PRELIMINARY OFFICIAL STATEMENT DATED JULY 29, 2024

RENEWAL ISSUE | **BOND ANTICIPATION NOTES**

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, 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"), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We observe that interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX MATTERS" herein.

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

$2,670,700

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

ERIE COUNTY, NEW YORK

GENERAL OBLIGATIONS

$2,670,700 Bond Anticipation Notes, 2024A (Renewals)

(the "Notes")

Dated: August 8, 2024 | **Due: August 8, 2025**

The Notes will constitute general obligations of the Kenmore-Town of Tonawanda Union Free School District, Erie County, New York (the "School District" or the "District") and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. All the taxable real property within the District will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. **The Notes are NOT subject to redemption prior to maturity**.

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

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District. The Notes will be issued in denominations of $5,000 or multiples thereof, except for one odd denomination of $5,700 as may be determined by successful bidder(s). A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of $5,000 or integral multiples thereof, except for one odd denomination of $5,700 as may be determined by successful bidder(s). A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on the Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the unqualified legal opinion as to the validity of the Notes of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as agreed upon with the purchaser(s), on or about August 8, 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 10:30 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 for the Notes.

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

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

2024-2025 BOARD OF EDUCATION

MATTHEW CHIMERA
President

PAUL SPORS
Vice President

FRED FLOSS
LEE ANN VOGT
KAREN WHITELAW

* * * * *

SABATINO CIMATO
Superintendent of Schools

NICOLE MORASCO
Assistant Superintendent for Finance

MARGARET JEAN WEGLARSKI
School District Treasurer

GINA SANTA MARIA
School District Clerk

FISCAL ADVISORS & MARKETING, INC.
School District Municipal Advisor

HODGSON RUSS LLP
Bond Counsel and School District Attorney

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

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

ERIE COUNTY, NEW YORK

Relating to

$2,670,700 Bond Anticipation Notes, 2024A

This Official Statement, which includes the cover page and appendices, has been prepared by the Kenmore-Town of Tonawanda Union Free School District, Erie County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of its $2,670,700 principal amount of Bond Anticipation Notes, 2024A (the “Notes”)

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

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management’s beliefs as well as assumptions made by, and information currently available to, the District’s management and staff.

THE NOTES

Description of the Notes

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

The Notes are dated August 8, 2024 and mature, without option of prior redemption, on August 8, 2025. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in denominations of $5,000 each or multiples thereof, except for one odd denomination of $5,700 as may be determined by successful bidder(s) either (i) registered in the name of the purchaser, in certificated form 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) as “book entry” notes registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued in accordance with the Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law, and pursuant to various bond resolutions that were duly adopted by the Board of Education of the District authorizing the issuance of obligations of the District for the purchase and financing of school buses and similar vehicles (and related equipment) for use in the transportation program of the District.

The proceeds of the Notes in the amount of $2,670,700, along with $1,006,700 of available funds of the District, will be used to redeem and renew, in part, a bond anticipation note of the District that was issued on August 10, 2023 and that will mature on August 9, 2024.

NATURE OF THE OBLIGATION

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

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

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

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

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof, except for one odd denomination of $5,700 as may be determined by successful bidder(s). 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 Town of Tonawanda, which has a population of 71,724 according to a 2022 U.S. Census population estimate. The District has a land area of approximately 18 square miles and is situated in the northwest portion of the County along the Niagara River and adjacent to the northern boundary of the City of Buffalo. The incorporated Village of Kenmore with an estimated population of 15,205 is located wholly within the District and the Town of Tonawanda.

The District is residential and suburban in character and is part of Western New York's metropolitan area where there are seven colleges and universities and five community and junior colleges.

With an average annual increase of approximately 5.4% over the last five years, the District's full valuation continues to grow. Located within the District are many shopping centers, parks, recreational facilities and the following businesses and industries continue to be located within the District: General Motors Corp., E.I. DuPont de Nemours & Co., Praxair, Inc., Sonoco Fibre Drum, Goodyear-Dunlop Tire and General Electric Company. The public utilities located within the District are National Grid, National Fuel Corp, and Verizon.

Recent Economic Developments

The Huntley Power Plant, a coal-burning electrical generation plant located in the District, was closed in 2016, which meant the loss of approximately $3.06 million in PILOT revenues to the District per year, representing approximately 1.95% of the District’s total budgeted 2016-17 revenues. District administration has mitigated this loss of revenue with spending cuts and an increase in property taxes. Additionally, recent State legislation (which was established as part of the State fiscal year 2016 budget and then modified as part of the State fiscal year 2018 budget) created a pool of $45 million in aid set aside to provide financial assistance to municipalities and school districts impacted by the closure of such coal burning facilities. The fund allows for up to 80% of lost revenue to be restored to school districts and municipalities in the first year of disbursement and declines by 10% each year over the course of seven years. The District was able to secure $1.4 million from this program in the 2019-20 fiscal year, $1.1 million for the 2020-21 fiscal year, and $844,500 in the 2021-22 fiscal year. 2022-23 was the final year that receiving funding from this program.

Source: District officials.

District Population

The 2022 estimated population of the District is 66,276. (Source: U.S. Census Bureau, 2018-2022 American Community Survey data).

Five Larger Employers

Name	Type	Employees
Kenmore-Town of Tonawanda UFSD	School District	1,730
General Motors Tonawanda Powertrain	Manufacturing	1,625
Sumitomo Rubber USA LLC	Manufacturing	1,400
Linde Inc.	Engineering & Construction	1,000
CareGivers Home Care	Home Healthcare	800

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 are included in (or that includes parts of) the District, are the Town and County listed below. The figures set below with respect to such Town and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Town or County are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2006-2010	2016-2020	2018-2022	2006-2010	2016-2020	2018-2022
Town of:						
Tonawanda	$ 23,463	$ 36,027	$ 41,572	$ 55,966	$ 84,114	$ 94,796
County of:						
Erie	26,378	35,050	39,703	63,404	80,437	92,038
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: U.S. Census Bureau, 2006-2010 census, 2016-2020 and 2018-2022 American Community Survey data.

Unemployment Rate Statistics

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

Annual Average

	2017	2018	2019	2020	2021	2022	2023
Erie County	5.1%	4.4%	4.1%	9.1%	5.4%	3.6%	3.8%
New York State	4.6%	4.1%	3.9%	9.8%	7.0%	4.3%	4.2%

2024 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul
Erie County	4.6%	4.7%	4.4%	3.9%	4.0%	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 the month of June and July 2024 are not available as of the date of this Official Statement.

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

Form of School Government

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, and other laws generally applicable to the District, including the General Municipal Law and the Real Property Tax Law. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education (the "Board"), which consists of five members including the President and Vice President. Board members are elected for overlapping terms of three years. The administrative officers of the District, whose duty it is to implement the policies of the Board and who are appointed by such Board, include the Superintendent of Schools, Assistant Superintendent for Finance, District Clerk, and District Treasurer.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the District Treasurer, and the Assistant Superintendent for Finance.

Investment Policy/Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State; (4) with the approval of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those bonds issued by the District; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of monies held in certain reserve funds established by the District pursuant to law, obligations of the District.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Board had adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

Budgetary Procedures and Recent Budget Vote Results

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. Under current law, the budget is submitted to voter referendum on the third Tuesday in May each year.

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 1,147 yes to 336 no. The District's adopted budget for the 2023-24 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget included a total tax levy increase of 2.68%, which was the District tax levy limit of 2.90%.

The budget for the 2024-25 fiscal year was approved by qualified voters on May 21, 2024 by a vote of 1,006 yes to 313 no. The District's proposed budget for the 2024-25 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 2.71%, which was below the District tax levy limit of 2.73%.

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 39.02% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

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

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

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

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

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

Federal aid received by the State.

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

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

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 73.8% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

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

School district fiscal year (2024-2025): The State's 2024-25 Enacted Budget 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 comprised of State aid for each of the last five completed fiscal years as well as budgeted figures for the 2023-2024 and 2024-2025 fiscal years.

Fiscal Year	Total Revenues (1)	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2018-2019	$ 162,213,833	$ 60,997,320	37.60%
2019-2020	162,078,522	60,914,767	37.58
2020-2021	165,720,871	59,965,745	36.18
2021-2022	170,755,108	62,672,683	36.70
2022-2023	176,943,942	66,480,817	37.57
2023-2024 (Budgeted)	177,903,301	69,163,401	38.86
2024-2025 (Budgeted)	184,240,498	71,885,985	39.02

(1) General fund only.

Source: 2018-19 through and including the 2022-2023 audited financial statements of the District and 2023-24 and 2024-25 adopted budgets (unaudited) of the District. This table is not audited.

District Facilities

The District currently operates the following facilities:

Name of School	Grades	Capacity	Year(s) Built/Additions
Edison Elementary	K-4	845	1954, ‘83
Franklin Elementary	K-4	745	1950, ‘97
Franklin Middle School	5-7	1,600	1952, ‘97
Holmes Elementary	K-4	620	1964, ‘84
Hoover Elementary	K-4	670	1951, ‘97
Hoover Middle School	5-7	2,000	1956, ‘97
Kenmore East High School	8-12	2,200	1959, ‘98
Kenmore Junior/Senior High School	7-12	1,000	1924, ’97
Kenmore West High School	8-12	2,400	1940, ‘98
Lindbergh Elementary	K-4	770	1928, ‘97

Buildings Leased or Rented	Capacity	Year(s) Built/Additions
Roosevelt Elementary		
Jefferson Elementary		
Outbuildings:		
Central Office/Transportation Office		
Bus Garage	-	1956, ‘97
Longfellow:		1956, ‘84
Coaches Office and Field House	180	1956, ‘84
Parker Field House		
Crosby Field House		
Playground		‘96
Two Storage Facilities		1989, ‘89

Note: Sheridan Elementary school was sold in 2019.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2019-20	6,790	2024-25	6,323
2020-21	6,320	2025-26	6,300
2021-22	6,162	2026-27	6,350
2022-23	6,286	2027-28	6,400
2023-24	6,293	2028-29	6,400

Source: District officials.

District Employees

The School District provides services through approximately 1,730 employees. Information regarding the various bargaining units is as follows:

Number of Employees	Union	Contract Expiration Date
778	Kenmore Teachers’ Association	June 30, 2024 (1)
237	KTA for Per Diem Substitute Teachers	June 30, 2025
23	Kenmore Administrators’ Association	June 30, 2027
689	Ken-Ton School Employee Association	June 30, 2027

(1) Currently under negotiations.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

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

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years. The State's 2024-25 Enacted Budget included a provision that improved the pension benefits of Tier VI members by modifying the final average salary calculation from 5 years back to 3 years. This measure was effective as of April 1, 2024 for PFRS Tier VI members and April 20, 2024 for ERS Tier VI members.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and the unaudited and budgeted figures for the 2023-24 fiscal year and budgeted figures for the 2024-25 fiscal year are as follows:

Fiscal Year	ERS	TRS
2019-2020	$ 2,772,996	$ 6,154,661
2020-2021	2,718,127	6,353,905
2021-2022	2,943,736	6,383,590
2022-2023	2,209,139	7,814,452
2023-2024 (Budgeted)	3,450,000	7,150,000
2023-2024 (Unaudited)	2,727,309	7,150,000
2024-2025 (Budgeted)	3,300,000	7,500,000

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District offered a retirement incentive to the teacher's union in the 2017-2018, 2018-2019, and 2019-2020 fiscal years. In 2017-2018 and 2018-2019 a one-time $25,000 lump sum payout was offered to the employee's 403(b) account. In the 2019-2020 fiscal year a health care incentive was offered to first time eligible retirees. In 2017-2018, nine employees accepted the incentive resulting in a $619,000 savings for the District. In 2018-2019, ten employees accepted the incentive resulting in a $635,000 savings for the District. In 2019-20, 30 employees accepted the incentive resulting in a $1,800,000 savings for the District. The District has not offered early retirement incentives in 2020, 2021, 2021-22, 2022-23, 2023-24 and does not expect to offer any for the 2024-25 fiscal year.

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

A chart of average ERS and TRS employer contribution rates as a percent of payroll (2019-20 to 2024-25) is shown below:

Fiscal Year	ERS	TRS
2019-20	14.6	8.86
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.02*

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

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

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

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that allows 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 are 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 established such reserve fund in the 2019 fiscal year.

