PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 14, 2023

NEW ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Trespasz & Marquardt, LLP, Bond Counsel to the School District, under existing statutes 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, as amended (the "Code"), and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. (See "TAX MATTERS" herein.)

The Notes will be designated "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

$5,000,000

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT

CHENANGO AND MADISON COUNTIES, NEW YORK

GENERAL OBLIGATIONS

$5,000,000 Bond Anticipation Notes, 2023 (Series A)

(the "Notes")

Dated: October 4, 2023 **Due: July 19, 2024**

The Notes are general obligations of the Sherburne-Earlville Central School District, Chenango and Madison Counties, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF THE OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

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 Clerk. The Notes will be issued in denominations of $5,000 or multiples thereof. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Trespasz & Marquardt, LLP, Syracuse, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about October 4, 2023.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on September 21, 2023 by no later than 10:30 A.M. ET. 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.

September __, 2023

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

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
CHENANGO AND MADISON COUNTIES, NEW YORK

SCHOOL DISTRICT OFFICIALS

2023-2024 BOARD OF EDUCATION

DEBRA KURTZ
President

HARMON HOFF
Vice President

CHRISTINA BAKER
PETER KARAMAN
KERRY SIMMONS
WILL TYRRELL
JERRI WEBB

* * * * *

ROBERT BERSON
Superintendent of Schools

JOANNE PALAMARO
Director of Finance and Personnel

ARLENE WADE
School District Treasurer

JENNIFER GRIFFIN
School District Clerk

FERRARA FIORENZA PC
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

TRESPASZ & MARQUARDT, LLP
BOND COUNSEL

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

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PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
CHENANGO AND MADISON COUNTIES, NEW YORK

Relating To

$5,000,000 Bond Anticipation Notes, 2023 (Series A)

This Official Statement, which includes the cover page and appendices, has been prepared by the Sherburne-Earlville Central School District, Chenango and Madison Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of $5,000,000 principal amount of Bond Anticipation Notes, 2023 (Series A) (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.

NATURE OF THE OBLIGATION

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

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

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

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

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

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

> “A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the City’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts

> have held they mean… So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted… While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Notes will be dated October 4, 2023 and will mature July 19, 2024. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and Status of the State of New York, including the Education Law and the Local Finance Law, pursuant to a bond resolution duly adopted by the Board of Education on January 9, 2023, authorizing the issuance of bond and notes in the principal amount not to exceed $27,028,037 to finance a capital project consisting of the reconstruction and renovation of, and the construction of improvements, additions and upgrades to various District buildings and facilities and the sites thereof, including conversion of the existing athletic field to a synthetic turf field and other athletic field and playfield improvements and additions at a total maximum estimated cost of $29,000,000, including the expenditure of $1,971,963 in surplus funds from the District's prior capital project approved by the District's voters in May of 2018.

The proceeds of the Notes will provide $5,000,000 in new money for the aforementioned capital project.

BOOK-ENTRY-ONLY SYSTEM

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, 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 OR REDEMPTION PREMIUM ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The Sherburne-Earlville Central School District was formed in 1967 when the former Sherburne Central School District merged with the Earlville Central School District. The District is located in the Towns of Columbus, New Berlin, North Norwich, Otselic, Plymouth, Sherburne and Smyrna in Chenango County and the Towns of Brookfield, Georgetown, Hamilton, and Lebanon in Madison County, and covers approximately 158 square miles.

The District is served by a network of State highways. Bus service is available in the City of Binghamton, while air transportation is available in both Binghamton and Syracuse.

The District is rural in nature, with many residents commuting to large industrial firms within the general area.

Water and sewer services are provided primarily by the Village of Sherburne, while outlying areas use private wells and septic systems. Electricity is provided by Sherburne Electric Department and New York State Electric and Gas Corporation. Telephone services are provided by Frontier Telecom. Police protection is provided by the County Sheriff's Departments and the New York State Police. Fire protection and ambulance service are provided by volunteer companies within the area.

The District provides public education for grades K-12. Opportunities for higher education are available at Colgate University and at the many colleges and universities in the surrounding area.

Commercial and financial services are located in the Villages of Sherburne and Earlville. The District is the home of the New York State Rogers Environmental Education Center, Sherburne Music Theater Society, Sherburne Community Chorus and the Earlville Opera House, all of which provide recreational and cultural activities.

Source: District officials.

District Population

The 2021 estimated population of the District is 8,380. (Source: U.S. Census Bureau, 2017-2021 American Community Survey data.)

Larger Employers

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

Name	Type	Employees
Norwich Pharmaceuticals	Pharmaceutical	420
Sherburne-Earlville CSD	Public Education	315
New York Central Mutual	Insurance Company	200
Webb & Sons	Manufacturer	100

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

	Per Capita Income			Median Family Income		
	2000	2006-2010	2017-2021	2000	2006-2010	2017-2021
Villages of:						
Earlville	$ 15,383	$ 25,495	$ 34,286	$ 33,654	$ 59,722	$ 69,167
Hamilton	13,203	16,216	22,514	68,864	88,542	128,750
New Berlin	15,344	22,302	26,016	36,786	52,452	61,964
Sherburne	18,248	26,975	29,781	39,844	55,417	51,250
Smyrna	12,310	19,850	27,072	33,125	52,500	43,750
Towns of:						
Brookfield	13,719	20,344	28,926	35,915	50,417	67,344
Columbus	13,731	19,858	24,403	31,118	51,364	54,714
Georgetown	11,825	16,257	27,328	38,804	49,643	63,929
Hamilton	15,564	20,203	53,554	50,565	68,235	102,353
Lebanon	15,690	23,035	27,779	39,038	52,054	62,750
New Berlin	16,546	25,485	31,821	40,000	56,250	54,714
North Norwich	17,022	21,178	31,144	42,414	60,125	74,250
Otselic	14,105	17,813	32,063	34,886	47,500	75,000
Plymouth	14,100	23,200	31,303	35,602	61,188	74,412
Sherburne	17,281	25,041	28,872	39,094	58,125	58,182
Smyrna	11,541	20,506	25,029	34,125	55,134	51,913
Counties of:						
Chenango	16,427	22,036	29,992	39,711	52,229	69,131
Madison	19,105	24,311	34,302	47,889	61,828	79,957
State of:						
New York	23,389	30,948	43,208	51,691	67,405	92,731

Note: 2018-2022 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2017-2021 American Community Survey data.

Unemployment Rate Statistics

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

Annual Averages

	2016	2017	2018	2019	2020	2021	2022
Chenango County	5.1%	5.3%	4.6%	4.3%	6.6%	4.4%	3.3%
Madison County	5.4%	5.5%	4.7%	4.3%	7.5%	4.6%	3.4%
New York State	4.9%	4.6%	4.1%	3.9%	9.8%	7.0%	4.3%

2022-23 Monthly Figures

	2023				2024							
	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug
Chenango County	2.7%	2.5%	2.9%	3.2%	4.3%	4.1%	3.5%	2.5%	2.6%	2.8%	2.9%	N/A
Madison County	2.8%	2.7%	2.9%	3.4%	4.6%	4.2%	3.7%	2.6%	2.8%	3.2%	3.1%	N/A
New York State	3.6%	3.7%	3.8%	3.8%	4.6%	4.5%	4.0%	3.7%	3.8%	4.2%	4.1%	N/A

Note: Certain unemployment rates for the month of August 2023 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, other laws generally applicable to the District, and any special laws applicable to the District. 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"). Generally, on the third Tuesday in May of each year, an election is held within the District boundaries to elect one or more members to the Board. The Board consists of seven members serving overlapping three-year terms.

During the first 15 days of July of each year, the Board meets for the purpose of reorganization. At that time, an election is held within the Board to elect a President and Vice President and to appoint other District officials.

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 School District are the responsibility of the Superintendent of Schools and the Director of Finance and Personnel.

Budgetary Procedures and Recent Budget Votes

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

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

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

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

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

Recent Budget Vote Results

The budget for the 2022-23 fiscal year was adopted by the qualified voters on May 17, 2022 by a vote of 271 in favor to 87 against. The District's adopted budget for the 2022-23 fiscal year included a tax levy increase of 2.00%, which was within the District tax levy limit of 2.16% for the 2022-23 fiscal year.

The budget for the 2023-24 fiscal year was adopted by the qualified voters on May 16, 2023 by a vote of 641 in favor to 201 against. The District's adopted budget for the 2023-24 fiscal year included a tax levy increase of 2.00%, which was within the District tax levy limit of 2.41% for the 2023-24.

Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) savings accounts or money market accounts of designated banks; (2) certificates of deposit issued by a bank or trust company located in and authorized to do business in New York State; (3) demand deposit accounts in a bank or trust company located in and authorized to do business in New York State; obligations of New York State; obligations of the United States Government (U.S. Treasury Bills and Notes); (4) repurchase agreements involving the purchase and sale of direct obligations of the United States; (5) all funds except Reserve Funds may be invested in revenue anticipation notes or tax anticipation notes of other school districts and municipalities, with the approval of the State Comptroller and (6) only reserve funds may be invested in obligations of the District.

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 2023-24 fiscal year, approximately 78.5% 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 and 2021 to 2023 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017 and the State's 2023-24 Budget which was not adopted until May 3, 2023. No assurance can be given that the State will not experience delays in in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal aid received by the State.

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

Since March 2020, the State has been awarded over $14 billion in Federal education COVID response funding through the Coronavirus Aid, Relief, and Economic Security ("CARES") Act; Coronavirus Response and Relief Supplemental Appropriations Act, 2021 ("CRRSA"); and the American Rescue Plan ("ARP") Act. These funds are supporting the ability of local educational agencies to address the impact that COVID-19 has had, and continues to have, on elementary and secondary schools in the State. The District has been allocated a total of approximately $5,441,747 in ARP funds and $1,332,312 in CRRSA funds. As of the date of this Official Statement, the District has received its ARP and CRRSA funds in full.

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2023-24 preliminary building aid ratios, the District expects to receive State building aid of approximately 91.7% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

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

School District Fiscal Year (2019-2020): The State 2019-2020 Enacted Budget included a total of $27.69 billion for School Aid, a year-to-year funding increase of $956 million or 3.6% and will provide additional funding for Foundation Aid of $338.0 million and $409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by $49.99 million to a total of $250.0 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The State 2019-2020 Enacted Budget increased the minimum community schools funding amount from $75,000 to $100,000. This ensured all high-need districts across the State could apply the funds to a wide-range of activities.

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

School district fiscal year (2021-2022): The State's 2021-22 Enacted Budget included $29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a $1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of $13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of $629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, $105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of $10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

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

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

State Aid Litigation

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

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

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York ("NYSER") and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the *Campaign for Fiscal Equity* case that absent "gross education inadequacies", claims regarding state funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing 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 Campaign for Fiscal Equity cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 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 General Fund revenues of the District for the 2017-18 through 2021-22 fiscal years, unaudited figures for the 2022-23 fiscal year and the budgeted figures for the 2023-24 fiscal year comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2017-2018	$ 31,645,968	$ 24,014,735	75.89%
2018-2019	31,734,689	24,029,634	75.72
2019-2020	32,296,195	25,073,798	77.64
2020-2021	33,360,715	25,947,905	77.78
2021-2022	33,809,883	26,458,697	78.26
2022-2023 (Unaudited)	34,813,914	27,447,966	78.84
2023-2024 (Budgeted)	37,303,266 (1)	29,268,276	78.46

(1) Does not include $750,000 of appropriated reserves.

Source: 2017-18 through and including the 2021-22 audited financial statements, unaudited results of operations for the 2022-23 fiscal year and the adopted budget of the District for the 2023-24 fiscal year. Projections for 2022-23 are based upon certain current assumptions and estimates and the audited results may vary therefrom.

District Facilities

The District currently operates the following facilities:

Name	Grades	Capacity	Year(s) Built
Sherburne-Earlville Elementary	K-5	921	1995, 2008, 2018
Middle School	6-8	421	1971, 1993, 2008
High School	9-12	630	1971, 1998, 2003, 2008, 2018

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2019-2020	1,274	2024-2025	1,275
2020-2021	1,268	2025-2026	1,265
2021-2022	1,246	2026-2027	1,255
2022-2023	1,190	2027-2028	1,245
2023-2024	1,285	2028-2029	1,235

Source: District officials.

Employees

The District employs 314 full-time employees. The number of members, the collective bargaining units which represent them, and their current contract expiration dates are as follows:

Employees	Union Representation	Contract Expiration Date
138	Sherburne-Earlville Central School District Chenango County Local 809 (CSEA)	June 30, 2024
165	Sherburne-Earlville Teacher's Association (SETA)	June 30, 2027
6	Sherburne-Earlville Central Office (SECO)	June 30, 2025
5	Sherburne-Earlville Administrators Assoc. (SEAA)	June 30, 2023 (1)

(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, a new Tier VI pension program was signed into law, 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%, 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 District is required to contribute at an actuarially determined rate. The actual contributions for the fiscal years 2017-18 through and including 2022-23 and budgeted figures for the 2023-24 fiscal years are as follows:

Fiscal Year	ERS	TRS
2018-2019	$ 518,104	$ 1,053,595
2019-2020	527,179	982,560
2020-2021	568,264	1,051,983
2021-2022	547,438	1,063,538
2022-2023	452,681	1,186,913
2023-2024 (Budgeted)	628,000	1,200,000

Source: District officials.

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

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

A chart of average ERS and TRS employer contribution rates as a percent of payroll (2017-18 to 2024-25) is shown below:

Fiscal Year	ERS	TRS
2017-18	15.3%	9.80%
2018-19	14.9	10.62
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	N/A

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 will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the District has not yet determined whether it will establish a TRS Reserve fund.

