470,546)</u>
Premium on Bonds Payable	<u>(4,209,628)</u>
Short-Term Portion of Bonds Payable	<u>(2,710,000)</u>
Long-Term Portion of Bonds Payable	<u>(26,160,000)</u>
Short-Term Portion of Installment Purchase Debt	<u>(20,000)</u>
Long-Term Portion of Installment Purchase Debt	<u>(155,000)</u>
Unamortized Economic Gain of Defeased Debt	<u>(648,262)</u>
Net Investment in Capital Assets	<u>\$ 130,365,918</u>

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

BALANCE SHEET NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2023

	Special Revenue Funds			Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Renovations Fund	
ASSETS				
Cash - Unrestricted	\$ 26,259	\$ -	\$ 4,369	\$ 30,628
Cash - Restricted	-	679,662	-	679,662
Due From Other Funds	-	27,776	-	27,776
State and Federal Aid	817,303	77,669	-	894,972
Other Receivables	-	46,582	-	46,582
Inventories	-	59,069	-	59,069
Total Assets	\$ 843,562	\$ 890,758	\$ 4,369	\$ 1,738,689
LIABILITIES				
Accounts Payable	\$ 37,666	\$ 3,126	\$ 2,469	\$ 43,261
Accrued Liabilities	-	94	-	94
Due to Other Funds	848,127	-	18,219	866,346
Due to Other Governments	-	161	-	161
Unearned Revenues	57,521	15,271	-	72,792
Total Liabilities	943,314	18,652	20,688	982,654
FUND BALANCES				
Nonspendable	-	59,069	-	59,069
Restricted	-	813,037	-	813,037
Unassigned	(99,752)	-	(16,319)	(116,071)
Total Fund Balances (Deficit)	(99,752)	872,106	(16,319)	756,035
Total Liabilities and Fund Balances	\$ 843,562	\$ 890,758	\$ 4,369	\$ 1,738,689

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

	Special Revenue Funds			Total Non-Major Governmental Funds
	Special Aid Fund	School Lunch Fund	Renovations Fund	
REVENUES				
Use of Money and Property	\$ -	\$ 10,687	\$ -	\$ 10,687
Miscellaneous	14,609	6,992	49,080	70,681
State Sources	776,791	182,114	-	958,905
Federal Sources	4,162,366	1,112,040	-	5,274,406
Sales - School Lunch	-	306,205	-	306,205
Total Revenues	4,953,766	1,618,038	49,080	6,620,884
EXPENDITURES				
Instruction	3,050,284	841,750	36,488	3,928,522
Pupil Transportation	8,051	-	-	8,051
Employee Benefits	315,575	188,563	-	504,138
Cost of Sales	-	660,392	-	660,392
Total Expenditures	3,373,910	1,690,705	36,488	5,101,103
Excess of Expenditures Over Revenues	1,579,856	(72,667)	12,592	1,519,781
OTHER FINANCING SOURCES AND (USES)				
Operating Transfers In	39,950	27,712	-	67,662
Total Other Sources (Uses)	39,950	27,712	-	67,662
Net Change in Fund Balances	1,619,806	(44,955)	12,592	1,587,443
Fund Balances (Deficit) - Beginning of Year	(1,719,558)	917,061	(28,911)	(831,408)
Fund Balances (Deficit) - End of Year	\$ (99,752)	\$ 872,106	\$ (16,319)	\$ 756,035



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

Board of Education
Owego-Apalachin Central School District
Owego, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information the Owego-Apalachin Central School District (the School District), as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the School District's basic financial statements, and have issued our report thereon dated October 13, 2023.

Report on Internal Control Over Financial Reporting

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

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

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

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Report on Compliance and Other Matters

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

Purpose of This Report

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

Respectfully submitted,

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

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2023



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

Board of Education
Owego-Apalachin Central School District
Owego, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, the School District, complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

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

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

Other Matters

The results of our auditing procedures disclosed instances of noncompliance which are required to be reported in accordance with the Uniform Guidance and which are described in the accompanying Schedule of Findings and Questioned Costs as item 2023-001. Our opinion on each major federal program is not modified with respect to this matter.