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

Other Post-Employment Benefits

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

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

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

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

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

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

Balance beginning at:	July 1, 2021	July 1, 2022
	$ 44,133,316	$ 53,550,652
Changes for the year:		
Service cost	1,802,626	2,044,272
Interest on total OPEB liability	1,013,210	1,527,106
Changes in Benefit Terms	-	-
Differences between expected and actual experience	10,146,395	9,210,462
Changes in Assumptions or other inputs	(2,243,775)	(262,336)
Benefit payments	(1,301,120)	(1,633,567)
Net Changes	$ 9,417,336	$ 10,885,937
Balance ending at:	**June 30, 2022**	**June 30, 2023**
	$ 53,550,652	**$ 64,436,589**

Source: Audited financial statements of the District. The above table is not audited. For additional information regarding the District's OPEB liability see "APPENDIX - D" attached hereto.

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.

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.

Other Information

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

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

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

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

Independent Audits

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

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

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

Fund Structure and Accounts

The General Fund is the general operating fund for the District which is used to account for substantially all financial resources except those accounted for in another fund. The General Fund accounts for substantially all revenues and expenditures of the District. Special Revenue Funds include: the Lunch Fund, the Special Aid Fund, the Public Library Fund, the School Store Fund and the Risk Retention Fund. A Capital Projects Fund is used to account for and report financial resources used to construct or acquire capital assets. The Debt Service Fund accounts for and reports on the resources used to redeem long-term indebtedness. The District also maintains account groups for its General Fixed Asset Accounts and General Long-Term Debt Accounts in order to maintain accountability for its fixed assets and long-term debt, respectively.

Basis of Accounting

The District's governmental funds are accounted for on a modified accrual basis whereby revenues, other than those susceptible ("measurable" and "available" to finance current operations) to accrual, are recorded when received in cash. Revenues susceptible to accrual include real property taxes and State aid. The District generally records expenditures on the accrual basis when fund liabilities are incurred, except as follows: Interest on general obligation debt which is recorded when it becomes due. Unfunded pension costs are recognized as expenditure when billed by the State. Accumulated vacation and sick leave are also accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase; food and supplies in school lunch are inventoried and carried at values which approximate market. Fixed assets are recorded at acquisition cost as determined by appraisal; there is no provision for depreciation expense.

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 2018-19 through 2022-23 fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2023	No Designation	10.0
2022	No Designation	10.0
2021	No Designation	0.0
2020	No Designation	0.0
2019	No Designation	0.0

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

New York State Comptroller's Reports of Examination

The State Comptroller's office, ("OSC") 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 its most recent audit report of the District on August 5, 2022. The purpose of the audit was to determine whether the District Board and officials properly managed capital project change orders for the period September 9, 2014 through March 12, 2020. Key findings and recommendations of the audit report are summarized below:

Key Findings:
The Board and District officials did not properly manage Project change orders. The Board and District officials did not:

- Aggregate 31 change orders, totaling over $860,000 that were for the same or similar types of material or service. As a result, we question whether the change orders may have been split to avoid having to seek competitive bids for the additional work.
- Properly approve 296 change orders totaling $3.8 million.
- Comply with the District's procurement policies and regulations. Competitive pricing was not obtained for 199 change orders, totaling over $3.5 million.

Because District officials did not always comply with New York State General Municipal Law (GML) and the District's procurement policies and regulations, or properly review and approve change orders, they cannot demonstrate that taxpayer dollars were expended in the most prudent and economical manner.

Key Recommendations:
- Carefully evaluate change orders, to ensure they are appropriately aggregated to determine whether it is necessary to obtain Board approval or use competitive bidding or quotes.
- Include a list of other desired items as alternates in original project plans and bid specifications.
- Solicit competition using bids, request for proposals or quotes as required.

District officials generally agreed with the recommendations and plan to initiate corrective action. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

On September 12, 2018, OSC, Division of Local Government and School Accountability released an audit of the District to review School District Physical Education Compliance. The audit found that the District generally complied with the physical education regulations of the New York State Education Department (SED) Commissioner.

As of the date of this Official Statement, there are no other State Comptroller audits of the District that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, nor incorporation hereof.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year of Tax Levy:	2020	2021	2022	2023	2024
Town of:					
Tonawanda	$ 1,667,371,718	$ 1,660,597,902	$ 1,657,528,811	$ 1,661,666,941	$ 1,659,400,611
Total Assessed Values	$ 1,667,371,718	$ 1,660,597,902	$ 1,657,528,811	$ 1,661,666,941	$ 1,659,400,611
State Equalization Rates					
Town of:					
Tonawanda	35.00%	33.00%	33.00%	29.00%	24.00%
Taxable Full Valuations	$ 4,763,919,194	$ 5,032,114,855	$ 5,022,814,579	$ 5,729,886,003	$ 6,914,169,213

Source: District officials.

Tax Rates Per $1,000 (Assessed)

Fiscal Year of Tax Levy:	2020	2021	2022	2023	2024
Town of:					
Tonawanda	$ 51.60	$ 53.15	$ 54.30	$ 54.70	$ 56.24

Source: District officials.

Tax Collection Procedure

Real property taxes for school purposes are levied by the District but are collected by the Town of Tonawanda. Such taxes may be paid without penalty on or before October 15. Delinquent school tax payments are assessed penalties in accordance with an ascending scale which starts at 5% if paid between October 16 and October 31 and 6% if paid between November 1 and November 30.

On or about December 1, uncollected taxes are turned over to the County Commissioner of Finance, and the County reimburses the District in full for the uncollected amount no later than April 1 of the District's fiscal year.

The County has the power to enforce the collection of real property taxes and to issue and sell tax anticipation notes in order to finance any uncollected taxes returned to the District.

The District experiences the impact of tax certiorari filings on occasion for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings are within acceptable norms and are not anticipated to have a material impact on the District’s finances.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Total Tax Levy	$ 86,036,814	$ 88,262,900	$ 89,998,791	$ 90,898,779	$ 93,331,100
Amount Uncollected	2,208,931	1,962,499	2,027,456	2,061,546	2,102,239
% Uncollected (1)	2.57%	2.22%	2.25%	2.27%	2.25%

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

Source: District officials.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District comprised of real property taxes and tax items for each of the below completed fiscal years and budgeted figures for the 2023-24 and 2024-25 fiscal years.

Fiscal Year	Total Revenues (1)	Total Real Property Taxes and Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2018-2019	$ 162,213,833	$ 86,129,301	53.10%
2019-2020	162,078,522	87,048,478	53.71
2020-2021	165,720,871	89,238,318	53.85
2021-2022	170,755,108	91,101,903	53.35
2022-2023	176,943,942	91,927,833	51.95
2023-2024 (Budgeted)	177,903,301	94,261,100	52.98
2024-2025 (Budgeted)	184,240,498	95,859,713	52.03

(1) General fund only.

Source: 2018-19 through and including the 2022-23 audited financial statements of the District and 2023-24 and 2024-25 adopted budgets (unaudited) of the District. This table is not audited.

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

Name	Type	Taxable Assessed Valuation
Niagara Mohawk Power Corp	Utility	$43,044,439
National Fuel Gas Dist	Utility	13,635,093
Benderson	Various	9,442,225
The Uniland Partnership	Corporation	5,116,020
CSX Transportation Inc	Railroad	4,818,704
Unifrax I LLC	Manufacturing	4,558,600
Huntley Power LLC	Power Plant	4,290,000
ECIDA	Manufacturing	4,020,000
Clover Communities Fries LLC	Apartments	3,718,000
Clover Com Crestmount LLC	Apartments	3,653,000

The ten larger taxpayers listed above have a total full valuation of $96,296,081, which represents 58.0% of the tax base of the District.

The District experiences the impact of tax certiorari filings on occasion for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings are within acceptable norms and are not anticipated to have a material impact on the District's finances.

Source: District Tax Rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. 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 one-time 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 were eligible for the property tax rebate where the benefit was a percentage of the homeowners' existing STAR benefit.

The below table lists the basic and enhanced exemption amounts for the 2024-25 District tax roll for the municipalities applicable to the District:

Town of:	Enhanced Exemption	Basic Exemption	Date Certified
Tonawanda	$ 21,010	$ 7,840	4/9/2024

$10,325,778 of the District's $93,331,100 school tax levy for the 2023-2024 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2024.

A similar STAR amount is expected to be exempt for the 2024-2025 fiscal year. The District anticipates receiving full reimbursement of such exempt taxes from the State in January 2025.

Additional Tax Information

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

Senior Citizens' exemptions are offered to those who qualify.

The estimated total annual property tax bill of a $100,000 full market value residential property located in the School District is approximately $5,777 not including the potential STAR tax credit (see "STAR-School Tax Exemption" above).

TAX LEVY LIMITATION LAW

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

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

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. Chapter 20 additionally allows the State Commissioner of Taxation and Finance to adjust for changes in the real property base to reflect development on tax-exempt real property, although no such regulations have been promulgated as of the date of this Official Statement. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

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

1. (a) Such obligations were authorized for an object or purpose for which the District is not authorized to expend money, or

(b) The provisions of the law which should be complied with as of the date of publication of the notice were substantially complied with,

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

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

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2020	2021	2022	2023	2024
Bonds	$ 68,712,743	$ 60,836,971	$ 53,798,246	$ 72,831,498	$ 63,611,660
Bond Anticipation Notes	0	1,163,500	31,000,800	39,279,100	47,557,400
Energy Performance Contract	506,671	381,346	249,125	109,652	0
Total Debt Outstanding	$ 69,219,414	$ 62,381,817	$ 85,048,171	$ 112,220,250	$ 111,169,060

(1) See "Energy Performance Contract" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of July 29, 2024:

Type of Indebtedness	Maturity		Amount
Bonds	2024-2037		$ 63,611,660
Bond Anticipation Notes			
Capital Project	June 26, 2025		43,880,000
Purchase of Buses	August 9, 2024		3,677,400 (1)
		Total Indebtedness:	$ 111,169,060

(1) To be redeemed and renewed, in part, with the proceeds of the Notes and $1,006,700 of 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			$ 6,914,169,213
Debt Limit 10% thereof			691,416,921
Inclusions:			
Bonds	$ 63,611,660		
Bond Anticipation Notes (BANs):	47,557,400		
Total Inclusions prior to issuance of the Notes	111,169,060		
Less: BANs being redeemed from appropriations	1,006,700		
Add: New money proceeds of the Notes	0		
Total Net Inclusions after issuance of the Notes		$110,162,360	
Exclusions:			
State Building Aid [(1)]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness after issuance of the Notes			$ 110,162,360
Net Debt-Contracting Margin			$ 214,261,663
The percent of debt contracting power exhausted is			15.49%

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2024-25 Building Aid Ratios, the School District anticipates State Building aid of 73.8% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the Building aid it anticipates, however, no assurance can be given as to when and how much Building aid the School District will receive in relation to its capital project indebtedness.

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

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

Bonded Debt Service

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

Short-Term Note Indebtedness

The District currently has $43,880,000 bond anticipation notes maturing on June 26, 2025 and $3,677,400 bond anticipation notes outstanding and maturing August 9, 2024.

Cash Flow Borrowings

The District historically does not issue revenue or tax anticipation notes. The District does not currently anticipate issuing either tax anticipation notes or revenue anticipation notes in the foreseeable future.

Capital Project Plans

The District has $1,610,854 of authorized but unissued debt related to a bond resolution adopted on March 10, 2015 following a vote by qualified voters of the District on December 9, 2014, authorizing the issuance of $21,671,000 serial bonds for the development of arts and athletic venues for the District. The District does not intend to borrow against this authorization.

On February 5, 2020, the qualified voters of the District approved a $75 million Capital Improvements Project, 2020 for the reconstruction and renovation of, and the construction of improvements, additions and upgrades to, various District buildings and facilities (and the site thereof). Funding sources for the project will come from $10 million of capital reserve monies with the balance being financed with the issuance of bonds and bond anticipation notes. To date, the District has issued $57,000,000 bond anticipation notes pursuant to this authorization, of which $20,485,000 of such bond anticipation notes have been retired with $18,000,000 net proceeds of bonds issued through the Dormitory Authority of the State of New York in June 2023 together with $2,485,000 available funds of the District. $43,880,000 of such bond anticipation notes remain outstanding and will mature on June 26, 2025.

On May 21, 2024, the qualified voters of the District approved a $8.5 million capital improvements project for the reconstruction and renovation of, and the construction of improvements, additions and upgrades to, various District buildings and facilities. Funding sources for the project will come entirely from capital reserve monies.