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

Other Post-Employment Benefits

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

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

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

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

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

Balance beginning at July 1:	2021	2022
Changes for the year:	$ 55,195,309	$ 45,518,289
Service cost	2,876,841	1,529,313
Interest on OPEB liability	1,244,524	1,651,055
Effect of plan changes	-	-
Effect of demographic gains or losses	-	(10,955,524)
Effect of assumption changes or inputs	(12,882,938)	(424,571)
Benefit payments	(915,447)	(822,403)
Net Changes	$ (9,677,020)	$ (9,022,130)
Balance ending at June 30:	**2022**	**2023**
	$ 45,518,289	**$ 36,496,159**

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

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

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

Other Information

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

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

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

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

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

Financial Statements

The School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2022 and has been filed with the Electronic Municipal Market Access ("EMMA") website. It is also attached hereto as "APPENDIX-E" to this Official Statement. The audited financial report for the fiscal year ended June 30, 2023 is not complete as of the date of this Official Statement. Certain summary financial information of the School District can also 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.

Source: District officials.

New York State Comptroller Reports of Examination

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

The State Comptroller's office released its most recent audit report of the District on March 10, 2017. The purpose of the audit was to review the District's financial management practices for the period July 1, 2015 through November 8, 2016. Key findings and recommendations of the audit report are summarized below:

Key Findings:

- The District's unrestricted fund balance for the 2013-14, 2014-15 and 2015-16 fiscal years exceeded the statutory maximum of 4 percent of the ensuing year's appropriations.

Key Recommendations:

- Develop a plan to reduce the amount of available fund balance in a manner that benefits District residents.

The District provided a complete response to the State Comptroller's office on March 1, 2017. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no State Comptrollers audits of the District currently in progress or pending release at this time.

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the 2017-18 through 2021-22 fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2022	No Designation	0.0
2021	No Designation	0.0
2020	No Designation	0.0
2019	No Designation	0.0
2018	No Designation	0.0

Note: The Fiscal Score for the 2022-23 fiscal year has not been calculated as of the date of this Official Statement.

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Towns of:					
Brookfield	$ 1,288,033	$ 1,288,609	$ 1,293,360	$ 1,296,619	$ 1,327,433
Columbus	21,641,599	21,540,378	21,602,296	21,778,283	21,857,906
Georgetown	468,473	473,277	628,566	627,853	626,779
Hamilton	54,642,038	54,765,489	55,034,988	72,749,621	73,504,929
Lebanon	34,073,933	34,416,672	40,825,845	40,861,334	40,848,985
New Berlin	317,208	317,093	317,641	316,850	337,864
North Norwich	31,337,076	31,490,948	31,797,244	32,274,022	32,281,053
Otselic	356,005	359,189	359,754	359,643	360,599
Plymouth	4,945,055	4,898,823	4,906,306	4,896,815	4,870,577
Sherburne	141,915,902	142,602,076	143,348,374	143,426,912	143,414,162
Smyrna	43,040,760	43,106,686	43,155,283	43,707,554	44,444,499
Total Assessed Values	$ 334,026,082	$ 335,259,240	$ 343,269,657	$ 362,295,506	$ 363,874,786
State Equalization Rates					
Towns of:					
Brookfield	94.00%	92.00%	94.00%	81.00%	69.00%
Columbus	100.00%	100.00%	100.00%	95.00%	88.00%
Georgetown	86.00%	85.00%	100.00%	95.00%	82.00%
Hamilton	91.50%	91.50%	90.00%	100.00%	99.00%
Lebanon	86.00%	85.00%	100.00%	95.00%	82.00%
New Berlin	99.00%	98.00%	96.00%	82.00%	77.00%
North Norwich	60.00%	60.00%	58.75%	48.90%	45.60%
Otselic	37.33%	37.50%	41.90%	36.48%	34.34%
Plymouth	54.71%	55.20%	54.25%	46.20%	39.43%
Sherburne	77.25%	75.00%	72.55%	60.00%	54.90%
Smyrna	61.00%	61.00%	60.00%	54.60%	50.09%
Total Taxable Full Valuation	$ 439,705,248	$ 447,284,826	$ 459,450,037	$ 538,014,518	$ 586,180,332

Source: District officials.

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Towns of:					
Brookfield	$ 15.65	$ 15.72	$ 15.16	$ 15.32	$ 16.84
Columbus	14.71	14.46	14.25	13.07	13.20
Georgetown	17.11	17.01	14.25	13.07	14.17
Hamilton	16.08	15.80	15.83	12.41	11.74
Lebanon	17.11	17.01	14.25	13.07	14.17
New Berlin	14.86	14.76	14.84	15.14	15.09
North Norwich	24.52	24.10	24.25	25.38	25.48
Otselic	39.41	38.56	34.01	34.02	33.84
Plymouth	26.89	26.20	26.27	26.87	29.47
Sherburne	19.04	19.28	19.64	20.69	21.17
Smyrna	24.12	23.71	23.75	22.73	23.20

Source: District officials.

Tax Collection Procedure

Taxes are due on October 1st. If paid by October 1st, no penalty is imposed. There is a 2% penalty imposed if paid between October 1st and November 1st. Unpaid taxed are turned over to the County Treasurers on November 1st for re-levy on County/Town tax rolls. The District is reimbursed by the Counties for all unpaid taxes the first week in April of each year and is thus assured of 100% collection of its annual levy.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2020	2021	2022	2023	2023
Total Tax Levy	$ 6,468,280	$ 6,468,280	$ 6,546,993	$ 6,677,932	$ 6,811,490
Amount Uncollected (1)	529,674	667,764	619,930	684,240	N/A
% Uncollected	8.19%	10.32%	9.47%	10.25%	N/A

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

Source: School District officials.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the 2017-2018 through 2021-2022 fiscal years, unaudited figures for the 2022-23 fiscal year and the budgeted figures for the 2023-24 fiscal year comprised of Real Property Taxes and Tax Items.

Fiscal Year	Total Revenues	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Tax
2017-2018	$ 31,645,968	$ 7,157,707	22.62%
2018-2019	31,734,689	7,158,670	22.56
2019-2020	32,296,195	6,639,144	20.56
2020-2021	33,360,715	6,633,381	19.88
2021-2022	33,809,883	6,716,459	19.87
2022-2023 (Unaudited)	34,813,914	6,858,666	19.70
2023-2024 (Budgeted)	37,303,266 (1)	6,811,490	18.26

(1) Does not include $750,000 of appropriated reserves.

Source: 2017-18 through and including the 2021-22 audited financial statements, unaudited results of operations for the 2022-23 fiscal year and the adopted budget of the District for the 2023-24 fiscal year. Projections for 2022-23 are based upon certain current assumptions and estimates and the audited results may vary therefrom.

Ten Larger Taxpayers – 2023 Assessment Roll for 2023-24 Tax Roll

Name	Type	Taxable Full Valuation
New York State Electric & Gas	Utility	$ 16,715,970
State of New York	Public	10,780,791
Baillie Lumber Co.	Manufacturer	8,995,434
WLV Sherburne, LLC	Apartments	2,926,234
Sherburne Meadows Assoc.	Apartments	2,367,942
Frontier Communications	Utility	4,471,470
New York Central Mutual Ins	Insurance	1,990,925
Burton M. Marshall	Apartments	1,703,485
New York Central Fire Ins Comp	Insurance	1,593,807
Webb & Sons	Manufacturer	1,567,577

The ten larger taxpayers listed have a total full valuation of $53,113,635 which represents 9.1% of the tax base of the District.

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

Source: District tax rolls.

STAR – School Tax Exemption

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

STAR – School Tax Exemption. The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $93,200 or less in 2023-24, 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. While former Governor Cuomo had issued various Executive Orders in response to COVID-19 pandemic that temporarily precluded the State Tax Department from disallowing STAR exemptions or credits, the most recent of such Executive Orders expired on July 5, 2021.

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

The below table lists the basic and enhanced exemption amounts for the 2023-24 District tax roll for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Brookfield	$ 65,930	$ 25,100	4/6/2023
Columbus	77,330	28,500	4/6/2023
Georgetown	77,330	28,500	4/6/2023
Hamilton	81,400	31,500	4/6/2023
Lebanon	77,330	28,500	4/6/2023
New Berlin	66,750	25,630	4/6/2023
North Norwich	39,800	15,690	4/6/2023
Otselic	29,690	11,190	4/6/2023
Plymouth	37,610	14,490	4/6/2023
Sherburne	48,840	19,380	4/6/2023
Smyrna	44,440	16,380	4/6/2023

$1,016,267 of the District's $6,546,993 school tax levy for 2021-22 was exempted by the STAR Program. The District received all of such exempt taxes from the State in January 2022.

$951,251 of the District's $6,677,932 school tax levy for 2022-23 was exempted by the STAR Program. The District received all of such exempt taxes from the State in January 2023.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Agricultural - 8.94%, Residential - 66.79%, State Land - 1.97% and Commercial - 22.30%.

The estimated annual school district property tax bill of a $100,000 market value residential property located in the District is approximately $1,250.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

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

(1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,

(3) Such obligations are authorized in violation of the provisions of the Constitution.

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

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

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2019	2020	2021	2022	2023
Bonds	$ 13,030,000	$ 10,995,000	$ 16,510,000	$ 14,005,000	$ 11,800,000
Bond Anticipation Notes	3,500,000	9,930,000	0	0	0
Total Debt Outstanding	$ 16,500,000	$ 20,925,000	$ 16,510,000	$ 14,005,000	$ 11,800,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of September 14, 2023.

Type of Indebtedness	Maturity		Amount
Bonds	2023-2035		$ 11,800,000
Bond Anticipation Notes			
Capital Project	July 19, 2024		2,500,000
		Total Indebtedness	$ 14,300,000

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 14, 2023:

Full Valuation of Taxable Real Property			$ 586,180,332
Debt Limit 10% thereof			58,618,033
Inclusions:			
Bonds	$ 11,800,000		
Bond Anticipation Notes	2,500,000		
Principal of this Issue (new money)	5,000,000		
Total Inclusions		$ 19,300,000	
Exclusions:			
State Building Aid (1)	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 19,300,000
Net Debt-Contracting Margin			$ 39,318,033
The percent of debt contracting power exhausted is			32.93%

(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 2023-24 Building Aid Ratios, the School District anticipates State Building aid of 91.7% 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 serial bonds.

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 lease purchase agreements 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 in "APPENDIX – B" to this Official Statement.

Cash Flow Borrowings

The School District has not issued tax and/or revenue anticipation notes or budget or deficiency notes in the past five fiscal years, and does not reasonably expect to issue any such notes in the foreseeable future.

Other Obligations

The District on occasion enters into various agreements with BOCES and other vendors to lease certain equipment such as vehicles, copiers and other technology equipment.

The following is a schedule of future lease payments due under such agreement as of June 30, 2023:

Fiscal Year Ending	Principal	Interest
2024	$ 1,473,708	$ 76,623
2025	1,200,017	221,009
2026	1,686,088	173,190
2027	595,090	109,226
2028	626,689	77,627
2029	835,211	46,789
Total Payments	$ 6,416,803	$ 704,464

Source: District officials.

Capital Project Plans

On December 13, 2022, the qualified voters of the District approved a proposition authorizing the reconstruction and renovation of, and the construction of improvements, additions and upgrades to various District buildings and facilities and the sites thereof, including conversion of the existing athletic field to a synthetic turf field and other athletic field and playfield improvements and additions at a maximum cost of $29,000,000 and authorizing the expenditure of $1,971,963 in surplus funds from the District's prior capital project approved by the District's voters in May of 2018. On July 20, 2023, the District issued $2,500,000 bond anticipation notes pursuant to this authorization. The issuance of the Notes represents the second borrowing against this authorization, with additional short-term borrowings planned to meet construction cash flow needs.

The District has no other projects authorized and unissued by the District, nor are any 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 listed as of the respective municipalities.

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Chenango	12/31/2021	$ -	$ -	$ -	13.49%	$ -
Madison	12/31/2021	48,910,132	1,809,525	47,100,607	2.33%	1,097,444
Town of:						
Columbus	12/31/2021	-	-	-	26.06%	-
New Berlin	12/31/2021	912,000	912,000	-	0.23%	-
North Norwich	12/31/2021	97,577	97,577	-	58.26%	-
Otselic	12/31/2021	-	-	-	1.64%	-
Plymouth	12/31/2021	162,770	-	162,770	9.09%	14,796
Sherburne	12/31/2021	-	-	-	99.85%	-
Smyrna	12/31/2021	-	-	-	91.99%	-
Brookfield	12/31/2021	386,678	28,899	357,779	1.03%	3,685
Georgetown	12/31/2021	-	-	-	0.57%	-
Hamilton	12/31/2021	240,000	-	240,000	19.73%	47,352
Lebanon	12/31/2021	173,203	173,203	-	42.05%	-
Village of:						
Earlville	5/31/2022	2,480,652	2,204,652	276,000	100.00%	276,000
New Berlin	5/31/2022	335,000	-	335,000	100.00%	335,000
Sherburne	5/31/2022	2,680,472	2,575,472	105,000	100.00%	105,000
Smyrna	5/31/2022	-	-	-	100.00%	-
Hamilton	5/31/2022	16,909,326	15,236,402	1,672,924	100.00%	1,672,924
					Total:	$ 3,552,201

Notes:

[1] Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any.

[2] Water and sewer debt and / or appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Source: Most recent available State Comptroller's Special Report on Municipal Affairs for Local Finance for fiscal years ended 2021 for counties and towns and 2022 for villages.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of September 14, 2023:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 19,300,000	$ 2,303.10	3.29%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	22,852,201	2,726.99	3.90

(a) The 2021 estimated population of the District is 8,380. (See "THE SCHOOL DISTRICT – Population" herein.)
(b) The District's full value of taxable real estate for the District's 2022-23 tax roll is $586,180,332. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.
(d) Estimated net overlapping indebtedness is $3,552,201. (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 District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

Cybersecurity

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

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 for the foreseeable future.

TAX MATTERS

In the opinion of Trespasz & Marquardt, LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – D".

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

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

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

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. Proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

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

LITIGATION

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

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

CONTINUING DISCLOSURE

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

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 15c2-12, however,

- The District had failed to file notice of the incurrence of a financial obligation relating to a lease agreement undertaken on June 28, 2023 to finance the acquisition of buses. The District has since filed notice of the incurrence of the financial obligation along with a notice of its failure to file.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATINGS

The Notes are NOT rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale pending the approval of the District and at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX – C", attached hereto).