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

Report on Internal Control Over Compliance

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

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

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

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 13, 2023

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

Federal Grantor/Pass -Through Grantor Program Title	Federal ALN #	Pass -Through Grantor #	Passed Through to Subrecipients	Expenditures
U.S. Department of Education				
Passed Through NYS Department of Education				
Title I, Part A:				
Title I Grants to Local Educational Agencies	84.010	0021233345	\$ -	\$ 357,189
Special Education Cluster:				
Special Education - Grants to States	84.027	0032230976	-	512,914
(COVID-19) Special Education - Grants to States	84.027X	5532220976	-	108,977
Special Education - Preschool Grants	84.173	0033230976	-	21,618
(COVID-19) Special Education - Preschool Grants	84.173X	5533220976	-	12,134
Total Special Education Cluster			-	655,643
Education Stabilization Fund:				
(COVID-19) Elementary and Secondary School Emergency Relief Fund	84.425D	5891213345	-	699,450
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5880213345	-	2,009,506
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5884213345	-	352,966
(COVID-19) American Rescue Plan - Elementary and Secondary School Emergency Relief Fund	84.425U	5218213345	-	7,083
Total Education Stabilization Fund			-	3,069,005
Supporting Effective Instruction State Grants	84.367	0147233345	-	52,068
Title IV, Student Support and Academic Enrichment Program	84.424A	0204233345	-	28,461
Total Department of Education			-	4,162,366
U.S. Department of Agriculture				
Passed Through NYS Department of Education				
Child Nutrition Cluster:				
National School Lunch Program	10.555	(1)	-	619,224
School Breakfast Program	10.553	(1)	-	341,414
Summer Food Service Program	10.559	(1)	-	59,820
Total Child Nutrition Cluster			-	1,020,458
Child Nutrition Cluster Discretionary Grants Limited Availability	10.579	0005220003	-	20,000
Direct Programs:				
(COVID-19) Pandemic EBT Food Benefits	10.542	N/A	-	3,140
(COVID-19) Pandemic EBT Administrative Costs	10.649	N/A	-	68,442
Total Department of Agriculture			-	1,112,040
U.S. Department of Homeland Security				
Passed through NYS Division of Homeland Security and Emergency Services				
(COVID-19) Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	4408-DR-NY	-	37,969
Total Department of Homeland Security			-	37,969
Total			\$ -	\$ 5,312,375

(1) - Unable to Obtain

See Notes to Schedule to Expenditures of Federal Awards

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

JUNE 30, 2023

Note 1 Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal awards programs administered by the School District, an entity as defined in Note 1 to the School District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Note 2 Basis of Accounting

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in or used in preparation of the financial statements.

Note 3 Indirect Costs

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The School District has elected not to use the 10% de minimis indirect cost rate allowed under Uniform Guidance.

Note 4 Matching Costs

Matching costs, such as the School District's share of certain program costs, are not included in the reported expenditures.

Note 5 Non-Monetary Federal Program

The School District is the recipient of a federal award program that does not result in cash receipts or disbursements termed a "non-monetary program." During the year ended June 30, 2023, the School District received \$107,343 of commodities under the National School Lunch Program (ALN #10.555).

Note 6 Subrecipients

No amounts were provided to subrecipients.

Note 7 Other Disclosures

No insurance is carried specifically to cover equipment purchased with Federal Funds. Any equipment purchased with Federal Funds has only a nominal value and is covered by the School District's casualty insurance policies.

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

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

Section I Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? yes X none reported

Noncompliance material to financial statements noted? yes X no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? yes X none reported

Type of auditors' report issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with 2 CFR §200.516(a)? X yes no

Identification of major programs:

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

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

Auditee qualified as low risk? yes X no

Section II Financial Statement Finding

None reported.

OWEGO-APALACHIN CENTRAL SCHOOL DISTRICT

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

Section III Federal Award Findings and Questioned Costs

Finding 2023-001

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

Criteria:

The School Food Authority shall limit its net cash resources to an amount that does not exceed three months' average expenditures for its School Lunch Fund or such other amount as may be approved by the NYS Department of Education in accordance with 7 CFR §210.9(b)(2).

Condition:

At June 30, 2023, net cash resources in the School Lunch Fund exceeded the allowable limit cash by \$305,825.

Cause:

Revenues exceeded expenditures for the years ended June 30, 2022 and 2021 by \$302,895 and \$492,968, respectively.

Effect or Potential Effect:

The School District is not in compliance with 7 CFR §210.19(b)(2).

Questioned Costs:

None.

Context:

The amount over the allowable limit of \$507,212 in the amount of \$201,387 at June 30, 2023, and compares with the amounts over the allowable limit in years ended June 30, 2022 and 2021 of \$420,899 and \$476,480, respectively. Furthermore, supply chain issues have compounded the School District's ability to spend down excess funds, with \$161,731 in outstanding encumbrances within its School Lunch Fund.

Repeat Finding:

The finding is a repeat of finding 2022-001 from the prior year.

Recommendation:

We recommend the School District review its net cash resources in the School Lunch Fund and develop a plan to reduce them to an allowable amount.

Views of Responsible Officials of the Auditee:

The School District agrees with the condition, cause and recommendation.