The District typically issues annually for buses and/or vehicles. The proceeds of the Notes will redeem and renew, in part, the $3,677,400 bond anticipation notes maturing August 9, 2024, along with $1,006,700 available funds of the District for the aforementioned purpose.

Other than as stated above, the District has no other projects authorized or contemplated at this time.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Erie	5/31/2023	$ 362,698,634 [2]	$ 91,639,063 [3]	$ 271,059,571	7.32%	$ 19,841,561
Town of:						
Tonawanda	7/31/2023	91,736,905 [2]	6,096,800 [3]	85,640,105	79.19%	67,818,399
Village of:						
Kenmore	4/24/2024	24,866,420 [2]	- [3]	24,866,420	100.00%	24,866,420
					Total:	$ 112,526,380

Notes:

(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) Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.

(3) 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.

Debt Ratios

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

	Amount	Per Capita [(a)]	Percentage of Full Value [(b)]
Net Indebtedness [(c)]	$ 110,162,360	$ 1,662.18	1.59%
Net Indebtedness Plus Net Overlapping Indebtedness [(d)]	222,685,740	3,359.98	3.22

(a) The 2022 estimated population of the District is 66,276. (See "THE SCHOOL DISTRICT - Population" herein.)
(b) The District's full value of taxable real estate for the District's 2023-24 tax roll is $6,914,169,213. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Indebtedness, herein.
(d) The District's applicable share of Net Overlapping Indebtedness is estimated to be $112,526,380. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "*State Aid*" herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid

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

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

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

COVID-19

The COVID-19 outbreak spread globally, including to the United States, and was declared a pandemic by the World Health Organization. The outbreak caused the Federal government to declare a national state of emergency, which was followed by the enactment of a variety of stimulus measures designed to address financial stability and liquidity issues caused by the outbreak. The State also declared a state of emergency and the State took steps designed to mitigate the spread and impacts of COVID-19. The state of emergency declaration has since lapsed in the State. The outbreak of the disease affected travel, commerce and financial markets globally and could continue to affect economic growth worldwide. Efforts to contain the spread of COVID-19 have reduced the spread of the virus and the restrictions put in place following the initial outbreak have been relaxed, and the coronavirus public health emergency expired on May 11, 2023. Nevertheless, the outbreak of COVID-19 and the dramatic steps taken by the Federal government and State government to address it may negatively impact federal and local economies, including the economy of the State. The full impact of COVID-19 on the State and the School District's operations and financial condition may not be known for some time. Any resurgence of COVID-19 or similar variants could have a material adverse effect on the State and municipalities and school districts located in the State, including the School District. The School District continues to monitor the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations.

The District does not expect to realize any significant negative impacts from the COVID-19 pandemic through its 2023-24 fiscal year or for the foreseeable future.

Cybersecurity

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

TAX MATTERS

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. We observe that interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Such opinion will state that interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof (including the City of New York).

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

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

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a "private activity bond" within the meaning of Code Section 141;

2. The requirements contained in Code Section 148 relating to arbitrage bonds; and

3. The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

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

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

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

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the legal opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District and, unless paid from other sources, are payable as to principal and interest from *ad valorem* taxes levied upon all the taxable real property within the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); provided, however, that the enforceability (but not the validity) of the Notes may be limited or otherwise affected by (a) any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies heretofore or hereafter enacted or (b) by the unavailability of equitable remedies or the application thereto of equitable principles; (ii) assuming that the District complies with certain requirements of the Code, interest on the Notes (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York. Bond Counsel will express no opinion regarding other federal income tax consequences arising with respect to the Notes.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed, without inquiry or other investigation, the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein 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 District, together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

LITIGATION

The New York State Child Victims Act (CVA) has allowed a limited time “look back” window allowing claims of child sexual abuse to be filed regardless of when the alleged abuse occurred. The District is defending over 9 litigation matters that were brought in response to the CVA, some of which claims may not be covered by insurance. At this time the scope of any such potential damages cannot be predicted. Any liability of the District in excess of any insurance coverage that may be available would be a District charge and would be funded either through budgetary appropriations or through the issuance of notes or bonds. While the specific details of the settlement agreement must, by its terms, remain confidential, District officials do not believe that the settlement amount involved will in any way compromise the District’s ability to make required principal and interest payments on the Notes (or any of its other outstanding obligations). The District intends to obtain bond/note financing, if necessary, to fund any settlements, in order to minimize the impact of these costs on programming for current students.

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

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 School District, threatened against or affecting the School District to restrain or enjoin sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the School District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the School District.

DISCLOSURE UNDERTAKING

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 (the "Rule"), unless the Notes are purchased for the purchaser's own account for investment and not for resale, the District will enter into a separate Disclosure Undertaking for the Notes at closing, a description of which is attached hereto as "APPENDIX – C."

A purchaser buying the Notes for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

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

Continuing Disclosure Compliance History

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District provided, however; the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATINGS

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

Moody's Investors Service ("Moody's") has assigned their underlying rating of "Aa3" to the District's outstanding general obligation bonds. This rating reflects only the view of Moody's and an explanation of the significance of such rating may be obtained from Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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: Nicole Morasco, Assistant Superintendent for Finance, Kenmore-Town of Tonawanda Union Free School District, 1500 Colvin Boulevard, Buffalo, New York 14223, Phone: (716) 874-8400 x20308, Fax: (716) 874-8627, Email: nmorasco@ktufsd.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., telephone number (315) 752-0051, or at www.fiscaladvisors.com or www.fiscaladvisorsauction.com.

KENMORE-TOWN OF TONAWANDA
UNION FREE SCHOOL DISTRICT

Dated: July 29, 2024

MATTHEW CHIMERA
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2019	2020	2021	2022	2023
ASSETS					
Cash	$ 53,554,517	$ 48,396,674	$ 49,758,744	$ 48,778,664	$ 34,912,375
Investments	-	7,030,928	5,035,249	5,043,308	14,837,603
Cash surrender valur of life insurance	2,005,000	1,575,000	1,310,000	1,310,000	1,095,000
Accounts receivable	290,483	302,430	317,717	316,184	277,762
State and Federal Aid Receivable	2,090,502	1,725,233	3,374,616	3,196,302	2,736,015
Other Receivables	-	-	-	-	-
Due from Other Funds	2,139,137	-	3,209,550	7,684,142	8,376,838
Due from Other Governments	5,799,034	6,418,922	4,171,493	5,045,073	4,949,543
Inventories	-	-	-	-	-
Lease Receivables	-	-	-	2,931,137	2,426,219
Deferred outflows of resources	1,257,192	879,669	502,146	124,623	-
TOTAL ASSETS	$ 67,135,865	$ 66,328,856	$ 67,679,515	$ 74,429,433	$ 69,611,355
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 2,182,262	$ 1,387,196	$ 1,410,302	$ 1,780,951	$ 3,786,054
Accrued Liabilities	11,337,978	11,893,321	12,866,481	19,285,962	9,041,486
Due Retirement Systems	7,885,348	6,977,926	7,340,045	7,982,438	8,958,540
Due to Other Funds, net	-	5,919,446	-	-	-
Deferred inflows of resources	1,257,192	879,669	502,146	3,055,760	2,426,219
Unearned revenue	101,563	1,400	61,281	14,860	115,186
TOTAL LIABILITIES	22,764,343	27,058,958	22,180,255	32,119,971	24,327,485
FUND EQUITY					
Nonspendable	$ 2,005,000	$ 1,575,000	$ 1,310,000	$ 1,310,000	$ 1,095,000
Restricted	28,533,990	23,015,335	28,744,804	27,239,216	30,106,859
Assigned	7,191,485	7,914,305	8,547,383	7,561,049	6,640,598
Unassigned	6,641,047	6,765,258	6,897,073	6,199,197	7,441,413
TOTAL FUND EQUITY	44,371,522	39,269,898	45,499,260	42,309,462	45,283,870
TOTAL LIABILITIES & FUND EQUITY	$ 67,135,865	$ 66,328,856	$ 67,679,515	$ 74,429,433	$ 69,611,355

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:	2018	2019	2020	2021	2022
REVENUES					
Real Property Taxes	$ 67,718,750	$ 70,684,608	$ 72,826,021	$ 75,829,870	$ 78,415,162
Real Property Tax Items	15,926,334	15,444,693	14,222,457	13,408,448	12,686,741
Nonproperty Tax Items	8,228,474	8,602,162	8,466,082	9,748,726	11,069,062
Charges for Services	2,461,468	2,428,801	2,444,452	2,152,574	2,855,420
Use of Money & Property	1,056,727	1,511,070	1,130,569	786,526	769,383
Sale of Property and Compensation for Loss	187,845	1,077,507	36,682	12,708	94,547
Miscellaneous	1,521,326	1,179,954	1,839,968	1,185,353	1,874,819
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	62,396,166	60,997,320	60,914,767	59,965,745	62,672,683
Revenues from Federal Sources	104,874	287,718	197,524	2,630,921	317,291
Total Revenues	$ 159,601,964	$ 162,213,833	$ 162,078,522	$ 165,720,871	$ 170,755,108
EXPENDITURES					
General Support	$ 14,734,667	$ 15,436,490	$ 14,819,404	$ 15,150,015	$ 23,991,230
Instruction	89,671,808	93,461,620	95,185,265	96,888,801	98,210,844
Pupil Transportation	5,449,080	5,485,762	5,233,830	4,244,797	5,367,783
Community Services	259,748	252,276	251,029	143,771	228,478
Employee Benefits	30,659,277	32,603,681	31,564,114	33,135,272	35,955,105
Debt Service	11,836,947	16,757,173	9,840,117	9,698,554	10,451,514
Total Expenditures	$ 152,611,527	$ 163,997,002	$ 156,893,759	$ 159,261,210	$ 174,204,954
Other Financing Sources (Uses):					
Interfund Transfers (net)	(248,359)	(279,583)	(10,286,387)	(230,299)	(232,019)
BAN Premium	528,475	-	-	-	492,067
Bond Premium	-	3,796,619	-	-	-
Total Other Financing Sources (Uses)	$ 280,116	$ 3,517,036	$ (10,286,387)	$ (230,299)	$ 260,048
Excess (Deficit) Revenues Over Expenditures	7,270,553	1,733,867	(5,101,624)	6,229,362	(3,189,798)
FUND BALANCE					
Fund Balance - Beginning of Year	35,367,102	42,637,655	44,371,522	39,269,898	45,499,260
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 42,637,655	$ 44,371,522	$ 39,269,898	$ 45,499,260	$ 42,309,462

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 Adopted Budget	2023 Final Budget	2023 Audited Actual	2024 Adopted Budget	2025 Adopted Budget
REVENUES					
Real Property Taxes	$ 90,898,779	$ 79,733,948	$ 79,796,805	$ 93,331,100	$ 95,859,713
Real Property Tax Items	-	12,092,831	12,131,028	930,000	-
Nonproperty Tax Items	9,000,000	9,000,000	11,400,475	10,250,000	10,700,000
Charges for Services	2,139,000	2,139,000	2,443,247	2,345,000	-
Use of Money & Property	661,000	668,000	2,688,263	1,022,600	-
Sale of Property and Compensation for Loss	-	105,112	698,457	14,200	-
Miscellaneous	1,599,200	550,000	826,543	616,000	5,593,800
Interfund Revenues	-	-	-	30,000	-
Revenues from State Sources	64,366,303	64,416,303	66,480,817	69,163,401	71,885,985
Revenues from Federal Sources	130,000	130,000	478,307	201,000	201,000
Total Revenues	$ 168,794,282	$ 168,835,194	$ 176,943,942	$ 177,903,301	$ 184,240,498
EXPENDITURES					
General Support	$ 16,939,785	$ 30,313,262	$ 29,114,038	$ 18,027,840	$ 17,935,500
Instruction	102,122,834	103,204,828	101,459,968	105,656,210	109,374,687
Pupil Transportation	6,566,603	6,342,485	6,067,118	6,525,023	6,532,776
Community Services	-	260,020	204,515	-	-
Employee Benefits	39,333,910	36,318,027	35,842,257	40,565,423	42,561,942
Debt Service	11,131,150	13,904,180	13,773,069	15,261,218	15,273,698
Total Expenditures	$ 176,094,282	$ 190,342,802	$ 186,460,965	$ 186,035,714	$ 191,678,603
Other Financing Sources (Uses):					
Interfund Transfers (net)	(400,000)	(565,000)	(526,111)	100,000	-
BAN Premium	-	-	-	-	-
Bond Premium	-	12,361,559	13,017,542	-	-
Appropriated Reserves	2,150,000	2,150,000	-	2,482,413	-
Appropriated Fund Balance	5,550,000	7,561,049	-	5,550,000	7,438,105
Total Other Financing Sources (Uses)	$ 7,300,000	$ 21,507,608	$ 12,491,431	$ 8,132,413	$ 7,438,105
Excess (Deficit) Revenues Over Expenditures	-	-	2,974,408	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	42,309,462	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 45,283,870	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	$ 9,072,999	$ 2,004,176	$ 11,077,175
2026	9,361,229	1,723,344	11,084,573
2027	9,484,530	1,429,796	10,914,326
2028	9,782,902	1,123,847	10,906,749
2029	4,925,000	884,696	5,809,696
2030	4,540,000	760,000	5,300,000
2031	4,665,000	631,756	5,296,756
2032	4,805,000	494,894	5,299,894
2033	1,280,000	348,750	1,628,750
2034	1,345,000	284,750	1,629,750
2035	1,415,000	217,500	1,632,500
2036	1,485,000	146,750	1,631,750
2037	1,450,000	72,500	1,522,500
TOTALS	$ 63,611,660	$ 10,122,759	$ 73,734,419