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

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

Trespasz & Marquardt LLP, Syracuse, 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's contact information is as follows: Joanne Palamaro, Director of Finance and Technology, 15 School Street, Sherburne, New York 13460 telephone (607) 674-7364, fax (607) 674-9742, email: palamaroj@seonline.org.

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

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT

Dated: September 14, 2023

DEBRA KURTZ
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Year Ending June 30:	2018	2019	2020	2021	2022
ASSETS					
Unrestricted Cash	$ 5,047,470	$ 4,943,407	$ 3,925,357	$ 5,231,929	$ 5,346,580
Restricted Cash	2,219,773	2,219,773	2,084,718	2,092,072	2,092,072
Due from Other Funds	61,601	56,386	238,651	75,142	-
Due from Other Governments	1,537,532	1,885,907	1,816,876	1,792,040	1,859,722
Prepaid Expenses	1,150	-	591,512	595,875	591,512
Other Assets	-	-	-	-	17,095
TOTAL ASSETS	$ 8,867,526	$ 9,105,473	$ 8,657,114	$ 9,787,058	$ 9,906,981
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 76,108	$ 14,894	$ 47,367	$ 84,005	$ 954
Accrued Liabilities	198,199	235,483	341,354	663,732	484,788
Due to Other Funds	-	-	165,000	765,885	52,970
Due to Other Governments	-	-	-	-	-
Accrued Interest on Short-term Debt	-	77,583	-	-	-
Due to Teachers' Retirement System	1,126,148	1,248,450	1,073,337	1,114,165	1,186,013
Due to Employees' Retirement System	137,571	130,077	143,976	148,968	109,382
Deferred Revenue	897,845	1,233,669	1,427,349	1,119,684	1,172,370
TOTAL LIABILITIES	2,435,871	2,940,156	3,198,383	3,896,439	3,006,477
FUND EQUITY					
Nonspendable	$ 1,150	$ -	$ 591,512	$ 595,875	$ 591,512
Restricted	2,219,773	2,219,773	2,084,718	2,092,072	2,092,072
Assigned	1,253,503	823,156	966,214	852,033	698,537
Unassigned	2,957,229	3,122,388	1,816,287	2,350,639	3,518,383
TOTAL FUND EQUITY	6,431,655	6,165,317	5,458,731	5,890,619	6,900,504
TOTAL LIABILITIES and FUND EQUITY	$ 8,867,526	$ 9,105,473	$ 8,657,114	$ 9,787,058	$ 9,906,981

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2018	2019	2020	2021	2022
REVENUES					
Real Property Taxes	$ 5,661,275	$ 5,686,690	$ 5,332,563	$ 5,408,930	$ 5,535,933
Other Real Property Tax Items	1,496,432	1,471,980	1,306,581	1,224,451	1,180,526
Charges for Services	-	-	-	-	-
Use of Money & Property	9,898	48,618	46,378	33,071	6,900
Premium on Obligatons	-	-	-	-	-
Sale of Property and Compensation for Loss	20,299	20,579	21,624	14,226	31,871
Miscellaneous	245,951	245,240	330,816	290,429	390,550
Revenues from State Sources	24,014,735	24,029,634	25,073,798	25,947,905	26,458,697
Revenue from Federal Sources	197,378	231,948	184,435	441,703	205,406
Total Revenues	$ 31,645,968	$ 31,734,689	$ 32,296,195	$ 33,360,715	$ 33,809,883
Other Sources:					
Interfund Transfers	-	-	-	-	755,000
Total Revenues and Other Sources	31,645,968	31,734,689	32,296,195	33,360,715	34,564,883
EXPENDITURES					
General Support	$ 4,495,639	$ 4,068,988	$ 4,184,337	$ 4,395,116	$ 4,884,305
Instruction	15,401,330	16,189,647	16,631,640	15,885,747	15,168,749
Pupil Transportation	1,678,024	1,910,141	1,906,251	1,895,377	1,701,305
Community Services	18,760	14,160	14,360	14,360	14,360
Employee Benefits	7,041,659	7,253,958	7,331,147	7,555,648	7,767,547
Debt Service	3,083,690	2,444,576	2,721,177	3,178,133	3,965,425
Total Expenditures	$ 31,719,102	$ 31,881,470	$ 32,788,912	$ 32,924,381	$ 33,501,691
Other Uses:					
Interfund Transfers	1,652,633	119,557	213,876	4,446	53,307
Total Expenditures and Other Uses	33,371,735	32,001,027	33,002,788	32,928,827	33,554,998
Excess (Deficit) Revenues Over Expenditures	(1,725,767)	(266,338)	(706,593)	431,888	1,009,885
FUND BALANCE					
Fund Balance - Beginning of Year	8,157,422	6,431,655	6,165,317	5,458,731	5,890,619
Prior Period Adjustments (net)	-	-	7	-	-
Fund Balance - End of Year	$ 6,431,655	$ 6,165,317	$ 5,458,731	$ 5,890,619	$ 6,900,504

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2022 Adopted Budget	2022 Modified Budget	2022 Actual	2023 Adopted Budget	2024 Adopted Budget
REVENUES					
Real Property Taxes & Items	$ 6,546,993	$ 5,530,726	$ 5,535,933	$ 6,677,932	$ 6,811,490
Other Real Property Tax Items	151,000	1,167,267	1,180,526	-	-
Charges for Services	-	-	-	-	-
Use of Money & Property	40,500	40,500	6,900	-	-
Premium on Obligations	-	-	-	-	-
Sale of Property and Compensation for Loss	-	-	31,871	-	-
Miscellaneous	55,000	55,000	390,550	721,500	1,223,500
Revenues from State Sources	28,261,301	28,261,301	26,458,697	28,729,527	29,268,276
Revenues from Federal Sources	125,000	125,000	205,406	-	-
Total Revenues	$ 35,179,794	$ 35,179,794	$ 33,809,883	$ 36,128,959	$ 37,303,266
Other Sources:					
Appropriated Reserves	$ 852,033	$ 852,033	$ -	$ 500,000	$ 750,000
Interfund Transfers	650,000	650,000	755,000	-	-
Total Revenues and Other Sources	36,681,827	36,681,827	34,564,883	36,628,959	38,053,266
EXPENDITURES					
General Support	$ 5,010,474	$ 5,265,848	$ 4,884,305	$ 5,553,260	$ 5,753,261
Instruction	17,946,493	17,602,693	15,168,749	17,595,085	18,537,625
Pupil Transportation	2,191,836	2,397,236	1,701,305	2,462,920	2,519,000
Community Services	22,180	17,180	14,360	-	-
Employee Benefits	8,248,125	8,220,551	7,767,547	8,340,504	8,393,380
Debt Service	3,182,719	3,120,411	3,965,425	2,677,190	2,850,000
Total Expenditures	$ 36,601,827	$ 36,623,919	$ 33,501,691	$ 36,628,959	$ 38,053,266
Other Uses:					
Interfund Transfers	80,000	57,908	53,307	-	-
Total Expenditures and Other Uses	36,681,827	36,681,827	33,554,998	36,628,959	38,053,266
Excess (Deficit) Revenues Over Expenditures	-	-	1,009,885	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	5,890,619	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 6,900,504	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2024	$ 2,255,000	$ 395,083	$ 2,650,083
2025	2,145,000	355,650	2,500,650
2026	2,015,000	315,700	2,330,700
2027	525,000	258,300	783,300
2028	555,000	232,050	787,050
2029	580,000	204,300	784,300
2030	610,000	175,300	785,300
2031	640,000	144,800	784,800
2032	675,000	112,800	787,800
2033	705,000	79,050	784,050
2034	740,000	43,800	783,800
2035	355,000	14,200	369,200
TOTALS	$ 11,800,000	$ 2,331,033	$ 14,131,033

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2010 Buildings - QZAB			2014 Buildings		
	Principal	Interest	Total	Principal	Interest	Total
2024	$ 165,000	$ 1,320	$ 166,320	$ 195,000	$ 17,813	$ 212,813
2025	-	-	-	205,000	12,450	217,450
2026	-	-	-	210,000	6,300	216,300
TOTALS	$ 165,000	$ 1,320	$ 166,320	$ 610,000	$ 36,563	$ 646,563

Fiscal Year Ending June 30th	2021 Refunding of 2015 & 2016 Bonds			2021 DASNY Bonds - Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2024	$ 1,435,000	$ 55,050	$ 1,490,050	$ 460,000	$ 320,900	$ 780,900
2025	1,460,000	40,700	1,500,700	480,000	302,500	782,500
2026	1,305,000	26,100	1,331,100	500,000	283,300	783,300
2027	-	-	-	525,000	258,300	783,300
2028	-	-	-	555,000	232,050	787,050
2029	-	-	-	580,000	204,300	784,300
2030	-	-	-	610,000	175,300	785,300
2031	-	-	-	640,000	144,800	784,800
2032	-	-	-	675,000	112,800	787,800
2033	-	-	-	705,000	79,050	784,050
2034	-	-	-	740,000	43,800	783,800
2035	-	-	-	355,000	14,200	369,200
TOTALS	$ 4,200,000	$ 121,850	$ 4,321,850	$ 6,825,000	$ 2,171,300	$ 8,996,300

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Note

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the District

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

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(o) incurrence of a "financial obligation" (as defined in the rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect noteholders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

For the purposes of the event identified in paragraph (l) 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 the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

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

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

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

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

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FORM OF BOND COUNSEL'S OPINION

October 4, 2023

Sherburne-Earlville Central School District
15 School Street
Sherburne, New York 13460

Re: Hamilton Central School District
$5,000,000 Bond Anticipation Notes, 2023 (Series A) CUSIP No: __________

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $5,000,000 Bond Anticipation Notes, 2023 (Series A) (the "Notes") of Sherburne-Earlville Central School District, Chenango and Madison Counties, New York (the "District"). The Notes are dated October 4, 2023 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, a bond resolution adopted on January 9, 2023 of the District and a Certificate of Determination dated on or before October 4, 2023 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

In our opinion, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however for tax years beginning after December 31, 2022, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

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

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

Very truly yours,

TRESPASZ & MARQUARDT, LLP

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
CHENANGO AND MADISON COUNTIES, NEW YORK

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED JUNE 30, 2022

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.

MANAGEMENT'S DISCUSSION AND ANALYSIS

AND

BASIC FINANCIAL STATEMENTS

For the Year Ended June 30, 2022

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
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D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O.Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Auditor's Report

Board of Education
Sherburne-Earlville Central School District

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sherburne-Earlville Central School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise the Sherburne-Earlville Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sherburne-Earlville Central School District, as of June 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

New Accounting Standard

As discussed in Notes 1 and 15 to the financial statements, the School District changed its accounting policies related to the accounting and reporting of leases by adopting the Governmental Accounting Standards Board's (GASB) Statement No. 87, *Leases*. The new pronouncement changes the criteria used, and provides guidance on accounting and reporting for leases. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sherburne-Earlville Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 2022, on our consideration of the Sherburne-Earlville Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sherburne-Earlville Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sherburne-Earlville Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 13, 2022

Rome, New York

The Sherburne-Earlville Central School District's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2022 and 2021. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

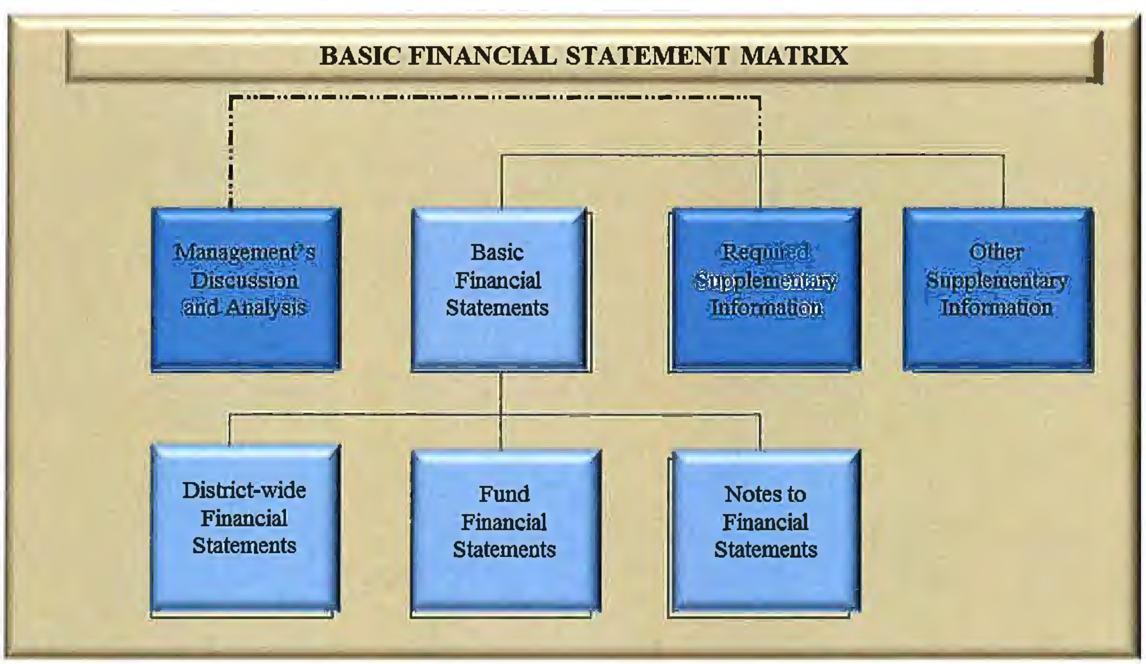
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2022, are as follows:

- The District's total net position, as reflected in the District-wide financial statements, increased by $1,919,156.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled $36,314,677. Of this amount, $45,613 was offset by program charges for services and $4,244,592 by operating grants to support instructional and food service programs.
- General revenues of $33,943,628 amounted to 88.8% of total revenues. These revenues covered a portion of program expenses, increasing net position by $1,919,156.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 16 and 18, increased by $1,009,885 to $6,900,504. This increase was mainly due to an excess of revenues over expenditures.
- State and federal revenue increased $634,839, 2.4%, to $26,716,789 in 2022 from $26,081,950 in 2021. This was mainly due to an increase in the District's Basic State Aid.
- Operating Grants increased $2,209,076, or 108.5%. The increase is primarily a result of the increase in the COVID-19 Education Stabilization Fund Grants of $1,503,292.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of district-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



A. District-wide Financial Statements

The District-wide financial statements present the governmental activities of the District and are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

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 difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net assets during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds, General Fund, School Lunch Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Debt Service Fund, and Capital Projects Fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased $1,919,156 between fiscal year 2022 and 2021. A summary of the District's Statement of Net Position for June 30, 2022 and 2021, is as follows:

	2022	Restated 2021	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 14,285,953	$ 14,010,955	$ 274,998	2.0%
Net Pension Asset - Proportionate Share	11,946,745		11,946,745	100.0%
Right to Use Assets, Net of Amortization	1,144,139	2,129,880	(985,741)	(46.3%)
Capital Assets, Net of Accumulated Depreciation	45,097,255	46,101,434	(1,004,179)	(2.2%)
Total Assets	72,474,092	62,242,269	10,231,823	16.4%
Deferred Outflows of Resources	16,862,141	19,233,719	(2,371,578)	(12.3%)
Non-Current Liabilities	64,886,347	78,074,874	(13,188,527)	(16.9%)
Net Pension Liability - Proportionate Share		1,839,361	(1,839,361)	(100.0%)
Other Liabilities	2,012,981	2,059,263	(46,282)	(2.2%)
Total Liabilities	66,899,328	81,973,498	(15,074,170)	(18.4%)
Deferred Inflows of Resources	31,979,353	10,964,094	21,015,259	191.7%
Net Position				
Net Investment in Capital Assets	31,271,719	29,527,375	1,744,344	5.9%
Restricted	5,916,480	6,824,151	(907,671)	(13.3%)
Unrestricted (Deficit)	(46,730,647)	(47,813,130)	1,082,483	2.3%
Total Net Position	$ (9,542,448)	$ (11,461,604)	$ 1,919,156	16.7%

Current and other assets increased by $274,998, as compared to the prior year. The increase is primarily the result of an increase in cash and cash equivalents of $79,657, and an increase in amounts Due from Other Governments of $161,223.