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2013 - QZAB Capital Project Principal	Interest	Total	2013 - QZAB Capital Project Principal	Interest	Total	2014 - QZAB Capital Project Principal	Interest	Total
2025	$ 346,250	$ 6,941	$ 353,191	$ 2,146,749	$ 43,034	$ 2,189,783	$ 285,000	$ 4,407	$ 289,407
2026	348,087	5,103	353,191	2,158,142	31,641	2,189,783	285,000	3,296	288,296
2027	349,935	3,256	353,191	2,169,595	20,188	2,189,783	280,000	2,184	282,184
2028	351,794	1,399	353,193	2,181,108	8,674	2,189,782	280,000	1,092	281,092
TOTALS	$ 1,396,066	$ 16,699	$ 1,412,765	$ 8,655,594	$ 103,537	$ 8,759,131	$ 1,130,000	$ 10,979	$ 1,140,979

Fiscal Year Ending June 30th	2015 - QZAB Capital Project Principal	Interest	Total	2016 - QZAB Capital Project Principal	Interest	Total
2025	$ 575,000	$ 25,944	$ 600,944	$ 145,000	$ -	$ 145,000
2026	580,000	20,654	600,654	145,000	-	145,000
2027	580,000	15,318	595,318	-	-	-
2028	580,000	9,982	589,982	-	-	-
2029	505,000	4,646	509,646	-	-	-
TOTALS	$ 2,820,000	$ 76,544	$ 2,896,544	$ 290,000	$ -	$ 290,000

Fiscal Year Ending June 30th	2015 Capital Project & Buses Principal	Interest	Total	2022 CVA Claims Principal	Interest	Total	2023 - DASNY Capital Project Principal	Interest	Total
2025	$ 2,795,000	$ 874,450	$ 3,669,450	$ 1,915,000	$ 286,900	$ 2,201,900	$ 865,000	$ 762,500	$ 1,627,500
2026	2,940,000	734,700	3,674,700	1,995,000	208,700	2,203,700	910,000	719,250	1,629,250
2027	3,080,000	587,700	3,667,700	2,070,000	127,400	2,197,400	955,000	673,750	1,628,750
2028	3,235,000	433,700	3,668,700	2,150,000	43,000	2,193,000	1,005,000	626,000	1,631,000
2029	3,365,000	304,300	3,669,300	-	-	-	1,055,000	575,750	1,630,750
2030	3,435,000	237,000	3,672,000	-	-	-	1,105,000	523,000	1,628,000
2031	3,505,000	164,006	3,669,006	-	-	-	1,160,000	467,750	1,627,750
2032	3,585,000	85,144	3,670,144	-	-	-	1,220,000	409,750	1,629,750
2033	-	-	-	-	-	-	1,280,000	348,750	1,628,750
2034	-	-	-	-	-	-	1,345,000	284,750	1,629,750
2035	-	-	-	-	-	-	1,415,000	217,500	1,632,500
2036	-	-	-	-	-	-	1,485,000	146,750	1,631,750
2037	-	-	-	-	-	-	1,450,000	72,500	1,522,500
TOTALS	$ 25,940,000	$ 3,421,000	$ 29,361,000	$ 8,130,000	$ 666,000	$ 8,796,000	$ 15,250,000	$ 5,828,000	$ 9,775,250

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the "Disclosure Undertaking") is executed and delivered by the Kenmore-Town of Tonawanda Union Free School District, Erie County, New York (the "Issuer") in connection with the issuance of its [$2,670,700 Bond Anticipation Note(s), 2024A] (such Note(s), including any interests therein, being collectively referred to herein as the "Security"). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

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

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;

(7) Modifications to rights of Security Holders, if material;

(8) Bond (or Note) calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Security, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

(13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

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

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

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

Section 2. Definitions.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of [August 8, 2024].

KENMORE-TOWN OF TONAWANDA
UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk

KENMORE TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

For the Fiscal Year Ended June 30, 2023

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

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

KENMORE-TOWN OF TONAWANDA
UNION FREE SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2023

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June 30, 2023

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CERTIFIED PUBLIC ACCOUNTANTS
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INDEPENDENT AUDITORS' REPORT

The Board of Education
Kenmore-Town of Tonawanda Union Free School District

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the 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 remaining fund information of the District as of June 30, 2023, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America (GAAP).

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. 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 District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with GAAP, 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 District's ability to continue as a going concern for one year 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 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 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 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 management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the 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 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 financial statements, and other knowledge we obtained during our audit of the 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 District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the 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 5, 2023 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

October 5, 2023

Management’s Discussion and Analysis (unaudited)

June 30, 2023

Introduction

Management’s Discussion and Analysis (MD&A) of Kenmore-Town of Tonawanda Union Free School District (the District) provides an overview of the District’s financial activities and performance for the year ended June 30, 2023. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District’s financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the District's financial position and results of operations. The District’s financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) reconciliations between the government-wide and governmental fund financial statements; (4) fiduciary fund statements; (5) notes to the financial statements; and (6) supplementary information.

The government-wide financial statements are designed to provide readers with a broad overview of the District’s finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District’s assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the net difference reported as net position. The statement of activities presents information showing how the District’s net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District’s near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for student activity accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support District programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Education Department.

Condensed Statement of Net Position	2023	2022	Change $	%
Current and other assets	$ 107,632,000	$ 177,910,000	$ (70,278,000)	(39.5%)
Capital assets	175,863,000	156,499,000	19,364,000	12.4%
Total assets	283,495,000	334,409,000	(50,914,000)	(15.2%)
Deferred outflows of resources	65,340,000	59,007,000	6,333,000	10.7%
Long-term liabilities	184,439,000	131,322,000	53,117,000	40.4%
Other liabilities	65,642,000	74,331,000	(8,689,000)	(11.7%)
Total liabilities	250,081,000	205,653,000	44,428,000	21.6%
Deferred inflows of resources	8,788,000	97,939,000	(89,151,000)	(91.0%)
Net position				
Net investment in capital assets	87,501,000	90,577,000	(3,076,000)	(3.4%)
Restricted	30,195,000	27,329,000	2,866,000	10.5%
Unrestricted	(27,730,000)	(28,082,000)	352,000	(1.3%)
Total net position	$ 89,966,000	$ 89,824,000	$ 142,000	0.2%

Net position amounted to $89,966,000 and $89,824,000 as of June 30, 2023 and 2022, respectively. A significant portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, vehicles, furniture and equipment, and right-to-use lease assets, less outstanding debt used to acquire or lease those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position represents resources that are subject to restrictions on how they may be used. Reserves are set aside for specific purposes governed by law, and include the debt service reserve, which is required to be used for the payment of bonds issued to finance capital projects; the capital reserve, which is set aside to pay for future renovations and bus purchases as approved by the District's voters; the employee benefit accrued liability reserve, which is restricted to pay for future accumulated sick and vacation time; a repair reserve, which is restricted for emergency repairs to the District's capital assets; and the tax certiorari reserve, which is used to pay tax judgments and claims. Other restricted resources include the retirement contribution, unemployment insurance, insurance, and workers' compensation insurance reserves.

Capital assets increased by $19,364,000 (increase of $10,162,000 in 2022) due to construction in progress related to the 2020 Capital Improvements Project, equipment, and vehicle purchases exceeding depreciation and amortization expense. The decrease in current and other assets of $70,278,000 (increase of $101,905,000 in 2022) is primarily due to recognizing net pension liabilities of $21,011,000 for its proportionate share of the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) pension plans in 2023 compared to net pension assets of $72,933,000 in 2022. The change of $93,944,000 is primarily the result of investment losses on plan assets.

Other liabilities decreased by $8,689,000 (increase of $48,851,000 in 2022) due to a decrease in accrued liabilities, primarily accrued payroll of $5,379,000 and Child Victims Act (CVA) settlements of $14,750,000 offset by an increase in bond anticipation notes (BANs) payable of $8,278,000 to fund the 2020 Capital Improvements Project. Long-term liabilities increased by $53,117,000 (decrease of $7,102,000 in 2022) due to the issuance of two new bonds totaling $25,820,000 and the addition of the 2023 net pension liabilities for the TRS and ERS discussed above, offset by principal payments of $7,329,000 on the District's debt.

Changes in deferred outflows and deferred inflows of resources include changes in pension activity at the State level which are required to be reflected on the District's financial statements. Deferred outflows of resources include contributions required to be paid by the District to the State pension systems after the measurement date. Deferred outflows and deferred inflows of resources also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions. The District has no control or authority over these transactions.

Condensed Statement of Activities	2023	2022	Change $	%
Revenues				
Program revenues				
Charges for services	$ 3,627,000	$ 3,611,000	$ 16,000	0.4%
Operating and capital grants and contributions	19,943,000	18,845,000	1,098,000	5.8%
General revenues				
Property taxes	91,928,000	91,102,000	826,000	0.9%
Sales tax	11,400,000	11,069,000	331,000	3.0%
State aid	66,481,000	62,673,000	3,808,000	6.1%
Other	3,918,000	2,225,000	1,693,000	76.1%
Total revenue	197,297,000	189,525,000	7,772,000	4.1%
Expenses				
Instruction	158,820,000	137,364,000	21,456,000	15.6%
Support services				
General support	23,465,000	37,668,000	(14,203,000)	(37.7%)
Pupil transportation	8,319,000	7,024,000	1,295,000	18.4%
Food service	3,462,000	3,056,000	406,000	13.3%
Interest and other	3,089,000	1,978,000	1,111,000	56.2%
Total expenses	197,155,000	187,090,000	10,065,000	5.4%
Change in net position	142,000	2,435,000	(2,293,000)	(94.2%)
Net position – beginning	89,824,000	87,389,000	2,435,000	2.8%
Net position – ending	$ 89,966,000	$ 89,824,000	$ 142,000	0.2%

District revenues increased by $7,772,000 (increase of $14,334,000 in 2022). The increase is largely due to an increase of $3,808,000 (increase of $2,707,000 in 2022) in state aid, specifically excess cost, building, and lottery aid. Included in other revenue is interest earnings of $2,096,000 in 2023 compared to $157,000 in 2022. Property taxes and related items increased by $826,000 (increase of $1,864,000 in 2022) as noted in the 2023 budget.

Total expenses increased $10,065,000 in 2023 (decrease of $15,264,000 in 2022). Employee related expenses, which are allocated to general support, instruction, food service, and transportation, increased $18,851,000, primarily due to an increase in pension expense of $18,044,000, OPEB expense of $1,965,000, and payroll expenses, which increased approximately $3,755,000 or 4.1%. These increases were offset by a decrease in CVA settlements of $14,625,000.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from $37,998,000 to $40,089,000 as described below:

- Spending across all governmental funds increased by $24,518,000 or 12.1% (increase of $28,589,000 or 16.4% in 2022). This is due to increases in expenditures for instruction of $4,613,000 or 4.2% ($7,371,000 or 7.2% in 2022), general support of $5,416,000 or 20.9% ($9,848,000 or 61.2% in 2022), debt service of $3,322,000 or 31.8% ($753,000 or 7.8% increase in 2022), and an increase in capital outlay expenditures of $10,568,000 or 92.2% ($4,474,000 or 64.0% in 2022).
- Total fund revenue increased $7,968,000 or 4.2% ($13,842,000 or 7.9% increase in 2022). The increase in revenue is primarily due to the increases in state aid, interest earned, and the tax levy as previously mentioned.
- The capital projects fund decreased $1,404,000 as a result of $23,008,000 of expenditures related to the 2020 Capital Improvement Project, offset by state grants of $1,532,000, bond anticipation notes redeemed of $3,937,000, and bonds issued of $16,035,000.

General Fund Budgetary Highlights

The final revenue budget for 2023 was $169,232,000. Actual revenue was over budget by $8,109,000 or 4.8%. The largest fluctuations were nonproperty taxes of $2,400,000, state sources of $2,065,000, and use of money and property of $2,020,000 all higher than budget.

Actual expenditures and carryover encumbrances were less than the final amended budget by $2,791,000 or 1.5%.

Capital Assets

	2023	2022
Land and land improvements	$ 4,994,000	$ 4,850,000
Buildings and improvements	200,488,000	183,847,000
Furniture and equipment	13,804,000	10,916,000
Vehicles	14,919,000	14,557,000
Construction in progress	19,306,000	14,987,000
	253,511,000	229,157,000
Accumulated depreciation	(78,255,000)	(73,583,000)
	175,256,000	155,574,000
Right-to-use lease equipment, net	607,000	925,000
	$ 175,863,000	$ 156,499,000

Current year additions of $25,402,000 were offset by depreciation expense, amortization expense and disposals of $6,038,000. Most of the current year additions were related to the District's 2020 Capital Improvement project and the purchase of buses.

Debt

At June 30, 2023, the District had $73,140,000 in outstanding bonds, energy performance contracts, and leases, with $9,513,000 due within one year ($54,649,000 outstanding in 2022). Outstanding compensated absences and other employee benefits payable were $20,388,000 ($20,202,000 in 2022), with $2,429,000 expected to be paid within one year.

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

Federal revenue sources have increased due to additional pandemic-related funding, but the full extent of Federal assistance is not yet known. The District will need to plan accordingly to ensure continuity of programs upon the eventual reduction in these funds. School districts in New York State are also impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this planning process.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nicole Morasco, Assistant Superintendent for Finance, Kenmore-Town of Tonawanda Union Free School District, 1500 Colvin Boulevard, Buffalo, New York 14223.

Statement of Net Position

June 30, 2023
(With comparative totals as of June 30, 2022)

	2023	2022
Assets		
Cash	$ 72,585,537	$ 79,443,295
Accounts receivable	280,293	322,179
Due from other governments	4,949,543	5,045,073
State and federal aid receivable	11,168,123	10,570,774
Investments	14,837,603	5,043,308
Inventory	289,958	311,005
Lease receivable	2,426,219	2,931,137
Cash surrender value of life insurance	1,095,000	1,310,000
Net pension asset	-	72,933,128
Capital assets (Note 5)	254,922,188	230,799,463
Accumulated depreciation and amortization	(79,059,609)	(74,300,125)
Total assets	283,494,855	334,409,237
Deferred Outflows of Resources		
Grants	-	124,623
Deferred outflows of resources related to pensions	49,994,762	48,712,386
Deferred outflows of resources related to OPEB	15,345,575	10,170,264
Total deferred outflows of resources	65,340,337	59,007,273
Liabilities		
Accounts payable	7,210,138	4,769,770
Accrued liabilities	9,689,588	30,091,427
Due to retirement systems	8,958,540	7,982,438
Unearned revenue	504,558	487,171
Bond anticipation notes	39,279,100	31,000,800
Long-term liabilities		
Due within one year:		
Leases	183,402	403,109
Bonds and energy performance contracts	9,329,490	6,926,240
Compensated absences and other benefits	2,429,000	2,151,000
Due beyond one year:		
Leases	14,988	198,390
Bonds and energy performance contracts	69,076,071	50,041,626
Compensated absences and other benefits	17,959,000	18,051,000
Net pension liability	21,010,999	-
Total OPEB liability	64,436,589	53,550,652
Total liabilities	250,081,463	205,653,623
Deferred Inflows of Resources		
Grants	-	124,623
Deferred inflows of resources related to leases	2,426,219	2,931,137
Deferred inflows of resources related to pensions	4,660,050	92,788,135
Deferred inflows of resources related to OPEB	1,701,452	2,095,169
Total deferred inflows of resources	8,787,721	97,939,064
Net Position		
Net investment in capital assets	87,501,271	90,576,578
Restricted	30,194,830	27,329,523
Unrestricted	(27,730,093)	(28,082,278)
Total net position	$ 89,966,008	$ 89,823,823

See accompanying notes.

Statement of Activities

For the year ended June 30, 2023
(With summarized comparative totals for June 30, 2022)

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue: 2023	Net (Expense) Revenue: 2022
Governmental activities						
General support	$ 23,464,537	$ 631,815	$ -	$ -	**$ (22,832,722)**	$ (37,056,241)
Instruction	158,820,070	2,443,247	15,294,753	1,532,430	**(139,549,640)**	(119,995,750)
Pupil transportation	8,318,970	-	-	-	**(8,318,970)**	(7,024,335)
Community services	634,428	-	-	-	**(634,428)**	(429,281)
Interest expense	2,455,972	-	-	-	**(2,455,972)**	(1,548,591)
School food service	3,461,773	552,045	3,116,167	-	**206,439**	1,420,116
	$ 197,155,750	$ 3,627,107	$ 18,410,920	$ 1,532,430	**(173,585,293)**	(164,634,082)
General revenues						
Real property taxes					**91,927,833**	91,101,903
Sales taxes					**11,400,475**	11,069,062
Miscellaneous					**3,918,353**	2,225,105
State aid					**66,480,817**	62,672,683
Total general revenues					**173,727,478**	167,068,753
Change in net position					**142,185**	2,434,671
Net position - beginning					**89,823,823**	87,389,152
Net position - ending					**$ 89,966,008**	$ 89,823,823

See accompanying notes.

Balance Sheet - Governmental Funds

June 30, 2023
(With summarized comparative totals as of June 30, 2022)

	General	Capital Projects	Special Aid	Food Service	Miscellaneous Special Revenue	Total Governmental Funds 2023	Total Governmental Funds 2022
Assets							
Cash	$ 34,912,375	$ 32,765,966	$ 669,842	$ 4,149,383	$ 87,971	**$ 72,585,537**	$ 79,443,295
Accounts receivable	277,762	-	-	2,531	-	**280,293**	322,179
Due from other governments	4,949,543	-	-	-	-	**4,949,543**	5,045,073
State and federal aid receivable	2,736,015	1,559,899	6,837,458	34,751	-	**11,168,123**	10,570,774
Due from other funds	8,376,838	-	-	113,497	-	**8,490,335**	7,684,142
Investments	14,837,603	-	-	-	-	**14,837,603**	5,043,308
Inventory	-	-	-	289,958	-	**289,958**	311,005
Lease receivable	2,426,219	-	-	-	-	**2,426,219**	2,931,137
Cash surrender value of life insurance	1,095,000	-	-	-	-	**1,095,000**	1,310,000
Total assets	69,611,355	34,325,865	7,507,300	4,590,120	87,971	**116,122,611**	112,660,913
Deferred Outflows of Resources							
Grants	-	-	-	-	-	**-**	124,623
Total assets and deferred outflows	$ 69,611,355	$ 34,325,865	$ 7,507,300	$ 4,590,120	$ 87,971	**$ 116,122,611**	$ 112,785,536
Liabilities							
Accounts payable	$ 3,786,054	$ 2,906,803	$ 451,109	$ 66,172	$ -	**$ 7,210,138**	$ 4,769,770
Accrued liabilities	9,041,486	-	73,803	49,299	-	**9,164,588**	19,807,427
Due to retirement systems	8,958,540	-	-	-	-	**8,958,540**	7,982,438
Due to other funds	-	1,897,319	6,593,016	-	-	**8,490,335**	7,684,142
Unearned revenue	115,186	-	389,372	-	-	**504,558**	487,171
Bond anticipation notes	-	39,279,100	-	-	-	**39,279,100**	31,000,800
Total liabilities	21,901,266	44,083,222	7,507,300	115,471	-	**73,607,259**	71,731,748
Deferred Inflows of Resources							
Grants	-	-	-	-	-	**-**	124,623
Leases	2,426,219	-	-	-	-	**2,426,219**	2,931,137
Total deferred inflows or resources	2,426,219	-	-	-	-	**2,426,219**	3,055,760
Fund Balances							
Nonspendable	1,095,000	-	-	289,958	-	**1,384,958**	1,621,005
Restricted	30,106,859	-	-	-	87,971	**30,194,830**	27,329,523
Assigned	6,640,598	-	-	4,184,691	-	**10,825,289**	11,201,698
Unassigned	7,441,413	(9,757,357)	-	-	-	**(2,315,944)**	(2,154,198)
Total fund balances (deficit)	45,283,870	(9,757,357)	-	4,474,649	87,971	**40,089,133**	37,998,028
Total liabilities, deferred inflows, and fund balances	$ 69,611,355	$ 34,325,865	$ 7,507,300	$ 4,590,120	$ 87,971	**$ 116,122,611**	$ 112,785,536

See accompanying notes.

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2023

Total fund balances - governmental funds		$ 40,089,133
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		175,862,579
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to pensions	49,994,762	
Net pension liability	(21,010,999)	
Deferred inflows of resources related to pensions	(4,660,050)	24,323,713
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide statements and include:		
Deferred outflows of resources related to OPEB	15,345,575	
Total OPEB liability	(64,436,589)	
Deferred inflows of resources related to OPEB	(1,701,452)	(50,792,466)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Leases	(198,390)	
Bonds, energy performance contracts, and related premiums	(78,405,561)	
Accrued interest	(525,000)	
Compensated absences and other benefits	(20,388,000)	(99,516,951)
Net position - governmental activities		$ 89,966,008

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the year ended June 30, 2023
(With summarized comparative totals for June 30, 2022)

	General	Capital Projects	Special Aid	Food Service	Miscellaneous Special Revenue	Total Governmental Funds 2023	Total Governmental Funds 2022
Revenues							
Real property taxes	$ 79,796,805	$ -	$ -	$ -	$ -	**$ 79,796,805**	$ 78,415,162
Real property tax items	12,131,028	-	-	-	-	**12,131,028**	12,686,741
Nonproperty taxes	11,400,475	-	-	-	-	**11,400,475**	11,069,062
Charges for services	2,443,247	-	-	-	-	**2,443,247**	2,855,420
Use of money and property	2,688,263	-	-	38,271	1,339	**2,727,873**	769,740
Sale of property and compensation for loss	698,457	-	-	-	-	**698,457**	94,547
Miscellaneous	826,543	-	256,055	19,752	725	**1,103,075**	2,008,187
State sources	66,480,817	1,532,430	3,039,875	171,787	-	**71,224,909**	65,746,638
Federal sources	478,307	-	11,520,516	2,924,628	-	**14,923,451**	15,244,357
Sales	-	-	-	552,045	-	**552,045**	143,302
Total revenues	176,943,942	1,532,430	14,816,446	3,706,483	2,064	**197,001,365**	189,033,156
Expenditures							
General support	29,114,038	-	1,181,543	1,048,197	-	**31,343,778**	25,928,186
Instruction	101,459,968	-	13,487,269	-	4,400	**114,951,637**	110,338,964
Pupil transportation	6,067,118	1,198,841	311,541	-	-	**7,577,500**	7,230,873
Community services	204,515	-	399,341	-	-	**603,856**	371,365
Employee benefits	35,842,257	-	-	401,297	-	**36,243,554**	36,373,691
Debt service							
Principal	11,266,049	-	-	-	-	**11,266,049**	8,748,875
Interest	2,507,020	-	-	-	-	**2,507,020**	1,702,639
Cost of sales	-	-	-	1,371,485	-	**1,371,485**	1,220,632
Capital outlay	-	21,809,251	-	225,372	-	**22,034,623**	11,466,335
Total expenditures	186,460,965	23,008,092	15,379,694	3,046,351	4,400	**227,899,502**	203,381,560
Excess revenues (expenditures)	(9,517,023)	(21,475,662)	(563,248)	660,132	(2,336)	**(30,898,137)**	(14,348,404)
Other financing sources (uses)							
Operating transfers, net	(526,111)	100,000	563,248	(137,137)	-	**-**	-
BANs redeemed from appropriations	-	3,936,700	-	-	-	**3,936,700**	1,182,700
Premiums on debt	3,232,542	-	-	-	-	**3,232,542**	492,067
Proceeds from the issuance of debt	9,785,000	16,035,000	-	-	-	**25,820,000**	-
Total other financing sources	12,491,431	20,071,700	563,248	(137,137)	-	**32,989,242**	1,674,767
Net change in fund balances	2,974,408	(1,403,962)	-	522,995	(2,336)	**2,091,105**	(12,673,637)
Fund balances (deficit) - beginning	42,309,462	(8,353,395)	-	3,951,654	90,307	**37,998,028**	50,671,665
Fund balances (deficit) - ending	$ 45,283,870	$ (9,757,357)	$ -	$ 4,474,649	$ 87,971	**$ 40,089,133**	$ 37,998,028