The net pension asset increased by $11,946,745 in the current year. This is due to a change in the total pension liability reported by both the Employee Retirement System (ERS) and the Teachers Retirement System (TRS) from a net pension liability to a net pension asset, a total difference of 13,786,106. Note 8 to the Financial Statements provides additional information.

Right to use assets, net of amortization decreased by $985,741, as compared to the prior year, due to amortization expense exceeding new leased equipment additions in the current year.

Capital assets (net of accumulated depreciation) decreased by $1,004,179, as compared to the prior year. This decrease is primarily due to depreciation exceeding the amounts expended for construction in progress in the current year.

Deferred outflows of resources decreased by $2,371,578. The decrease is primarily due to a decrease in deferred outflows relating to OPEB of $1,657,125, as a result of the effect of the change in actuarial assumptions used, as well as an decrease in deferred outflows relating to Pensions of $692,921, as reported by the State Retirement Systems.

Non-current liabilities decreased by $13,188,527 as compared to the prior year. This decrease is due to the net decrease in the total OPEB liability of $9,677,020, in addition to bond principal payments made of $2,505,000 during the current year.

Other liabilities decreased by $46,282 as compared to the prior year. This decrease is primarily due to the decrease in accounts payable and accrued liabilities totaling $261,928 offset by an increase in overpayments and advanced collections of $201,115.

Deferred inflows increased by $21,015,259 primarily due to the increase in the deferred inflows related to Pensions of $10,950,882, as reported by the Retirement Systems, and an increase in deferred inflows related to OPEB of $10,064,377 resulting from changes in assumptions and other inputs and differences between expected and actual experience.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction and for leasing assets from the total cost of all asset acquisitions and leased assets, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations.

The restricted net position at June 30, 2022 of $5,916,480 consisted of the reserves in the General Fund, and restricted amounts in the Miscellaneous Special Revenue Fund, Debt Service Fund, and Capital Fund.

The unrestricted net position at June 30, 2022, is a deficit of $46,730,647, which represents the amount by which the District's liabilities and deferred inflows exceeded assets and deferred outflows, excluding the net amount invested in capital assets and restricted net position. This deficit is due to the accrual of other postemployment benefits liability at June 30, 2022 for $45,518,289.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2022 and 2021 is as follows:

Revenues	2022	2021	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	$ 45,613	$ 13,155	$ 32,458	246.7%
Operating Grants	4,244,592	2,035,516	2,209,076	108.5%
General Revenues				
Property Taxes and STAR	6,716,459	6,633,381	83,078	1.3%
State and Federal Sources	26,716,789	26,081,950	634,839	2.4%
Other	510,380	397,692	112,688	28.3%
Total Revenues	38,233,833	35,161,694	3,072,139	8.7%
Expenses				
General Support	5,971,375	5,857,552	113,823	1.9%
Instruction	25,815,396	28,312,740	(2,497,344)	(8.8%)
Pupil Transportation	3,012,042	3,059,213	(47,171)	(1.5%)
Community Service	14,360	14,360		0.0%
Debt Service-Unallocated Interest	508,479	274,940	233,539	84.9%
Food Service Program	993,025	957,555	35,470	3.7%
Total Expenses	36,314,677	38,476,360	(2,161,683)	(5.6%)
Total Change in Net Position	$ 1,919,156	$ (3,314,666)	$ 5,233,822	

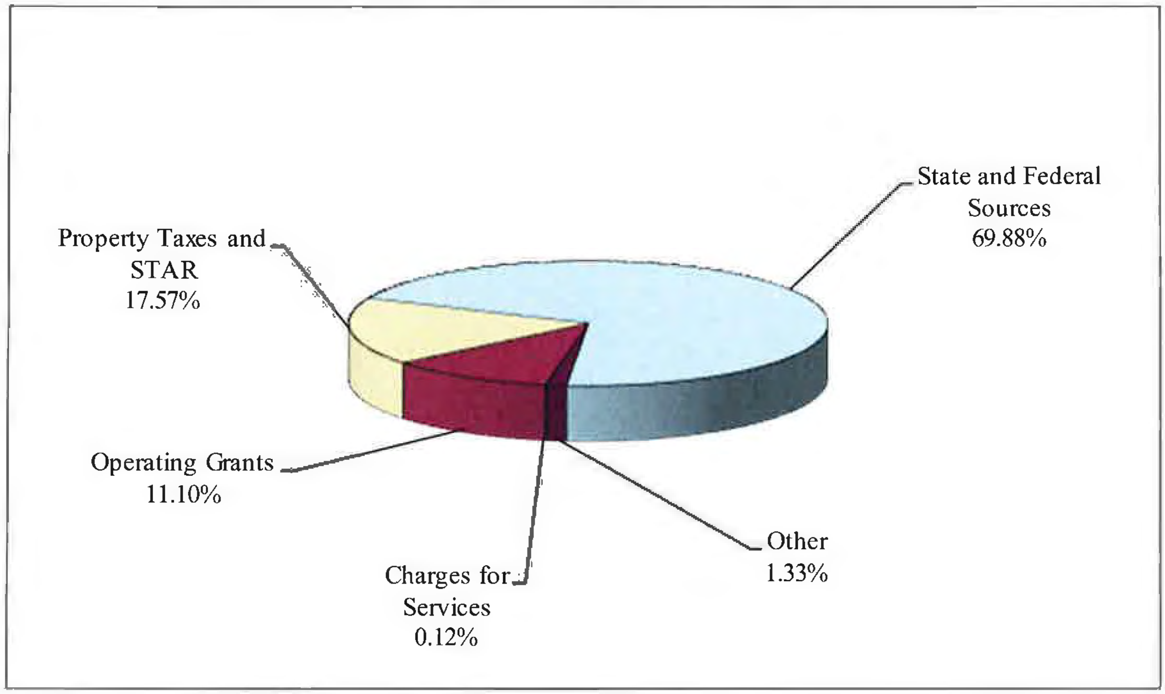
The District's revenues increased by $3,072,139 in 2022 or 8.7%. The major factors that contributed to the increase was:

- State and federal aid increased by $634,839, mainly due to an increase in the District's Basic State Aid.
- Operating Grants increased by $2,209,076, primarily due the increase in the COVID-19 Education Stabilization Fund Grants of $1,503,292.

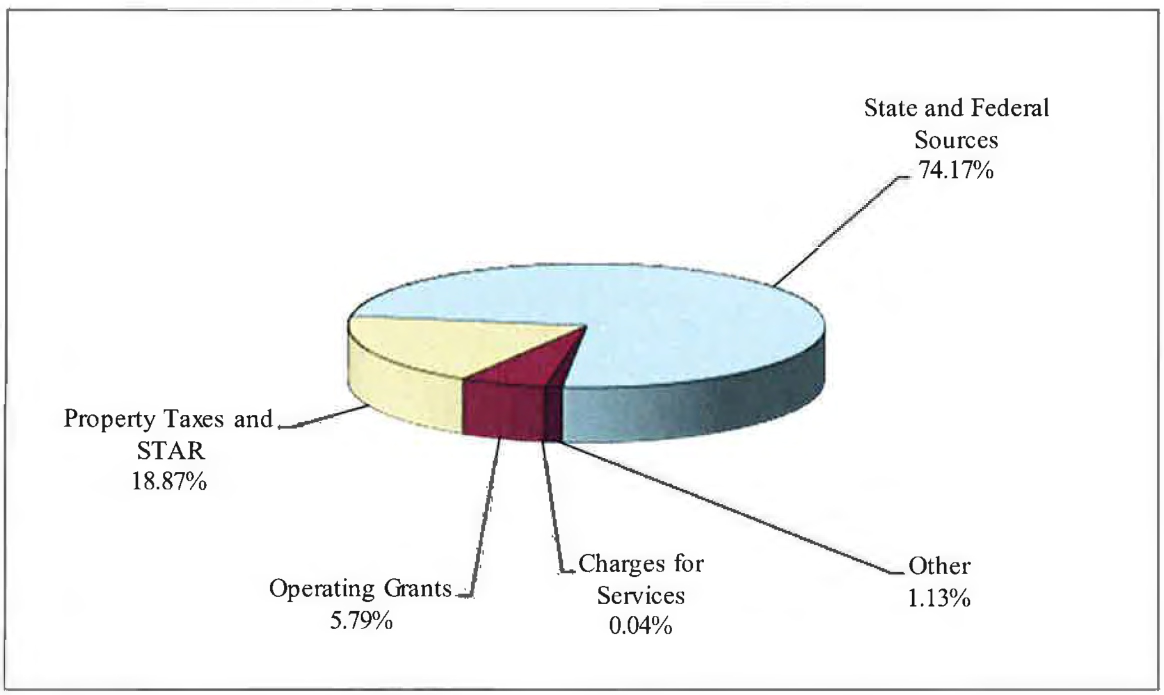
The District's expenditures for the year decreased by $2,161,683 or 5.6%. This decrease reflects the decrease employee benefits expense due to the changes in investment performance and actuarial assumptions used to calculate the net pension asset for the retirement systems and the OPEB liability.