See accompanying notes.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2023

Total net change in fund balances - governmental funds		$ 2,091,105
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays exceed depreciation and amortization expense and disposals.		19,363,241
Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2023 TRS and ERS contributions	10,012,228	
2023 ERS accrued contribution	672,073	
2022 ERS accrued contribution	(660,886)	
2023 TRS pension expense	(9,642,231)	
2023 ERS pension expense	(4,914,850)	(4,533,666)
OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities.		(5,316,909)
Payments of long-term liabilities are reported as expenditures in governmental funds and as a reduction of debt in the statement of net position.		7,329,349
Debt proceeds including premiums are recorded as other financing sources in governmental funds but increase long-term liabilities in the statement of net position.		(28,655,983)
In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
CVA settlement	10,000,000	
Amortization of bond premiums	292,048	
Compensated absences and other benefits	(186,000)	
Interest	(241,000)	9,865,048
Change in net position - governmental activities		$ 142,185

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2023

	Budgeted Amounts		Actual		Variance with
	Original	Final	(Budgetary Basis)	Encumbrances	Final Budget Over/(Under)
Revenues					
Local sources					
Real property taxes	$ 79,733,948	$ 79,733,948	**$ 79,796,805**		$ 62,857
Real property tax items	12,092,831	12,092,831	**12,131,028**		38,197
Nonproperty taxes	9,000,000	9,000,000	**11,400,475**		2,400,475
Charges for services	2,139,000	2,139,000	**2,443,247**		304,247
Use of money and property	668,000	668,000	**2,688,263**		2,020,263
Sale of property and compensation for loss	14,200	105,112	**698,457**		593,345
Miscellaneous	550,000	550,000	**826,543**		276,543
State sources	64,366,303	64,416,303	**66,480,817**		2,064,514
Federal sources	130,000	130,000	**478,307**		348,307
Total revenues	168,694,282	168,835,194	**176,943,942**		8,108,748
Expenditures					
General support					
Board of education	79,915	82,560	**71,171**	213	(11,176)
Central administration	341,694	341,374	**322,767**	-	(18,607)
Finance	880,547	928,653	**850,145**	-	(78,508)
Staff	1,503,717	1,838,233	**1,684,591**	45,407	(108,235)
Central services	12,654,257	11,843,830	**11,201,294**	285,760	(356,776)
Special items	2,267,652	15,278,612	**14,984,070**	141,462	(153,080)
Instruction					
Instruction, administration, and improvement	6,968,440	6,582,475	**6,341,065**	4,166	(237,244)
Teaching - regular school	56,825,195	54,285,839	**54,081,145**	161,435	(43,259)
Programs for children with handicapping conditions	22,968,384	25,495,025	**25,254,605**	174,043	(66,377)
Occupational education	5,131,627	5,081,208	**4,901,128**	-	(180,080)
Teaching - special schools	626,700	662,047	**351,523**	-	(310,524)
Instructional media	3,640,113	3,334,736	**3,070,124**	3,387	(261,225)
Pupil services	6,738,703	7,763,498	**7,460,378**	33,213	(269,907)
Pupil transportation	6,661,375	6,342,485	**6,067,118**	156,951	(118,416)
Community services	260,020	260,020	**204,515**	7,976	(47,529)
Employee benefits	39,425,842	36,318,027	**35,842,257**	76,585	(399,185)
Debt service					
Principal	8,187,941	11,397,160	**11,266,049**	-	(131,111)
Interest	2,943,209	2,507,020	**2,507,020**	-	-
Total expenditures	178,105,331	190,342,802	**186,460,965**	1,090,598	(2,791,239)
Excess revenues (expenditures)	(9,411,049)	(21,507,608)	**(9,517,023)**	(1,090,598)	10,899,987
Other financing sources (uses)					
Operating transfers in	100,000	100,000	**137,137**		37,137
Operating transfers out	(400,000)	(665,000)	**(663,248)**		(1,752)
Premiums on debt	-	2,361,559	**3,232,542**		870,983
Proceeds from issuance of debt	-	10,000,000	**9,785,000**		(215,000)
Appropriated reserves	2,150,000	2,150,000	**-**		(2,150,000)
Appropriated fund balance and carryover encumbrances	7,561,049	7,561,049	**-**		(7,561,049)
Total other financing sources (uses)	9,411,049	21,507,608	**12,491,431**		(9,016,177)
Excess revenues (expenditures) and other financing sources (uses)	$ -	$ -	**$ 2,974,408**	$ (1,090,598)	$ 1,883,810

See accompanying notes.

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2023

Assets	
Cash	$ 277,554
Liabilities	
Sales tax payable	393
Net Position	
Extraclassroom activity balances	$ 277,161

* * *

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2023

Additions	
Student activity additions	$ 537,917
Sales tax collections	13,144
	551,061
Deductions	
Student activity deductions	493,894
Sales tax payments	14,099
	507,993
Change in net position	43,068
Net position - beginning	234,093
Net position - ending	$ 277,161

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Kenmore-Town of Tonawanda Union Free School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America (GAAP), nor does it contain any component units.

The financial statements of the District have been prepared in conformity with GAAP as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Joint Venture

The District is one of 19 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES' budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate and for other shared contracted administrative services. Participating districts may issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2023, the District was billed $10,581,000 for BOCES administrative and program costs and recognized revenue of $540,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES' administrative offices.

Risk Management

The District is self-insured pursuant to Article 5 of the Workers' Compensation law to finance the liability and risks related to workers' compensation claims. The District also self-funds health insurance. These activities are further discussed in Note 10.

Basis of Presentation

Government-Wide Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the 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 (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) grants and contributions limited to the purchase or construction of specific capital assets, if any. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

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

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The District also elected to display the following as major funds:

- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.
- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Miscellaneous special revenue fund*. This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for its student activity accounts.

The District has elected not to use a debt service fund as debt activity is currently reflected in the general fund. Amounts accumulated for future principal and interest payments and restricted for such purposes are also included in the general fund.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2022, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

The government-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 flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include property and sales taxes, grants, and donations. Revenue from property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. 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. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2023, the tax lien was issued on August 9, 2022 for collection from September 12 through November 30, 2022. Thereafter, uncollected amounts became the responsibility of Erie County. Such amounts were submitted to the District by April 1st of the following year as required by law.

The District is subject to tax abatements granted by the Erie County Industrial Development Agency (ECIDA). ECIDA is a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development. Through ECIDA, companies promise to expand or maintain facilities or employment within the communities served by the District, establish new businesses, or to relocate an existing business to these communities. Economic development agreements entered into by ECIDA can include the abatement of county, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreement stipulates a percentage reduction of property taxes, which can be as much as 100%. For the year ended June 30, 2023, the impact of tax abatements through ECIDA amounted to $1,146,000.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2022 was approved by a majority of the voters in a general election held on May 17, 2022.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Investments

Investments include collateralized bank deposits, repurchase agreements, and U.S. Treasury Securities held in external investment pools and recorded at fair value.

Inventory

Inventory consists of food and similar goods related to food service operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Cash Surrender Value of Life Insurance

Cash surrender value of life insurance is stated at the lower of accumulated premiums paid or surrender value of the contracts.

Capital Assets

Capital assets are generally reported at actual or estimated historical cost based on appraisals. Financed right-to-use lease assets are recorded at the present value of the initial lease liability. Contributed assets are recorded at fair value at the time received. Depreciation and amortization are provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which assets are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	$ 5,000	20
Buildings and improvements	$ 5,000	30 - 50
Furniture, equipment, and vehicles	$ 5,000	5 - 15

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Deferred Outflows and Deferred Inflows of Resources – Grants

Voluntary nonexchange transactions represented by grants accrued in advance of the receipt of contributed services are recognized as deferred outflows and deferred inflows of resources on the government-wide and governmental funds statements. The grants represent in-kind services to be received by the District and are recognized at the estimated net present value of the services; revenue and expense/expenditures were recognized ratably over the term of the agreement.

Pensions

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense of the District's defined benefit healthcare plan (Note 9) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Compensated Absences and Other Benefits

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrators and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting this vested amount to provide for payment of health insurance until exhausted. Certain bargaining unit employees are also entitled to contributions made by the District to medical accounts, health reimbursement accounts, or health savings accounts. The accumulation of these benefits is determined by the contracts and provides employees with contributions annually. Contributions to these plans accumulate until retirement, and are accrued annually as they are earned.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

The District is required to classify net position into three categories:

- *Net investment in capital assets* – consists of capital assets net of accumulated depreciation and amortization, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or required by the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Fund balance is categorized as follows:

Nonspendable:	
Inventory	$ 289,958
Life insurance	1,095,000
Restricted:	
Capital	9,963,362
Debt service	4,069,236
Employee benefit accrued liability	1,814,130
Workers' compensation	980,000
Retirement contribution	8,165,323
Unemployment insurance	677,332
Repair	1,597,721
Tax certiorari	228,381
Insurance	2,611,374
Scholarships	87,971
Assigned:	
Designated for subsequent year	5,550,000
Encumbrances	1,090,598
Food service	4,184,691
Unassigned	(2,315,944)
	$ 40,089,133

Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2016, voters approved the creation of a capital reserve of $15,000,000 that has been fully funded. In 2021, the voters approved a capital reserve of $20,000,000, which has been funded to $1,396,585. Amounts remaining and available for use in the general fund at June 30, 2023 total $9,963,362.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond and BAN premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is 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.
- *Workers' compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-funded plan.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10%. At June 30, 2023, the retirement contribution reserve includes $3,463,219 for TRS and $4,702,104 for ERS.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Repair* – is used to accumulate funds to finance costs of major repairs to capital improvements or equipment, and requires a public hearing for its use.
- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.
- *Insurance* – is used to pay liability, casualty, and other types of losses except losses incurred for which insurance may be purchased. The amount is funded through budgetary appropriation and may not exceed 5% of the budget.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end.

Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Significant outstanding encumbrances in the general fund as of June 30, 2023 include $170,000 for educational supplies and $503,000 for contractual services.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

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

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District's practice to settle these amounts at the net balances due between funds.

2. Stewardship and Compliance

The capital projects fund's deficit fund balance of $9,757,357 will be funded when bond anticipation notes are redeemed from subsequent budget appropriations or converted to permanent financing.

3. Cash and Investments

Cash management is governed by State laws and as established in the District's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District's banking policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2023, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' trust departments through a perfected security interest in the pledged assets and by the pledging institutions' agents.

Credit risk is the risk of loss attributed to the magnitude of the District's investment in a single issuer. The District's external investment pool is rated AAAm from Standard and Poor's Global Ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit its exposure, the District's external investment pool limits the maturity date of its investments. The dollar weighted average days to maturity (WAM) at June 30, 2023 is 33 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of the pool is 74 days.

4. Interfund Transactions – Fund Financial Statements

			Transfers	
Fund	Receivable	Payable	In	Out
General	$ 8,495,069	$ 118,231	$ 137,137	$ 663,248
Capital projects	-	1,897,319	100,000	-
Special aid	-	6,593,016	563,248	-
Food service	124,504	11,007	-	137,137
	$ 8,619,573	$ 8,619,573	$ 800,385	$ 800,385

The general fund provides cash flow to the various other funds; these amounts will be repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the capital projects fund for annually budgeted expenditures. The amount transferred from the school lunch fund to the general fund is to reimburse the general fund for administrative costs.