A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2022

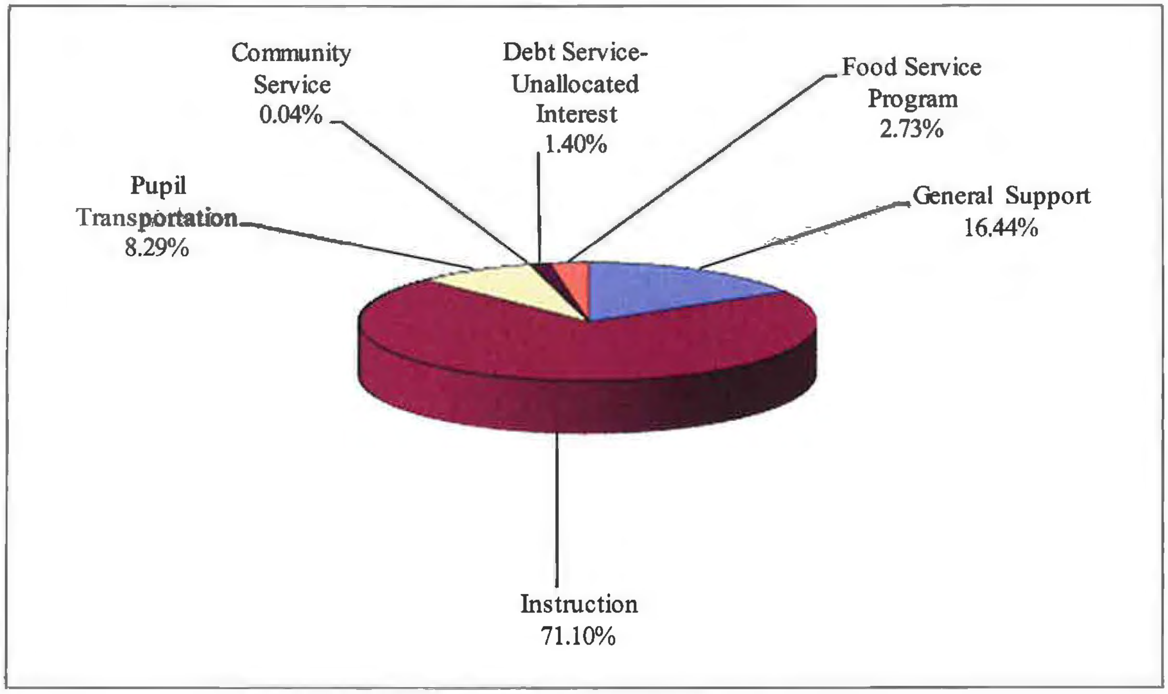


For the Year Ended June 30, 2021

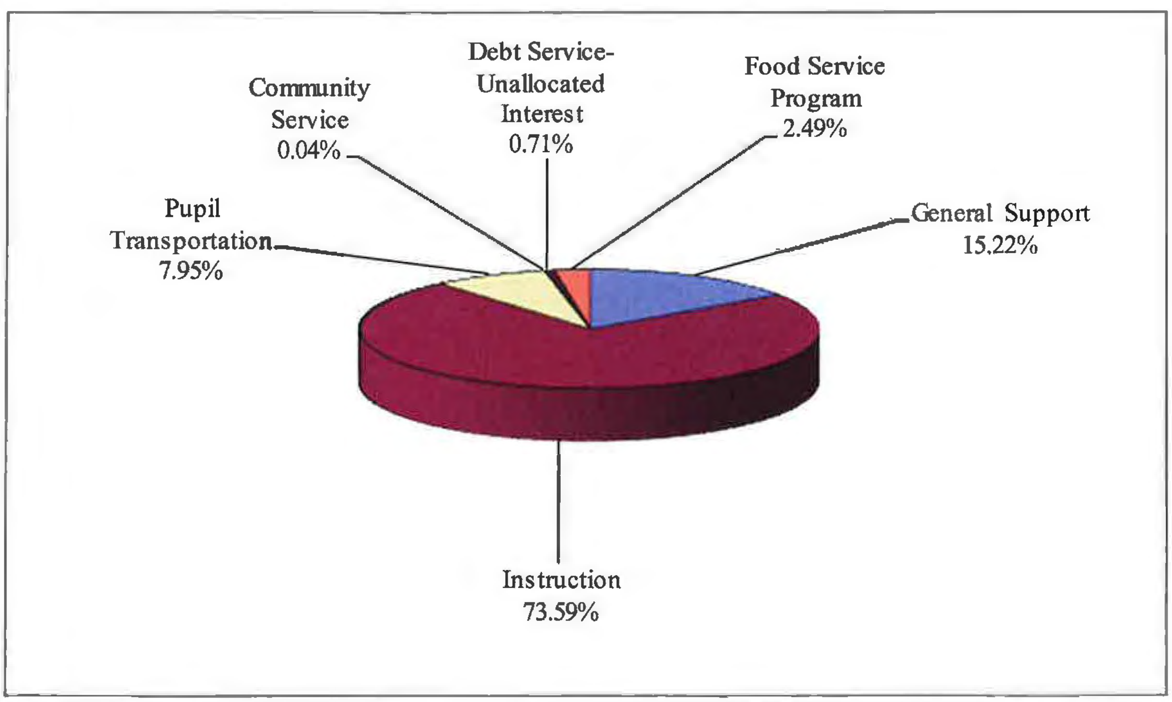


A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2022



For the Year Ended June 30, 2021



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

At June 30, 2022, the District's governmental funds reported a combined fund balance of $11,118,980 , which is an increase of $250,834 from the prior year. A summary of the change in fund balance by fund is as follows:

	2022	2021	Increase (Decrease)
General Fund			
Nonspendable	$ 591,512	$ 595,875	$ (4,363)
Restricted			
Unemployment Insurance	99,809	99,809	
Retirement Contribution	730,000	730,000	
Employee Benefit Accrued Liability	1,054,944	1,054,944	
Insurance	13,662	13,662	
Tax Certiorari	24,140	24,140	
Capital Reserve	69,517	69,517	
Repair Reserve	100,000	100,000	
Total Restricted	2,092,072	2,092,072	
Assigned			
Appropriated for Subsequent Year's Budget	500,000	750,000	(250,000)
General Support	43,408	59,454	(16,046)
Instruction	154,900	41,943	112,957
Pupil Transportation	229	636	(407)
Total Assigned	698,537	852,033	(153,496)
Unassigned	3,518,383	2,350,639	1,167,744
Total General Fund	6,900,504	5,890,619	1,009,885
School Lunch Fund			
Nonspendable	51,299	29,965	21,334
Assigned	322,463	162,414	160,049
Total School Lunch Fund	373,762	192,379	181,383
Special Aid			
Assigned	20,306	53,069	(32,763)
Miscellaneous Special Revenue Fund			
Restricted	511,232	539,059	(27,827)
Debt Service Fund			
Restricted	1,471,946	1,466,058	5,888
Capital Fund			
Restricted	1,841,230	2,726,962	(885,732)
Total	$ 11,118,980	$ 10,868,146	$ 250,834

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2021-2022 Budget

The District's General Fund adopted budget for the year ended June 30, 2022, was $36,579,794. This is an increase of $1,520,168 over the prior year's adopted budget.

The budget was funded through a combination of revenues and appropriated fund balance. The majority of this funding source was $6,697,993 in estimated property taxes and STAR, and $28,261,301 in estimated State Aid.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$	2,350,639
Revenues and Other Sources under Budget		(1,264,911)
Carryover Encumbrances from June 30, 2021		102,033
Expenditures and Encumbrances under Budget		2,928,292
Decrease to Assigned - Appropriated Fund Balance		250,000
Unused Appropriated Fund Balance		(852,033)
Decrease to Nonspendable Fund Balance		4,363
Closing, Unassigned Fund Balance	$	3,518,383

Opening, Unassigned Fund Balance

The $2,350,639 shown in the table is the portion of the District's June 30, 2021, fund balance that was retained as unassigned. This was 6.4% of the District's 2021-2022 approved operating budget.

Revenues and Other Financing Sources Under Budget

The 2021-2022 budget for revenues and other sources was $35,829,794. The actual revenues received for the year were $33,809,883. The actual revenues and other sources under the estimated or budgeted revenue and other financing sources was $1,264,911. This variance contributes directly to the change to the unassigned portion of the General Fund's fund balance from June 30, 2021 to June 30, 2022.

Expenditures, Other Financing Uses and Encumbrances Under Budget

The 2021-2022 budget for expenditures was $36,681,827. The actual expenditures and encumbrances were $33,753,535. The final budget was under expended by $2,928,292. This under expenditure contributes to the change to the unassigned portion of the General Fund's fund balance from June 30, 2021 to June 30, 2022.

Assigned Appropriated Fund Balance

The 2021-2022 final budget included $852,033 of appropriated fund balance, which was not used during the year. In addition, the District chose to use $500,000 of its available fund balance at June 30, 2022 to partially fund its 2022-2023 approved operating budget, which is a decrease of $250,000 from the amount appropriated in the prior year.

Nonspendable Fund Balance

The nonspendable fund balance consists of prepaid expenditures that are not available for general appropriation. This amount decreased by $4,363 from the prior year, thereby increasing the unassigned fund balance.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2022-2023 fiscal year with an unassigned fund balance of $3,518,383. This is an increase of $1,167,744 from the unassigned balance from the prior year. The current year unassigned fund balance was 9.6% of the District's 2022-2023 approved operating budget.

6. CAPITAL ASSET, RIGHT TO USE ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2022, the District had invested in a broad range of capital assets, including land, construction in process, buildings and improvements, and vehicles, furniture, and equipment. The net decrease in capital assets is due to depreciation exceeding capital additions for the period. A summary of the District's capital assets, net of depreciation at June 30, 2022 and 2021, is as follows:

	2022	2021	Increase (Decrease)
Land	$ 474,324	$ 474,324	$
Construction in Progress	9,169,022	9,169,022	
Buildings and Improvements	33,966,759	35,449,013	(1,482,254)
Vehicles, Furniture, and Equipment	1,487,150	1,009,075	478,075
Capital Assets, Net	$ 45,097,255	$ 46,101,434	$ (1,004,179)

B. Right to Use Assets

At June 30, 2022, the District reported a Right to Use Asset, net of accumulated amortization for leased equipment and buses as follows:

	2022	Restated 2021	Increase (Decrease)
Right to Use Leased Asset- Vehicles and Equipment, Net	$ 1,144,139	$ 2,129,880	$ (985,741)

C. Debt Administration

At June 30, 2022, the District had total bonds payable of $14,005,000. The bonds equaled 30.48% of the District's debt limit allowed by the New York State Constitution. A summary of the outstanding bond debt at June 30, 2022 and 2021 is as follows:

Issue Date	Interest Rate (%)	2022	2021	Increase (Decrease)
8/3/2016 (2007 Refunding)	2.00 - 4.00	$	$ 450,000	$ (450,000)
4/29/2010	0.80	330,000	495,000	(165,000)
6/26/2014	2.25 - 3.00	800,000	990,000	(190,000)
3/23/2021 (2015 and 2016 Refunding)	1.00-2.00	5,610,000	6,980,000	(1,370,000)
6/16/2021	4.00-5.00	7,265,000	7,595,000	(330,000)
		$ 14,005,000	$ 16,510,000	$ (2,505,000)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The School District's Board adopted a budget that was approved by the voters for the 2022-2023 School year in the amount of $36,628,959.

The District receives the majority of its operational funding from state and federal sources. Projected increases in state and federal funding would have a significant impact on the District's daily operations over the next two years since these funds have historically been used for instructional and support salaries. The additional state and federal funding, coupled with the retirements of senior staff, could place the District in a positive position if expenditures are controlled. The current challenge driving costs is the inability to fill positions at current contractual rates. The District has had difficulty in filling math, science, technology, languages other than English instructional positions and bus drivers for several years; however, this year it has also become difficult to for hire aide, custodial, maintenance and clerical positions. The short-term response has been to increase pay to make it more attractive for candidates to work at this school district. The end result is increased pressure on the payroll, benefits, and retirement system budgets.

8. CONTACTING THE DISTRICT

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

Sherburne-Earlville Central School District
15 School Street
Sherburne, NY 13460

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2022

Assets	
Cash and Cash Equivalents	$ 5,496,078
Restricted Cash and Cash Equivalents	5,901,395
Investments	1,500
Receivables	
Due From Other Governments	2,225,100
Other Receivables	19,069
Inventory	51,299
Prepaid Expenses	591,512
Net Pension Asset - Proportionate Share	11,946,745
Right to Use Leased Assets, Net of Accumulated Amortization	1,144,139
Capital Assets, Net of Accumulated Depreciation	45,097,255
Total Assets	72,474,092
Deferred Outflows of Resources	
Deferred Charge on Refunding of Debt (Net of Amortization)	60,055
Deferred Outflow - Pension	8,287,769
Deferred Outflow - OPEB	8,514,317
Total Deferred Outflows of Resources	16,862,141
Total Assets and Deferred Outflows of Resources	$ 89,336,233
Liabilities	
Accounts Payable	$ 4,772
Accrued Liabilities	493,016
Bond Interest Payable	18,378
Due To	
Other Governments	305
Teachers' Retirement System	1,186,013
Employees' Retirement System	109,382
Overpayments and Collections in Advance	201,115
Noncurrent Liabilities	
Due Within One Year	3,023,116
Due in More Than One Year	61,863,231
Total Liabilities	66,899,328
Deferred Inflows of Resources	
Deferred Inflow - Pensions	15,521,036
Deferred Inflow - OPEB	16,458,317
Total Deferred Inflows of Resources	31,979,353
Total Liabilities and Deferred Inflows of Resources	98,878,681
Net Position	
Net Investment in Capital Assets	31,271,719
Restricted	5,916,480
Unrestricted (Deficit)	(46,730,647)
Total Net Position (Deficit)	(9,542,448)
Total Liabilities, Deferred Inflows and Net Position	$ 89,336,233

The Accompanying Notes are an Integral Part of These Financial Statements.

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

		Program Revenues		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
General Support	$ 5,971,375	$	$	$ (5,971,375)
Instruction	25,815,396		3,213,594	(22,601,802)
Pupil Transportation	3,012,042			(3,012,042)
Community Service	14,360			(14,360)
Debt Service - Unallocated Interest	508,479			(508,479)
Food Service	993,025	45,613	1,030,998	83,586
Total Functions/Programs	$ 36,314,677	$ 45,613	$ 4,244,592	(32,024,472)
General Revenues				
Real Property Taxes				5,535,933
STAR and Other Real Property Tax Items				1,180,526
Use of Money and Property				22,617
Sales of Property and Compensation for Loss				31,871
State and Federal Sources				26,716,789
Miscellaneous				455,892
Total General Revenues				33,943,628
Change in Net Position				1,919,156
Net Position (Deficit), Beginning of Year				(11,037,662)
Cumulative Effect of Change in Accounting Principle				(423,942)
Net Position (Deficit), Beginning of Year, Restated				(11,461,604)
Net Position (Deficit), End of Year				$ (9,542,448)

The Accompanying Notes are an Integral Part of These Financial Statements.

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2022

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets							
Cash and Cash Equivalents	$ 5,346,580	$ 148,134	$ 1,364	$	$	$	$ 5,496,078
Restricted Cash and Cash Equivalents	2,092,072			496,147	1,471,946	1,841,230	5,901,395
Investments - Restricted				1,500			1,500
Receivables							
Due From Other Governments	1,859,722	185,581	179,797				2,225,100
Due from Other Funds			39,385	13,585			52,970
Other Receivables	17,095		1,974				19,069
Inventory		51,299					51,299
Prepaid Expenses	591,512						591,512
Total Assets	$ 9,906,981	$ 385,014	$ 222,520	$ 511,232	$ 1,471,946	$ 1,841,230	$ 14,338,923
Liabilities							
Payables							
Accounts Payable	$ 954	$ 3,818	$	$	$	$	$ 4,772
Accrued Liabilities	484,788	7,273	955				493,016
Due To							
Other Governments		161	144				305
Other Funds	52,970						52,970
Teachers' Retirement System	1,186,013						1,186,013
Employees' Retirement System	109,382						109,382
Overpayments and Collections in Advance			201,115				201,115
Total Liabilities	1,834,107	11,252	202,214				2,047,573
Deferred Inflows of Resources							
Unearned Revenue - State Aid	1,172,370						1,172,370
Fund Balances							
Nonspendable	591,512	51,299					642,811
Restricted	2,092,072			511,232	1,471,946	1,841,230	5,916,480
Assigned	698,537	322,463	20,306				1,041,306
Unassigned	3,518,383						3,518,383
Total Fund Balances	6,900,504	373,762	20,306	511,232	1,471,946	1,841,230	11,118,980
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	$ 9,906,981	$ 385,014	$ 222,520	$ 511,232	$ 1,471,946	$ 1,841,230	$ 14,338,923

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
June 30, 2022

Total Governmental Fund Balances		$ 11,118,980
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Revenues that do not provide current financial resources that are recognized in the Statement of Net Position but not the fund financial statements.		
	Unavailable Revenue	1,172,370
The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital and right to use assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.		
	Original Cost of Capital Assets	86,385,001
	Accumulated Depreciation	(41,287,746)
	Original Cost of Right to Use Assets	5,139,445
	Accumulated Amortization	(3,995,306)
		46,241,394
Proportionate share of long-term asset and liability associated with participation in state retirement system are not current financial resources or obligations and are not reported in the funds.		
	Net Pension Asset - Proportionate Share	11,946,745
Deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Deferred outflows of resources at year-end consisted of:		
	Deferred Outflows of Resources, Pensions	8,287,769
	Deferred Outflows of Resources, OPEB	8,514,317
	Deferred Charge on Refunding of Debt (Net of Amortization)	60,055
		16,862,141
Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
	Accrued Interest on Bonds Payable	(18,378)
	Bonds Payable	(14,005,000)
	Unamortized Bond Premium	(1,744,956)
	Lease Liability	(1,784,430)
	Other Post Employment Liabilities	(45,518,289)
	Compensated Absences Payable	(1,833,672)
		(64,904,725)
Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. Deferred inflows of resources at year end consisted of the following:		
	Deferred Inflows of Resources, Pensions	(15,521,036)
	Deferred Inflows of Resources, OPEB	(16,458,317)
		(31,979,353)
Total Net Position (Deficit)		$ (9,542,448)

The Accompanying Notes are an Integral Part of These Financial Statements.