5. Capital Assets

	July 1, 2022	Increases	Retirements/ Reclassifications	June 30, 2023
Non-depreciable and non-amortizable capital assets:				
Land	$ 1,877,916	$ -	$ -	$ 1,877,916
Construction in progress	14,986,632	19,305,629	(14,986,632)	19,305,629
Total non-depreciable and non-amortizable assets	16,864,548	19,305,629	(14,986,632)	21,183,545
Depreciable capital assets:				
Land improvements	2,971,670	144,837	-	3,116,507
Buildings and improvements	183,847,273	1,653,956	14,986,632	200,487,861
Furniture and equipment	10,915,861	2,955,789	(67,650)	13,804,000
Vehicles	14,557,582	1,330,424	(969,451)	14,918,555
Total depreciable assets	212,292,386	6,085,006	13,949,531	232,326,923
Accumulated depreciation:				
Land improvements	(2,971,670)	(3,923)	-	(2,975,593)
Buildings and improvements	(54,524,501)	(3,490,299)	-	(58,014,800)
Furniture and equipment	(5,784,070)	(1,006,653)	15,984	(6,774,739)
Vehicles	(10,302,446)	(1,157,090)	969,450	(10,490,086)
Total accumulated depreciation	(73,582,687)	(5,657,965)	985,434	(78,255,218)
Total depreciable assets, net	138,709,699	427,041	14,934,965	154,071,705
Right-to-use lease assets:				
Equipment	1,642,529	10,757	(241,566)	1,411,720
Accumulated amortization	(717,438)	(280,197)	193,244	(804,391)
Total right-to-use assets, net	925,091	(269,440)	(48,322)	607,329
	$ 156,499,338	$ 19,463,230	$ (99,989)	$ 175,862,579

Depreciation and amortization expense has been allocated to the following functions: general support $460,054, instruction $5,153,859, pupil transportation $259,533, and school lunch $64,716.

As of June 30, 2023, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	$ 175,862,579
Lease liability	(198,390)
Bonds, energy performance contracts, and related premiums	(78,405,561)
Bonds anticipation notes, net of unspent proceeds	(9,757,357)
	$ 87,501,271

6. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2023 amounted to $39,279,100 ($31,000,800 as of June 30, 2022). In 2023, BANs of $3,936,700 were redeemed from appropriations, $16,035,000 was converted to a bond, and the balance of $11,029,100 was reissued into new BANs totaling $39,279,100 with interest at 2.68%-3.61%. Subsequent to June 30, 2023, the District also issued BANs of $3,677,400, with interest at 4.5%, to refinance a maturing BAN and to finance capital projects.

7. Long-Term Liabilities

	July 1, 2022	Increases	Decreases	June 30, 2023	Amount Due in One Year
Leases	$ 601,499	$ -	$ 403,109	$ 198,390	$ 183,402
Bonds	53,798,246	25,820,000	6,786,747	72,831,499	9,219,838
Bond premiums	2,920,475	2,835,983	292,048	5,464,410	-
Energy performance contracts	249,145	-	139,493	109,652	109,652
Compensated absences	13,192,000	388,000	-	13,580,000	1,000,000
Other employee benefits	7,010,000	-	202,000	6,808,000	1,429,000
	$ 77,771,365	$ 29,043,983	$ 7,823,397	$ 98,991,951	$ 11,941,892

Existing Obligations

Description	Maturity	Rate	Balance
2013 Qualified Zone Academy bonds	June 2028	0.53%	$ 1,740,488
2013 Qualified Zone Academy bonds	June 2028	0.53%	10,791,011
2014 Qualified Zone Academy bonds	June 2028	0.39%	1,415,000
2014 Improvement and bus bond	September 2023	2.0%-4.0%	470,000
2015 Qualified Zone Academy bonds	June 2029	0.92%	3,395,000
2016 Qualified Zone Academy bonds	September 2025	0.0%	435,000
2009 Energy performance contract	January 2024	4.73%-5.39%	109,652
2019 Improvement bond	June 2032	2.125%-5.0%	28,765,000
2023 DASNY Serial Bond	August 2027	4.00%	9,785,000
2023 Serial Bond	June 2037	5.00%	16,035,000
Equipment lease – 2019	June 2023	2.17%	168,603
Equipment lease – 2020	June 2024	1.26%	29,787
			$ 73,139,541

Debt Service Requirements

	Bonds and Energy Performance Contract		Leases	
Years ending June 30,	Principal	Interest	Principal	Interest
2024	$ 9,329,490	$ 2,705,968	$ 183,402	$ 2,278
2025	9,072,999	2,004,176	14,988	102
2026	9,361,230	1,723,344	-	-
2027	9,484,530	1,429,796	-	-
2028	9,782,902	1,123,847	-	-
2029-2033	20,215,000	3,120,096	-	-
2034-2037	5,695,000	721,500	-	-
	$ 72,941,151	$ 12,828,727	$ 198,390	$ 2,380

8. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 10.29% for 2023. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2023, these rates ranged from 8.3% - 17.5%.

The amount outstanding and payable to TRS for the year ended June 30, 2023 was $7,820,103. A liability to ERS of $672,073 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2023.

Net Pension Position, Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2023, District reported a liability of $7,671,268 for its proportionate share of the TRS net pension position and a liability of $13,339,731 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2022 measurement date was determined by an actuarial valuation as of June 30, 2021, with update procedures applied to roll forward the total pension liability to June 30, 2022. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2022, the District's proportion was 0.399776%, an increase of 0.006854 from its proportion measured as of June 30, 2021.

The ERS total pension liability at the March 31, 2023 measurement date was determined by an actuarial valuation as of April 1, 2022, with update procedures applied to roll forward the total pension liability to March 31, 2023. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At the March 31, 2023 measurement date, the District's proportion was 0.0622072%, an increase of 0.0029573 from its proportion measured as of March 31, 2022.

For the year ended June 30, 2023, the District recognized net pension expense of $14,557,081 on the government-wide statements (TRS expense of $9,642,231 and ERS expense of $4,914,850). At June 30, 2023, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 8,038,518	$ (153,719)	$ 1,420,786	$ (374,630)
Changes of assumptions	14,880,962	(3,090,204)	6,478,634	(71,601)
Net difference between projected and actual earnings on pension plan investments	9,912,005	-	-	(78,370)
Changes in proportion and differences between contributions and proportionate share of contributions	167,355	(720,736)	604,326	(170,790)
District contributions subsequent to the measurement date	7,820,103	-	672,073	-
	$ 40,818,943	$ (3,964,659)	$ 9,175,819	$ (695,391)

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

Years ending June 30,	TRS	ERS
2024	$ 5,596,442	$ 1,919,200
2025	2,899,425	(599,079)
2026	(1,370,163)	2,799,113
2027	19,391,974	3,689,121
2028	2,438,115	-
Thereafter	78,388	-
	$ 29,034,181	$ 7,808,355

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2021 valuation, with update procedures used to roll forward the total pension liability to June 30, 2022, were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. These assumptions are:

Inflation – 2.4%
Salary increases – Based on TRS member experience, dependent on service, ranging from 1.95%-5.18%
Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually
Investment rate of return – 6.95% compounded annually, net of investment expense, including inflation
Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis
Discount rate – 6.95%

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations.* 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.

For ERS, the actuarial assumptions used in the April 1, 2022 valuation, with update procedures used to roll forward the total pension liability to March 31, 2023, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.9%
Salary increases – 4.4%
COLA – 1.5% annually
Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation
Mortality – Society of Actuaries' Scale MP-2021
Discount rate – 5.9%

The long-term expected rate of return on ERS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

	TRS		ERS	
Asset Class	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.5%	32%	4.3%
Global and international equities	20%	6.9%-7.2%	15%	6.9%
Private equities	8%	9.9%	10%	7.5%
Real estate equities	11%	6.2%	9%	4.6%
Domestic fixed income securities	16%	1.1%	23%	1.5%
Global fixed income securities	2%	0.6%	-	-
Bonds and mortgages	6%	2.4%	-	-
Short-term	1%	(0.3)%	1%	-
Other	3%	3.3%-5.3%	10%	5.4%-5.8%
	100%		100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those 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.

The following presents the District's proportionate share of its net pension position calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	$ (70,732,685)	$ (7,671,268)	$ 45,362,970
District's proportionate share of the ERS net pension asset (liability)	$ (32,236,408)	$ (13,339,731)	$ 2,450,641

9. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance benefits for certain District employees and their spouses based on various bargaining unit agreements and individual contracts. Benefits are provided through a combination of self-funded and community-rated health insurance plans. Eligibility for benefits is based on covered employees who retire from the District and have met vesting requirements. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2023 employees covered by the Plan include:

Active employees	1,489
Inactive employees or beneficiaries currently receiving benefits	779
Inactive employees entitled to but not yet receiving benefits	-
	2,268

Total OPEB Liability

The District's total OPEB liability of $64,436,589 was measured as of March 31, 2023 and was determined by an actuarial valuation as of June 30, 2023.

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

Healthcare cost trend rates – based on the National Health Expenditure Projections 2014-2030 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2023 version 1f (updated October 2022) for long-term rates, initially 5.5% and an ultimate rate of 4.0% after 2070
Salary increases – 3.53%
Mortality – Pub-2010 Public Retirement Plans Mortality Table, Headcount-Weighted, fully generational using Mortality Improvement Scale MP-2021 for retirees and surviving spouses
Discount rate – 3.78% based on the Fidelity Municipal GO AA 20-Year Bond rate as of the measurement date
Inflation rate – 2.53%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2022	$ 53,550,652
Changes for the year:	
Service cost	2,044,272
Interest	1,527,106
Changes of benefit terms	-
Differences between expected and actual experience	9,210,462
Changes of assumptions or other inputs	(262,336)
Benefit payments	(1,633,567)
Net changes	10,885,937
Balance at June 30, 2023	$ 64,436,589

The following presents the sensitivity of the District's total OPEB liability to changes in the discount rate, including what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (2.78%)	Discount Rate (3.78%)	1.0% Increase (4.78%)
Total OPEB liability	$ (68,839,530)	$ (64,436,589)	$ (60,243,245)

The following presents the sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rates, including what the District's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (4.5% to 3.0%)	Healthcare Cost Trend Rate (5.5% to 4.0%)	1.0% Increase (6.5% to 5.0%)
Total OPEB liability	$ (59,012,261)	$ (64,436,589)	$ (70,645,254)

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources

For the year ended June 30, 2023, the District recognized OPEB expense of $7,033,588. At June 30, 2023, the District reported deferred outflows 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	$ 14,662,445	$ (34,799)
Changes of assumptions or other inputs	274,738	(1,666,653)
Benefit payments subsequent to the measurement date	408,392	-
	$ 15,345,575	$ (1,701,452)

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2024	$ 3,500,279
2025	3,211,394
2026	2,347,966
2027	1,273,996
2028	1,209,206
Thereafter	1,692,890
	$ 13,235,731

10. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

Workers' Compensation

The District has chosen to establish self-insured plans for risks associated with employee workers' compensation claims and health insurance. Generally, 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 (IBNR). The District's exposure is calculated with consideration of the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other benefit costs. For workers' compensation, the District purchases excess insurance limiting their self-funded rate to $1,000,000 per incident and $1,000,000 in the aggregate. The changes in reported liabilities are as follows:

	Beginning of Year	Current Claims and Changes in Estimates	Claims Paid	End of Year
2023	$ 1,579,000	$ 419,000	$ 493,000	$ 1,505,000
2022	$ 1,274,000	$ 1,206,000	$ 901,000	$ 1,579,000

Estimated liabilities have been accrued on the government-wide and governmental funds financial statements to the extent they are expected to be paid with currently available financial resources.

Health Insurance

The District's self-funded health insurance coverage includes various plan options. The District provides a monthly premium equivalent equal to adjusted actual claims and an excess amount to fund an approximate 15% allowance for claims run-off and other uncertainties. The District purchases excess insurance that limits exposure to $235,000 per incident. The changes in reported liabilities are as follows:

	Beginning of Year	Current Claims and Changes in Estimates	Claims Paid	End of Year
2023	$ 2,700,000	$ 17,126,000	$ 17,076,000	$ 2,750,000
2022	$ 2,400,000	$ 19,634,000	$ 19,334,000	$ 2,700,000

Estimated liabilities for both plans have been accrued on the government-wide and governmental funds financial statements as they are expected to be paid with currently available financial resources.