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2022

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues							
Real Property Taxes	$ 5,535,933	$	$	$	$	$	$ 5,535,933
STAR and Other Real Property Tax Items	1,180,526						1,180,526
Use of Money and Property	6,900	131		9,698	5,888		22,617
Sale of Property and Compensation for Loss	31,871						31,871
Miscellaneous	390,550	9,104		56,238			455,892
State Aid	26,458,697	67,120	400,290				26,926,107
Federal Aid	205,406	963,878	2,813,304				3,982,588
School Lunch Sales	-	45,613					45,613
Total Revenues	33,809,883	1,085,846	3,213,594	65,936	5,888		38,181,147
Expenditures							
General Support	4,884,305						4,884,305
Instruction	15,168,749		3,159,742	133,599		130,732	18,592,822
Pupil Transportation	1,701,305		100,086				1,801,391
Community Service	14,360						14,360
Food Service Program		788,136					788,136
Employee Benefits	7,767,547	116,327					7,883,874
Debt Service - Principal	3,274,392						3,274,392
Debt Service - Interest	691,033						691,033
Total Expenditures	33,501,691	904,463	3,259,828	133,599		130,732	37,930,313
Excess (Deficit) Revenues Over Expenditures	308,192	181,383	(46,234)	(67,663)	5,888	(130,732)	250,834
Other Financing Sources (Uses)							
Transfers from Other Funds	755,000		13,471	39,836			808,307
Transfers to Other Funds	(53,307)					(755,000)	(808,307)
Total Other Financing Sources (Uses)	701,693	-	13,471	39,836	-	(755,000)	-
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources	1,009,885	181,383	(32,763)	(27,827)	5,888	(885,732)	250,834
Fund Balances, Beginning of Year	5,890,619	192,379	53,069	539,059	1,466,058	2,726,962	10,868,146
Fund Balances, End of Year	$ 6,900,504	$ 373,762	$ 20,306	$ 511,232	$ 1,471,946	$ 1,841,230	$ 11,118,980

The Accompanying Notes are an Integral Part of These Financial Statements.

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND EXPENDITURES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2022

Net Changes in Fund Balance - Total Governmental Funds		$ 250,834
Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation expenses in the statement of activities. This is the amount by which depreciation exceeded capital outlays in the period.		
Lease Amortization	(1,027,889)	
Depreciation Expense	(1,574,359)	
Loss on Disposal	(3,812)	
Capital Outlays	616,140	(1,989,920)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		
Amortization of Deferred Charge on Refunding of Debt	(21,532)	
Amortization of Bond Premium	186,326	
Repayment Bond Principal	2,505,000	
Lease Principal	769,392	3,439,186
Because some operating and grant revenues will not be collected for several months after the School District's fiscal year end, they are not considered "available" revenues in the government funds and are, instead, counted as unearned revenues. Revenues that were unearned in prior years but accrued for the Statement of Activities are not counted as revenue in the current fiscal period.		
State Aid		52,686
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in Accrued Interest on Serial Bonds	17,760	
Change in OPEB Liability (including Deferred Outflows and Inflows)	(2,044,482)	
Change in Compensated Absences	50,789	
Change in Pension Expense	2,142,303	166,370
Change in Net Position Governmental Activities		$ 1,919,156

The Accompanying Notes are an Integral Part of These Financial Statements.

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2022

	Custodial
Assets	
Cash and Cash Equivalents - Restricted	$ 91,982
Net Position	
Restricted for Extraclassroom	$ 91,982

The Accompanying Notes are an Integral Part of These Financial Statements.

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2022

	Custodial
Additions	
Taxes Collected for Libraries	$ 48,000
Charges for Services, Sale of Property, and Miscellaneous	122,084
Total Additions	170,084
Deductions	
Taxes Distributed to Libraries	48,000
Club Activities	116,397
Total Deductions	164,397
Change in Net Position	5,687
Net Position, Beginning of Year	86,295
Net Position, End of Year	$ 91,982

The Accompanying Notes are an Integral Part of These Financial Statements.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Sherburne-Earlville Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) that apply to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

Reporting Entity

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the School District is based upon criteria set forth by the Governmental Accounting Standards Board (GASB). The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The School District accounts for assets held as an agent for various student organizations in a Fiduciary Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's administrative offices.

Joint Ventures

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

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

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

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

Sherburne-Earlville Central School District participates in a joint venture with the Town of Sherburne and the Village of Sherburne. The joint venture is a park commission in which all the participants mutually own and operate the Sherburne Community Park. The Commission was formed under General Municipal Law for the sole purpose of maintaining and operating the park facilities. The land had been donated to the Commission in prior years.

The Board of Directors of the Commission consists of a member of the Board of Education of Sherburne-Earlville Central School District, the mayor of the Village of Sherburne, and the supervisor of the Town of Sherburne. The participants issue debt on behalf of the Commission as needed. All participants are then jointly liable for issued debt. As of June 30, 2022, no debt was outstanding nor was any issued during the 2022 fiscal year. During the fiscal year ended June 30, 2022, the School District contributed $14,360 in addition to providing transportation for students participating in the swim program at the park. Financial statements for the Commission can be found, in part, at the Village of Sherburne's administrative office for the activity of the village and the School District, and the remaining part can be found at the Town of Sherburne's administrative office for the activity of the town.

Broome-Tioga-Delaware County Schools Health Insurance Consortium - Sherburne-Earlville Central School District incurs costs related to an employees' health insurance plan sponsored by the Broome-Tioga-Delaware County Schools Health Insurance Consortium and its member districts. The plan is organized under Article 5-G of the General Municipal Law of New York State. The plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage and to develop a comprehensive loss control program. School Districts joining the plan must remain members at least until the beginning of the subsequent plan year which is July 1. A member may withdraw upon giving notice to the clerk of the fund by March 1. If the district fails to give such notice, then the district will be considered bound by the agreement for the next fiscal year. If proper notice is given, then the trustees shall determine any sums which are due by the district, or any monies which may be due to the district. Plan members include 17 districts. Premiums are adjusted by the use of a three-year experience factor. During the fiscal year ended June 30, 2022, Sherburne-Earlville Central School District incurred premiums totaling approximately $4,811,862. Financial statements for Broome-Tioga-Delaware County Schools Health Insurance Consortium are available at the administrative office located at 1 Marine Plaza, Binghamton, New York 13901.

Basis of Presentation

(a) District-Wide Statements

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

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

(b) Fund Financial Statements

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

General Fund: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

Special Revenue Funds:

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes.

School Lunch Fund: This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

Miscellaneous Special Revenue Fund: This fund is used to account for and report transactions of the School District's scholarship funds, and other miscellaneous student funds. The District has both custody and administrative control over the various scholarships and funds. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

Capital Project Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

(c) Fiduciary Funds

This fund is used to account for and report fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide financial statements, because their resources do not belong to the School District and are not available to be used. There is one class of fiduciary funds:

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for various student groups and tax collections for the independent libraries within the District.

Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

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

Accrued Liabilities and Long-Term Obligations

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

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

Estimates

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

Cash and Cash Equivalents

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected during the period September 1 to October 31. Uncollected real property taxes are subsequently enforced by the counties of Chenango and Madison. An amount, representing uncollected real property taxes transmitted to the counties for enforcement, is paid by the counties to the School District no later than the forthcoming April 1.

Receivables

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

Deferred Outflow of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has three items that qualifies for reporting in this category. The first item is a deferred loss on refunding of debt reported in the District-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension liability and the difference during the measurement period between the School District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. This also includes the School District contributions to the pension systems (TRS and ERS) subsequent to the measurement date. The third item relates to other postemployment benefits (OPEB) reporting in the District-wide Statement of Net Position. This represents the net effect of the difference between actual and expected experience.

Interfund Transactions

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

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental funds throughout the year is shown in Note 12 to the financial statements.

Inventory

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. A reserve for inventory has been recognized to indicate that this does not constitute available spendable resources.

Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Right to Use Leased Assets

The District has recorded right to use lease assets as a result of implementing GASB 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease from 3 to 5 years.

Capital Assets

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

The School District uses capitalization thresholds of $1,000 (the dollar value above which asset acquisitions are added to the capital asset accounts). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Method	Lives
Buildings and Improvements	Straight-Line	30-40 Years
Furniture and Equipment	Straight-Line	6-15 Years
Vehicles	Straight-Line	8 Years

Vested Employee Benefits - Compensated Absences

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

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

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

Other Benefits

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

In addition to providing pension benefits, the School District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if School District employees are eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-employment benefits is shared between the School District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 11).

Short-Term Debt

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

Unearned Revenue

Unearned revenues are reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Unavailable revenues recorded in governmental funds are not generally recorded in the District-wide statements.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category in the Statement of Net Position. The first item is related to pensions and it represents the effect of the net change in the School District's proportion of the collective net pension liability and the difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item relates to other postemployment benefits (OPEB) reporting in the District-wide Statement of Net Position. This represents the effect of a change in actuarial assumptions. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Equity Classifications

(a) District-wide Financial Statements

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

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the School District.

(b) Fund Statements

The following classifications describe the relative strength of the spending constraints:

Non-spendable

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of a prepaid lease in General Fund and the inventories in the School Lunch Fund.

Restricted Resources

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the School District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements. The School District has established the following restricted fund balances:

- ***Reserve for Unemployment Insurance***

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

- ***Retirement Contribution Reserve***

  The Retirement Contribution Reserve (GML-6r) is used to reserve funds for the payment of retirement contributions to New York State and Local Employees' Retirement system. This reserve was established by a Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to New York State Teachers' Retirement System. During a fiscal year, a Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law 6-r.

- ***Reserve for Employee Benefit Accrued Liability***

  Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve 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. The reserve is accounted for in the General Fund.

- ***Insurance***

  The Insurance Reserve (GML §6-n) must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action and funded by budgetary appropriations or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. The reserve is accounted for in the General Fund.

- ***Reserve for Tax Certiorari***

  This reserve is used to account for funds set aside to refund taxes of the current year in tax certiorari proceedings. Voter approval is not required to establish the fund or expend from the reserve. Amounts in this reserve not necessary to refund taxes must be returned to the unreserved fund balance of the General Fund by the first day of the fourth fiscal year following the year for which the reserve was created. The reserve is accounted for in the General Fund.

- ***Capital Reserve***

  The Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The reserve is accounted for in the General Fund.

- ***Repair Reserve***

  Repair Reserve (GML §6-d) is used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education without voter approval may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

- ***Reserve for Endowments and Scholarships***

  This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

- ***Debt Service Fund***

  This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

- ***Capital Fund***

  This Fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction, or major repair of capital facilities.

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

- ***Committed*** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2022.
- ***Assigned*** – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as an Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.
- ***Unassigned*** – Includes all other fund net positions that do not meet the definition of the above classifications and are deemed to be available for general use by the School District. In governmental funds other than the General Fund, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

(c) Restricted for Extraclassroom Activities

This reserve is used to account for various student groups or extraclassroom activities. This reserve is accounted for in the Custodial Fund.

(d) Order of Use of Fund Balance

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

New Accounting Standard

Effective July 1, 2021, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 87, Leases. GASB Statement No. 87 enhances the relevance and consistency of information of the District's leasing activities. It establishes requirements for lease accounting based on the principle that leases are financings of the right to use an underlying asset. A lessee is required to recognize a lease liability and an intangible right to use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

Future Change in Accounting Standards

GASB has issued Statement No. 96 - Subscription-Based Information Technology Arrangements, effective for the year ending June 30, 2023. The District will evaluate the impact this pronouncement may have on its financial statements and will implement it as applicable and when material.

2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities

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

Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities

Total fund balances of the School District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of six broad categories.

(a) Long-Term Revenue Differences

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

(b) Capital Related Differences

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

(c) Long-Term Debt Transaction Differences

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

(d) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Balance. These costs have been allocated based on total salary for each function in the Statement of Activities.

(e) Pension Differences

Pension differences occur as a result of changes in the School District's proportion of the collective net position asset/liability and differences between the Districts' contributions and its proportionate share of the total contributions to the pension system.

(f) OPEB Differences

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

3. STEWARDSHIP AND COMPLIANCE

General Fund – Statutory Unassigned Fund Balance Limit

The School District's unassigned fund balance was over the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the School District's Budget for the upcoming school year. At June 30, 2022, the School District's unassigned fund balance was 9.6% of the 2022-2023 budget.

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

Appropriations are adopted at the program line item level.

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

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

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

Encumbrances

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

NYS Real Property Tax Cap

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments including school districts can levy. The tax levy for the 2021-2022 school year was in compliance with the NYS Tax Cap Limit.

4. CASH AND CASH EQUIVALENTS

Custodial Credit Risks

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these notes. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

A. Uncollateralized;
B. Collateralized by securities held by the pledging financial institution; or
C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the District's name.

As of June 30, 2022, the School District's bank balance of $11,638,626 of which $750,000 was fully insured by the FDIC. $10,888,626 of the deposits were exposed to custodial risk because this amount was collateralized with securities held by the pledging financial institution or in its trust department or an agent, but not in the School District's name and $46,624 was uninsured and uncollateralized.

Restricted Cash and Cash Equivalents

As of June 30, 2022, the School District's restricted cash and cash equivalents consisted of the following:

	General	Miscellaneous Special Revenue	Debt Service	Capital	Total
Restricted					
Unemployment Insurance Reserve	$ 99,809	$	$	$	$ 99,809
Employees' Retirement Contribution Reserve	730,000				730,000
Property Loss Reserve	1,054,944				1,054,944
Insurance Reserve	13,662				13,662
Tax Certiorari Reserve	24,140				24,140
Capital Reserve	69,517				69,517
Repair reserve	100,000				100,000
Scholarships and Endowments		496,147			496,147
Debt Service			1,471,946		1,471,946
Capital Project				1,841,230	1,841,230
Total Restricted	$ 2,092,072	$ 496,147	$ 1,471,946	$ 1,841,230	$ 5,901,395

Restricted cash and cash equivalents of $91,982 in the Custodial Fund represents funds restricted for Extraclassroom activities.

5. PARTICIPATION IN BOCES

During the year, the School District was billed $5,567,624 for BOCES' administrative and program costs. Financial statements for the BOCES are available from the Delaware-Chenango-Madison-Otsego BOCES' administrative office at 6678 County Road 32, Norwich, New York 13815.

During the year ended June 30, 2022, the School District issued no debt on behalf of BOCES. However, during 2007, the BOCES issued $47,755,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a lease payment included in the administrative budget of the BOCES over the term of the bonds. During the year ended June 30, 2015, the BOCES refunded the bond. During the year ended June 30, 2022, the BOCES paid $2,605,000 of the outstanding bonds. The outstanding balance at June 30, 2022 was $18,615,000.

6. CAPITAL ASSETS AND RIGHT TO USE LEASE ASSETS

Capital asset balances and activity for the year ended June 30, 2022, were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 474,324	$	$	$ 474,324
Construction in Progress	9,169,022			9,169,022
Total	9,643,346			9,643,346
Capital Assets Being Depreciated				
Buildings and Improvements	65,995,506			65,995,506
Furniture and Equipment	9,640,942	511,179	1,761	10,150,360
Vehicles	607,462	62,813	74,486	595,789
Total	76,243,910	573,992	76,247	76,741,655
Accumulated Depreciation				
Buildings and Improvements	30,546,493	1,482,254		32,028,747
Furniture and Equipment	8,863,749	46,410	1,673	8,908,486
Vehicles	375,580	45,695	70,762	350,513
Total	39,785,822	1,574,359	72,435	41,287,746
Net Capital Assets Being Depreciated	36,458,088	(1,000,367)	3,812	35,453,909
Net Capital Assets	$ 46,101,434	$(1,000,367)	$ 3,812	$ 45,097,255

Depreciation expense was allocated based on estimated usage by function as follows:

Function/Program	
General Support	$ 236,154
Instruction	944,615
Pupil Transportation	314,872
School Lunch	78,718
Total Depreciation	$ 1,574,359

	Restated Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Buses	$ 3,757,168	$	$	$ 3,757,168
Leased Equipment	1,340,129	42,148		1,382,277
Total	5,097,297	42,148		5,139,445
Accumulated Amortization				
Leased Buses	2,254,301	751,434		3,005,735
Leased Equipment	713,116	276,455		989,571
Total	2,967,417	1,027,889		3,995,306
Net Right to Use Leased Assets	$ 2,129,880	$ (985,741)	$	$ 1,144,139

Amortization Expense of $1,027,889 is charged to the Instruction program.

7. NONCURRENT LIABILITIES

The following is a summary of long term debt for the year ended June 30, 2022:

Description	Restated Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental Activities					
Bonds Payable	$ 16,510,000	$	$ (2,505,000)	$ 14,005,000	$ 2,205,000
Bonds Premium	1,931,282		(186,326)	1,744,956	154,690
Other Liabilities					
Lease Liability	2,553,822		(769,392)	1,784,430	663,426
OPEB Liability	55,195,309	4,121,365	(13,798,385)	45,518,289	
Compensated Absences	1,884,461		(50,789)	1,833,672	
Total Governmental Activities	$ 78,074,874	$ 4,121,365	$ (17,309,892)	$ 64,886,347	$ 3,023,116

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These are long-term liabilities, which are full faith and credit debt of the local government. Noncurrent liability balances and activity are as follows:

Long-Term Debt Maturity Schedule

Details relating to general obligation (serial) bonds of the School District outstanding at June 30, 2022, are summarized as follows:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund					
Building Renovations - QZAB	04/10	$ 2,220,000	06/24	0.80	$ 330,000
Building Renovations - 2008	06/14	$ 2,185,000	06/26	2.25-3.00	800,000
Building Renovations (2015 and 2016 Refunding)	03/21	$ 7,000,000	06/26	1.00-2.00	5,610,000
DASNY Revenue Bonds	06/21	$ 7,595,000	06/35	4.00-5.00	7,265,000
					$ 14,005,000

Future principal and interest payments due on serial bonds debt is as follows:

For the Year Ending June 30,	Serial Bonds Principal	Interest	Total
2023	2,205,000	447,190	2,652,190
2024	2,255,000	395,083	2,650,083
2025	2,145,000	355,650	2,500,650
2026	2,015,000	315,700	2,330,700
2027	525,000	258,300	783,300
2028-2032	3,060,000	869,250	3,929,250
2033-2035	1,800,000	137,050	1,937,050
Total	$ 14,005,000	$ 2,778,223	$ 16,783,223

In the event of a default in the payment of the principal of and/or interest on the Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds.

Defeased Debt

The District defeased bonds by placing new bond proceeds in an irrevocable trust to provide for future debt service payments on the defeased bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2022, the defeased bonds were fully matured and have a balance of $0.

The difference between the reacquisition price of the new bonds and the net carrying amount of the old bonds has been reported as a deferred outflow of resources on the Statement of Net Position and is being amortized on the District–wide financial statements using the straight–line method, the remaining time to maturity of the refunded bonds. The current–year amortization is $6,518 and is included as an addition to interest expense on the District-wide financial statements.

In 2021, the District issued a $7,000,000 bond to advance refund the 2015 and 2016 serial bonds. The deferred charge on the advance refunding was $90,083, and is being amortized on the District–wide financial statements using the straight–line method over 6 years, the remaining time to maturity of the refunded bonds. The current–year amortization is $15,014 and is included as an addition to interest expense on the District-wide financial statements. The balance of the deferred amounts from the refunding of debt, net of amortization recorded on the Statement of Net Position is as follows:

Deferred Amounts from Refunding Debt	$ 244,197
Less: Accumulated Amortization	(184,142)
Deferred Amount from Refunding Debt, Net	$ 60,055

Deferred Premium

The deferred amount on the advanced refunding of serial bonds is amortized on the District–wide financial statements using the straight–line method over the remaining time to maturity of the refunded bonds. The amortization is as a component of interest expense on the District-wide financial statements.

Unamortized Premium, 6/30/2021	$ 1,931,282
Less: Amount Recognized in the Current Year	(186,326)
Net Deferred Amount on Refunding	$ 1,744,956

Lease Liability

The District has entered into agreements with the BOCES and other vendors to lease certain equipment such as vehicles, copiers and other technology equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements These agreements with BOCES were executed on various dates beginning in fiscal year 2018 to 2022. and are for a term of 3-5 years. Annual lease payments for these agreements range from $29,962 to $129,305. The lease liability is measured at a discount rate of 4.5% to 5% which is stated in the lease agreements. In addition, the District has entered into an agreement with Mercedes-Benz Financial Services USA LLC to lease buses. The agreement was effective July 1, 2018 and is for a term of 5 years. The lease liability is measured at a discount rate of 3.035% which is stated in the lease agreement. As a result of these leases, the District has recorded a right to use asset with a net book value of $1,144,139 at June 30, 2022. The District has made some lump sum payments at the beginning of certain lease agreements and thus there are right to use assets with a net book value of $70,906 at June 30, 2022 with no corresponding lease liability.

Future lease payments are as follows:

For the Year Ending	Leases		
June 30,	Principal	Interest	Total
2023	$ 769,392	$ 76,623	$ 846,015
2024	663,426	53,284	716,710
2025	1,121,004	33,958	1,154,962
Total	$ 2,553,822	$ 163,865	$ 2,717,687

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

Interest Paid	$ 691,033
Less: Interest Accrued in the Prior Year	(36,138)
Plus: Interest Accrued in the Current Year (including adjustments)	18,378
Less: Amortization of Bond Premium	(186,326)
Plus: Amortization of Deferred Charge From Bond Refunding	21,532
Total Interest Expense on Long-Term Debt	$ 508,479

8. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable.

The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, and prior to April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Those who joined on or after April 1, 2012 contribute at a rate ranging from 3% to 6% based on their total annualized salary. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2022, were paid.

The required contributions for the current year and two preceding years were:

		Amount
2020	$	520,306
2021	$	575,903
2022	$	595,870

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

At June 30, 2022, the School District reported an asset of $945,166 for its proportionate share of the net pension asset. The net pension asset was measured as of March 31, 2022, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2022, the School District's proportion was 0.0115623 percent, compared to 0.0124787 percent at June 30, 2021, which is an decrease of .0009164%.

For the year ended June 30, 2022, the School District recognized a pension expense of $90,567. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 71,579	$ 92,842
Change of Assumptions	1,577,377	26,617
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		3,095,024
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	166,669	81,209
Contributions Subsequent to the Measurement Date	109,382	
Total	$ 1,925,007	$ 3,295,692

Amounts reported as deferred outflows/inflows related to pensions resulting from School District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30,		
2023	$	(206,853)
2024	$	(318,264)
2025	$	(783,595)
2026	$	(171,354)

(d) Actuarial Assumptions

The total pension liability at March 31, 2022 was determined by using an actuarial valuation as of April 1, 2021, with update procedures used to roll forward the total pension liability to March 31, 2022.

Significant actuarial assumptions used in the April 1, 2021 valuation were as follows:

Investment Rate of Return (Net of Investment Expense, including Inflation)	5.90%
Salary Scale	4.40%
Decrement Tables	April 1, 2016 - March 31, 2020 System's Experience
Inflation Rate	2.70%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2020.

The actuarial assumptions used in the April 1, 2021 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2022 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic Equity	32%	3.30%
International Equity	15%	5.85%
Private Equity	10%	6.50%
Real Estate	9%	5.00%
Opportunistic/ARS Portfolio	3%	4.10%
Real Assets	4%	3.78%
Bonds and Mortgages	3%	5.80%
Cash	23%	0.00%
Inflation-Indexed Bonds	1%	-1.00%
	100%	

(e) Discount Rate

The discount rate used to calculate the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's 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.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9 percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.9 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate Share of the Net Pension (Asset) Liability	$ 2,432,848	$ (945,166)	$ (3,770,713)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of $109,382 at June 30, 2022. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2022-2023 billing cycle and has been accrued as an expenditure in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System.

For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

		Amount
2020	$	994,252
2021	$	1,026,922
2022	$	1,078,063

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

At June 30, 2022, the School District reported an asset of $11,001,579 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2021, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2020. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2021, the School District's proportion was 0.063486 percent compared to 0.066115 percent at June 30, 2020, which is an decrease of .002629%.

For the year ended June 30, 2022, the School District recognized a pension credit of $597,954. At June 30, 2022, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	$ 1,516,451	$ 57,158
Changes of Assumptions	3,618,649	640,810
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		
Changes in Proportion and Differences Between Contributions		11,514,291
and Proportionate Share of Contributions	149,599	13,085
Contributions Subsequent to the Measurement Date	1,078,063	
Total	$ 6,362,762	$ 12,225,344

Amounts reported as deferred outflows/inflows related to pensions resulting from School District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:		
2022	$	(1,387,408)
2023	$	(1,633,585)
2024	$	(2,074,208)
2025	$	(2,757,603)
2026	$	534,724
Thereafter	$	377,437

(d) *Actuarial Assumptions*

The total pension liability at June 30, 2021 measurement date was determined by using an actuarial valuation as of June 30, 2020, with update procedures used to roll forward the total pension asset to June 30, 2021. The actuarial valuation used the following actuarial assumptions.

Investment Rate of Return	6.95% Compounded Annually, Net of Pension Plan Investment Expense, Including Inflation.
Salary Scale	Rates of Increase Differ Based on Service. They Have Been Calculated Based Upon Recent NYSTRS Member Experience.

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% Compounded Annually.
Inflation Rate	2.4%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP 2020, applied on a generational basis. Active member morality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	33.0%	6.8%
International Equity	16.0%	7.6%
Global Equities	4.0%	7.1%
Real Estate Equities	11.0%	6.5%
Private Equities	8.0%	10.0%
Domestic Fixed Income Securities	16.0%	1.3%
Global Fixed Income Securities	2.0%	0.8%
Private Debt	1.0%	5.9%
Real Estate Debt	7.0%	3.3%
High-Yield Fixed Income Securities	1.0%	3.8%
Short-Term	1.0%	-0.2%
Total	100.0%	

** Real rates of return are net of the long-term inflation assumption of 2.4% for 2021.*

(e) Discount Rate

The discount rate used to measure the pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's 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.

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

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate Share of the Net Pension (Asset) Liability	$ (1,154,455)	$ (11,001,579)	$ (1,927,372)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS in amount of $1,186,913 ($1,078,063 District share and $108,850 employees' share) in the General Fund at June 30, 2022. This amount represents contribution for the 2020-2021 fiscal year that will be made in 2022-2023. The School District's share has been accrued as an expenditure in the current year.

9. POSTEMPLOYMENT HEALTH CARE BENEFITS

(a) Plan Description

The School District administers the Medical Plan (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan. The Plan provides for continuation of medical insurance benefits for certain retirees and their spouses and can be amended by action of the School District subject to applicable collective bargaining and employment agreements. Generally, employees may retire with benefits when they reach the minimum age of 55 and have 20 years of service with the District.

The School District acquires health insurance through a consortium known as Broome Tioga Health Insurance Consortium. Benefits provided by the Consortium are administered by BlueCross BlueShield. The Consortium covers medical and pharmaceutical costs. Refer to the plan documents for the specifics and limitations of the coverage offered to the retirees. Many of the services in the Consortium's plan require co-payments at various levels depending on the nature of the service.