11. Commitments and Contingencies

Grants

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

Construction Commitments

The District has entered into contracts with various construction companies for several capital projects. District voters approved spending up to $75,000,000, which will be performed in various phases over the next few years. To date, the District has spent $38,268,000 and has open commitments to contractors of $23,581,000.

Litigation

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims typically will not have a material adverse effect upon the financial position of the District.

Separate from claims and lawsuits that arise in the ordinary course of business, legislation was put in place regarding historical claims that were previously time-barred. The Child Victims Act, as amended, allowed any individual who was a minor at the time they suffered any alleged sexual abuse to file a lawsuit before August 14, 2021 regardless of when the alleged abuse occurred. This has resulted in the filing of thousands of lawsuits State-wide. Lawsuits have been initiated against the District by former students who allege that inappropriate sexual contact occurred between them and employees of the District between 30 and 50 years ago. The District has retained counsel and is not currently aware of any insurance available for these claims.

In May 2022, the District settled several CVA cases levied against the District at a total cost of $17,500,000, with $7,500,000 from existing district funds and serial bonds issued in August 2022 of $9,785,000 at an interest rate of 4.0%, maturing in August 2027. At June 30, 2023, general fund accrued liabilities include $2,750,000 of estimated additional claims. As of the report date of the financial statements, the District's total exposure to the remaining CVA claims has not been determined.

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System

As of the measurement date of June 30,	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
District's proportion of the net pension position	0.399776%	0.392922%	0.394245%	0.387117%	0.385116%	0.391218%	0.386670%	0.390101%	0.388234%	0.389726%
District's proportionate share of the net pension asset (liability)	$ (7,671,268)	$ 68,089,698	$ (10,894,056)	$ 10,057,319	$ 6,963,923	$ 2,973,643	$ (4,141,399)	$ 40,519,036	$ 43,246,834	$ 2,565,385
District's covered payroll	$ 70,821,408	$ 66,672,676	$ 66,913,488	$ 64,591,874	$ 62,731,163	$ 61,990,239	$ 59,667,098	$ 58,598,426	$ 57,348,189	$ 57,086,407
District's proportionate share of the net pension position as a percentage of its covered payroll	10.83%	102.13%	16.28%	15.57%	11.10%	4.80%	6.94%	69.15%	75.41%	4.49%
Plan fiduciary net position as a percentage of the total pension liability	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%	100.70%

The following is a summary of changes of assumptions:

Inflation	2.4%	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%	3.0%	3.0%
Salary increases	1.95%-5.18%	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	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%	1.625%	1.625%
Investment rate of return	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Discount rate	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%	8.0%	8.0%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA	AA	AA

Required Supplementary Information
Schedule of District Contributions
New York State Teachers' Retirement System

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 7,820,103	$ 6,940,498	$ 6,353,906	$ 5,928,535	$ 6,859,657	$ 6,147,654	$ 7,265,256	$ 7,911,857	$ 10,272,304	$ 9,319,081
Contribution in relation to the contractually required contribution	(7,820,103)	(6,940,498)	(6,353,906)	(5,928,535)	(6,859,657)	(6,147,654)	(7,265,256)	(7,911,857)	(10,272,304)	(9,319,081)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 75,997,114	$ 70,821,408	$ 66,672,676	$ 66,913,488	$ 64,591,874	$ 62,731,163	$ 61,990,239	$ 59,667,098	$ 58,598,426	$ 57,348,189
Contributions as a percentage of covered payroll	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.0622072%	0.0592499%	0.0609704%	0.0625275%	0.0627090%	0.0620890%	0.0651351%	0.0666985%	0.0654566%
District's proportionate share of the net pension asset (liability)	$ (13,339,731)	$ 4,843,430	$ (60,711)	$ (16,557,645)	$ (4,443,125)	$ (2,003,888)	$ (6,120,244)	$ (10,705,293)	$ (2,211,283)
District's covered payroll	$ 19,464,579	$ 18,438,570	$ 19,777,499	$ 19,378,661	$ 19,052,904	$ 18,696,414	$ 19,658,393	$ 18,581,980	$ 18,340,435
District's proportionate share of the net pension position as a percentage of its covered payroll	68.53%	26.27%	0.31%	85.44%	23.32%	10.72%	31.13%	57.61%	12.06%
Plan fiduciary net position as a percentage of the total pension liability	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
The following is a summary of changes of assumptions:									
Inflation	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%	2.7%
Salary increases	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%	4.9%
Cost of living adjustments	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%	1.4%
Investment rate of return	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Discount rate	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%	7.5%
Society of Actuaries' mortality scale	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014

Data prior to 2015 is unavailable.

Required Supplementary Information
Schedule of District Contributions
New York State and Local Employees' Retirement System

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
Contractually required contribution	$ 2,192,125	$ 2,925,838	$ 2,831,409	$ 2,773,849	$ 2,779,773	$ 2,832,481	$ 3,018,242	$ 3,386,702	$ 3,595,876	$ 3,525,162
Contribution in relation to the contractually required contribution	(2,192,125)	(2,925,838)	(2,831,409)	(2,773,849)	(2,779,773)	(2,832,481)	(3,018,242)	(3,386,702)	(3,595,876)	(3,525,162)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 19,464,579	$ 18,438,570	$ 19,777,499	$ 19,378,661	$ 19,052,904	$ 18,696,414	$ 19,658,393	$ 18,581,980	$ 18,340,435	$ 18,355,278
Contributions as a percentage of covered payroll	11.26%	15.87%	14.32%	14.31%	14.59%	15.15%	15.35%	18.23%	19.61%	19.21%

Required Supplementary Information
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios

For the years ended June 30,	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	$ 53,550,652	$ 44,133,316	$ 15,545,484	$ 14,702,980	$ 14,773,927	$ 16,060,007	$ 15,982,125
Changes for the year:							
Service cost	2,044,272	1,802,626	510,868	445,042	460,536	463,103	482,122
Interest	1,527,106	1,013,210	371,356	488,436	518,916	549,562	483,469
Changes of benefit terms	-	-	27,436,759	1,370	-	1,245	-
Differences between expected and actual experience	9,210,462	10,146,395	1,154,117	(173,991)	(251,885)	(457,692)	1,649,734
Changes of assumptions or other inputs	(262,336)	(2,243,775)	197,070	1,030,951	61,539	218,651	(505,104)
Benefit payments	(1,633,567)	(1,301,120)	(1,082,338)	(949,304)	(860,053)	(2,060,949)	(2,032,339)
Net change in total OPEB liability	10,885,937	9,417,336	28,587,832	842,504	(70,947)	(1,286,080)	77,882
Total OPEB liability - ending	$ 64,436,589	$ 53,550,652	$ 44,133,316	$ 15,545,484	$ 14,702,980	$ 14,773,927	$ 16,060,007
Covered-employee payroll	$ 85,486,556	$ 86,190,170	$ 83,323,830	$ 74,148,673	$ 71,835,568	$ 69,533,993	$ 69,533,993
Total OPEB liability as a percentage of covered-employee payroll	75.4%	62.1%	53.0%	21.0%	20.5%	21.2%	23.1%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

For 2021, changes to benefit terms include plan provisions for certain contracts which changed the calculation method for the District's share of health insurance upon retirement. Generally, differences between expected and actual experience include the impact of changes in personnel and their associated contract provisions upon retirement and changes in assumptions or other inputs include changes in the discount rate and updated mortality rates.

The following is a summary of changes of assumptions:

	2023	2022	2021	2020	2019	2018	2017
Healthcare cost trend rates	5.50% - 4.00%	6.10% - 4.37%	4.00% - 4.08%	5.20% - 4.18%	5.20% - 4.32%	6.20% - 4.17%	5.30% - 4.17%
Salary increases	3.53%	3.44%	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	3.78%	2.83%	2.27%	2.48%	3.44%	3.61%	3.80%
Inflation rate	2.53%	2.44%	2.11%	2.22%	2.36%	2.31%	2.20%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2016

Data prior to 2017 is unavailable.

Supplementary Information
Schedule of Change from Original to Final Budget and Calculation of Unrestricted Fund Balance Limit - General Fund

For the year ended June 30, 2023

Original expenditure budget	$ 176,494,282
Encumbrances carried over from prior year	2,011,049
Budget amendments:	
Bond proceeds for judgements and claims	10,000,000
Premium on debt	1,965,000
Insurance recoveries - transportation	90,912
State aid increase	50,000
BAN premium to pay down debt	396,559
Revised expenditure budget	$ 191,007,802

* * *

Unrestricted Fund Balance	
Assigned	$ 6,640,598
Unassigned	7,441,413
	14,082,011
Encumbrances included in assigned fund balance	(1,090,598)
Appropriated fund balance used for tax levy	(5,550,000)
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	$ 7,441,413
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2024 expenditure budget (unaudited)	$ 186,035,714
4% of budget	7,441,429
Actual percentage of 2024 expenditure budget	4.0%

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2023

Project Title	Original Budget	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Unexpended Balance
Smart Schools Bond Act	$ 4,951,929	$ 882,395	$ 1,532,430	$ 2,414,825	$ 2,537,104
2020 Capital improvements	75,000,000	17,990,809	20,276,821	38,267,630	36,732,370
	$ 79,951,929	$ 18,873,204	$ 21,809,251	$ 40,682,455	$ 39,269,474

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2023

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
U.S. Department of Education:			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-23-0241	$ 2,638,194
COVID-19 - Special Education Grants to States	84.027	5532-22-0241	280,809
Special Education Preschool Grants	84.173	0033-23-0241	92,113
COVID-19 - Special Education Preschool Grants	84.173	5533-22-0241	22,496
Total Special Education Cluster			3,033,612
Adult Education - Basic Grants to States	84.002	2338-23-5101	71,274
Title I Grants to Local Educational Agencies	84.010	0021-23-0850	1,329,649
Career and Technical Education - Basic Grants to States	84.048	8000-23-0093	56,550
English Language Acquisition State Grants	84.365	0293-23-0850	27,455
English Language Acquisition State Grants	84.365	0293-22-0850	915
English Language Acquisition State Grants	84.365	0149-22-0850	27,325
Supporting Effective Instruction State Grants	84.367	0147-23-0850	114,323
Supporting Effective Instruction State Grants	84.367	0147-22-0850	141,895
Student Support and Academic Enrichment Program	84.424	0204-23-0850	62,257
Student Support and Academic Enrichment Program	84.424	0204-22-0850	33,747
Education Stabilization Fund:			
Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-0850	45,889
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0850	1,873,847
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0850	3,436,184
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5870-23-9152	820,413
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5870-22-9152	119,381
American Rescue Plan Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth	84.425W	5218-21-0850	44,640
Total Education Stabilization Fund			6,340,354
Total U.S. Department of Education			11,239,356
U.S. Department of Justice:			
Passed Through Bureau of Justice Assistance:			
STOP School Violence	16.839	2020-YS-BX-0084	226,115
U.S. Department of Agriculture:			
Passed Through Board of Cooperative Educational Services Second Supervisory District of Erie-Chautauqua-Cattaraugus Counties:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	100,934
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	593,436 [1]
National School Lunch Program	10.555	N/A	2,071,598 [1]
Pandemic EBT Administrative Costs	10.649	N/A	5,652
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	253,942 [1]
Total U.S. Department of Agriculture			3,025,562
Total Expenditures of Federal Awards			$ 14,591,967

[1] *Total Child Nutrition Cluster - $2,918,976*

See accompanying notes.

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

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

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Indirect Costs

The District does not use the 10% de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The 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 District used $253,942 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

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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*

The Board of Education
Kenmore-Town of Tonawanda Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Kenmore-Town of Tonawanda Union Free School District (the District) as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 5, 2023.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the 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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 are 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 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 District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Lumsden & McCormick, LLP

October 5, 2023

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

The Board of Education
Kenmore-Town of Tonawanda Union Free School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kenmore-Town of Tonawanda Union Free School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2023. The 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 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 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 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 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 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 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 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 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 District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

Lumsden & McCormick, LLP

October 5, 2023

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?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	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 section 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Special Education Grants to States	84.027	$ 2,638,194
COVID-19 – Special Education Grants to States	84.027	280,809
Special Education Preschool Grants	84.173	92,113
COVID-19 – Special Education Preschool Grants	84.173	22,496
		3,033,612
Education Stabilization Fund	84.425	6,340,354
		$ 9,373,966

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.