The Plan does not issue a standalone publicly available financial report since no assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

(b) Benefits Provided

The benefits provided to active employees at retirement and eligibility requirements are summarized below:

Employee Group	Decription of Benefits	Contributions	Required Service	Required Age
Superintendent	Medical	Individual-50% Famility-50% Surviving Spouse-50%	5 years	55
Administrators (SEAA)	Medical	Individual-50% Famility-65% Surviving Spouse-65%	None	55
Teaching Employees (SETA)	Medical	Individual-50% Famility-65% Surviving Spouse-65%	None	55
CSEA	Medical	Individual-50% Famility-65% Surviving Spouse-65%	10 years	55
Central Office (SECO)	Medical	Individual-50% Famility-50% Surviving Spouse-50%	10 years	55
Current Retirees	Medical Medicare Part B	Individual-Various Famility-Various Surviving Spouse-Various		

(c) Employees Covered by Benefit Terms

	Total
Inactive employees currently receiving benefit payments	203
Active employees	303
Total	506

(d) Total OPEB Liability

The District's total OPEB liability of $45,518,289 was measured as of June 30, 2022 and was determined by an actuarial valuation as of July 1, 2020.

(e) Changes in the Net OPEB Liability

Changes in the District's total OPEB liability were as follows:

Balance, June 30, 2021	$	55,195,309
Changes recognized for the year:		
Service cost		2,876,841
Interest on Total OPEB Liability		1,244,524
Effect of Assumptions, Changes or Inputs		(12,882,938)
Benefit payments		(915,447)
Net changes		(9,677,020)
Balance as of June 30, 2022	$	45,518,289

(f) Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the District, calculated using the discount rate of 3.54 percent, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.54 percent) or 1-percentage-point higher (4.54 percent):

	1% Decrease 2.54%	Current Assumption 3.54%	1% Increase 4.54%
Total OPEB Liability	$ 54,400,484	$ 45,518,289	$ 38,538,232

(g) Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (4.30 declining to 3.10 percent) or 1-percentage-point higher (6.30 declining to 5.10 percent) than the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability	$ 36,831,241	$ 45,518,289	$ 57,157,123

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2022, the District recognized OPEB expense of $2,959,929. At June 30, 2022, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (716,355)	$ 214,341
Changes of assumptions	(15,741,962)	8,299,976
Total	$ (16,458,317)	$ 8,514,317

Contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:		Amount
2023	$	(1,161,436)
2024		(1,161,436)
2025		(1,161,436)
2026		(1,161,436)
2027		(915,759)
Thereafter		(2,382,497)

(i) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2020 with a June 30, 2022 measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation Date	July 1, 2020
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry Age Normal
Plan Type	Single Employer Defined Benefit Plan
Inflation rate	2.60%
Healthcare Cost Trend Rates	5.3% to 4.1% over 55 years.
Discount Rate	3.54% - based on the Bond Buyer General Obligation 20-Bond Municipal Index.
Mortality	RP-2014 Adjusted to 2006 Total Dataset Mortality Table generationally projected using Scale MP-2018. This assumption includes a margin for future improvements in longevity.

Assumption Changes

- The discount rate was changed from 2.16% to 3.54% in the current year. The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

10. INTERFUND TRANSACTIONS – GOVERNMENTAL AND FIDUCIARY FUNDS

	Interfund		Interfund	
Fund Type	Receivables	Payables	Revenues	Expenditures
General	$	$ 52,970	$ 755,000	$ 53,307
Special Aid	39,385		13,471	
Miscellaneous Special Revenue	13,585		39,836	
Capital Fund				755,000
Total	$ 52,970	$ 52,970	$ 808,307	$ 808,307

- The District typically transfers from the General Fund to the Special Aid Fund, as a required local match for Federal and State grants.
- The District transferred $755,000 from the Capital Fund to the General Fund for the costs associated with paying down the BAN.
- The interfund payables and receivables are current and are expected to be repaid within the next fiscal year.

11. CONTINGENCIES AND COMMITMENTS

Risk Financing and Related Insurance

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

Potential Grantor Liability

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, Special Revenue Funds, and Capital Projects Fund. At June 30, 2022, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. The General Fund encumbrances are reflected as part of the assigned fund balance. The other encumbrances are not reflected on the fund financial statements because the assignment would result in a negative unassigned fund balance. Significant encumbrances included in governmental fund balances are as follows:

	General Fund
Encumbrances	
General Support	$ 43,408
Instruction	154,900
Pupil Transportation	229
Total Encumbrances	$ 198,537

12. FUND BALANCE

(a) The following is a summary of the change in General fund restricted reserve funds during the year ended June 30, 2022:

	Beginning Balance	Increase (Decrease)	Ending Balance
Restricted			
General Fund			
Unemployment Insurance	$ 99,809	$	$ 99,809
Employees' Retirement Contribution Reserve	730,000		730,000
Employee Benefit Accrued Liability	1,054,944		1,054,944
Insurance	13,662		13,662
Tax Certiorari	24,140		24,140
Capital Reserve	69,517		69,517
Repair Reserve	100,000		100,000
Total General Fund Restricted	$ 2,092,072	$	$ 2,092,072

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2022:

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Nonspendable	$ 591,512	$ 51,299	$	$	$	$	$ 642,811
Restricted							
Unemployment Insurance Reserve	99,809						99,809
Employees' Retirement Contribution Reserve	730,000						730,000
Employee Benefit Accrued Liability Reserve	1,054,944						1,054,944
Insurance Reserve	13,662						13,662
Tax Certiorari Reserve	24,140						24,140
Capital Reserve	69,517						69,517
Repair reserve	100,000						100,000
Reserve for Scholarships and Endowments				511,232			511,232
Debt Service					1,471,946		1,471,946
Capital Project						1,841,230	1,841,230
Total Restricted	2,092,072			511,232	1,471,946	1,841,230	5,916,480
Assigned							
General Support	43,408						43,408
Instruction	154,900		20,306				175,206
Pupil Transportation	229						229
School Lunch		322,463					322,463
Appropriated for Subsequent Year's Budget	500,000						500,000
Total Assigned	698,537	322,463	20,306				1,041,306
Unassigned	3,518,383						3,518,383
Total Fund Balance	$ 6,900,504	$ 373,762	$ 20,306	$ 511,232	$ 1,471,946	$ 1,841,230	$ 11,118,980

13. TAX ABATEMENTS

The District is subject to tax abatements that are granted by the Chenango County Industrial Development Agency (CCIDA). Article 18-A of the New York State Municipal Law, "New York Industrial Development Agency Act" was enacted to provide for the creation of Industrial Development Agencies (IDA's) to facilitate economic development in specific localities, and delineate their powers and status as public benefit corporation. The legislation established the power of New York IDA's, including the authority to grant tax abatements and enter into agreements to require payment in lieu of taxes. Each IDA must adopt and follow a tax exemption policy with input from the effected taxing jurisdictions, however once created the IDA can independently grant abatements in conformity with their policy. The CCIDA enters into agreements to abate property tax for the purpose of increasing or retaining employment in the County.

Property abatements may be partially offset by an agreement that requires payments in lieu of taxes. These agreements specify the annual amount to be remitted by the property owner and are allocated to the effected jurisdiction based on the proportion of taxes abated. The District has chosen to disclose information about its tax abatement by purpose. At June 30, 2021, there are no amounts receivable from CCIDA.

Abatement agreements of CCIDA resulted in a revenue impact to the District for the year ended June 30, 2021 as follows:

Purpose	Gross Tax Amounts	Payments in Lieu of Taxes	Net Revenue Reduction
Economic Development and Job Creation	$ 293,792	$ 146,896	$ 146,896

14. NET POSITION DEFICIT – DISTRICT-WIDE

The District-wide net position had an unrestricted deficit at June 30, 2022 of $46,730,647, and a total net position deficit of $9,542,448. The deficit is the result of the recognition of an unfunded liability of $45,518,289 at June 30, 2022, as required by GASB Statement No. 75. Since New York State Laws provide no mechanism for funding the liability, the additional accruals are expected to increase the deficit in subsequent years.

15. CUMULATIVE EFFECT OF IMPLEMENTING NEW ACCOUNTING STANDARD

The following adjustments were made to the prior year's net position and fund balance due to the implementation of GASB 87, Accounting for Leases:

Net Position (Deficit) Beginning of Year, As Previously Stated	$ (11,037,662)
GASB Statement No. 87 Implementation:	
Right to Use Leased Asset, Net	2,129,880
Lease Liability	(2,553,822)
Cumulative Effect of Change in Accounting Principle	(423,942)
Net Position (Deficit) Beginning of Year, As Restated	$ (11,461,604)

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2022

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
Revenues				
Local Sources				
Real Property Taxes	$ 6,546,993	$ 5,530,726	$ 5,535,933	$ 5,207
STAR and Other Real Property Tax Items	151,000	1,167,267	1,180,526	13,259
Use of Money and Property	40,500	40,500	6,900	(33,600)
Sale of Property and Compensation for Loss			31,871	31,871
Miscellaneous	55,000	55,000	390,550	335,550
State Aid	28,261,301	28,261,301	26,458,697	(1,802,604)
Federal Aid	125,000	125,000	205,406	80,406
Total Revenues	35,179,794	35,179,794	33,809,883	(1,369,911)
Other Financing Sources				
Transfers from Other Funds	650,000	650,000	755,000	105,000
Appropriated Fund Balance	852,033	852,033		(852,033)
Total Revenues and Other Financing Sources	$ 36,681,827	$ 36,681,827	$ 34,564,883	$ (2,116,944)

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
Expenditures					
General Support					
Board of Education	$ 14,950	$ 22,300	$ 19,555	$ 84	$ 2,661
Central Administration	226,630	253,705	249,291	861	3,553
Finance	538,650	551,600	534,918		16,682
Staff	172,240	162,140	140,029		22,111
Central Services	3,091,654	3,313,553	2,993,461	42,463	277,629
Special Items	966,350	962,550	947,051		15,499
Total General Support	5,010,474	5,265,848	4,884,305	43,408	338,135
Instruction					
Instruction, Administration, and Improvement	1,052,545	1,030,545	989,553	894	40,098
Teaching - Regular School	8,662,507	8,393,907	7,416,329	387	977,191
Programs for Children With Special Needs	4,766,404	4,813,404	4,236,971	153,226	423,207
Occupational Education	1,103,400	1,103,400	1,095,397		8,003
Teaching - Special School	74,000	22,800	10,883		11,917
Instructional Media	834,350	899,350	535,203		364,147
Pupil Services	1,453,287	1,339,287	884,413	393	454,481
Total Instruction	17,946,493	17,602,693	15,168,749	154,900	2,279,044
Pupil Transportation	2,191,836	2,397,236	1,701,305	229	695,702
Community Services	22,180	17,180	14,360		2,820
Employee Benefits	8,248,125	8,220,551	7,767,547		453,004
Debt Service - Principal	2,566,000	2,505,692	3,274,346		(768,654)
Debt Service - Interest	616,719	614,719	691,079		(76,360)
Total Expenditures	36,601,827	36,623,919	33,501,691	198,537	2,923,691
Other Financing Uses					
Transfers to Other Funds	80,000	57,908	53,307		4,601
Total Expenditures and Other Financing Uses	$ 36,681,827	$ 36,681,827	33,554,998	$ 198,537	$ 2,928,292
Net Change in Fund Balance			1,009,885		
Fund Balance - Beginning of Year			5,890,619		
Fund Balance - End of Year			$ 6,900,504		

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

SHERBURNE EARLVILLE CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2022

Measurement Date	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018 *
Total OPEB Liability					
Service cost	$ 2,876,841	$ 2,638,463	$ 1,794,893	$ 2,245,366	$ 1,940,993
Interest on Total OPEB Liability	1,244,524	1,143,194	1,383,043	1,361,012	1,280,855
Effect of Plan Changes		(1,818)			
Effect of Demographic Gains or Losses		(887,931)		409,197	
Change in assumptions and other inputs	(12,882,938)	3,658,675	9,030,977	(8,652,257)	
Differences between expected and actual experience in the measurement of the total OPEB liability					(88,411)
Benefit payments	(915,447)	(885,289)	(792,197)	(737,988)	(793,447)
Net change in total OPEB Liability	(9,677,020)	5,665,294	11,416,716	(5,374,670)	2,339,990
Total OPEB Liability - Beginning	55,195,309	49,530,015	38,113,299	43,487,969	41,147,979
Total OPEB Liability - Ending	$ 45,518,289	$ 55,195,309	$ 49,530,015	$ 38,113,299	$ 43,487,969
Covered payroll	$ 13,962,261	$ 13,962,261	$ 13,397,446	$ 13,397,446	$ 13,387,873
Total OPEB Liability as a percentage of covered payroll	326.01%	395.32%	369.70%	284.48%	324.83%

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

Notes to Required Supplementary Information:
The District does not currently maintain assets in an OPEB trust.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 11 to the financial statements.

Changes to Assumptions

The discount rate changed from 2.16% to 3.54%, which is a prescribed discount rate under GASB 75, and is based on the Bond Buyer General Obligation 20-Bond Municipal Index.

The medical trend rate remained consistent at 5.3-4.1% over 55 years.

SHERBURNE EARLVILLE CENTRAL SCHOOL DISTRICT
SCHEDULES OF DISTRICT PENSION CONTRIBUTIONS
For the Year Ended June 30, 2022

ERS Pension Plan
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 595,870	$ 575,903	$ 520,306	$ 518,104	$ 547,285	$ 505,037	$ 573,935	$ 569,559	$ 765,912	$ 713,524
Contributions in Relation to the Contractually Required Contribution	595,870	575,903	520,306	518,104	547,285	505,037	573,935	569,559	765,912	672,890
Contribution Deficiency (Excess)				$	$	$	$	$	$	$ 40,634
School District's Covered- ERS Employee Payroll	$ 3,909,797	$ 3,818,466	$ 4,072,761	$ 3,602,135	$ 3,734,411	$ 3,404,511	$ 3,321,378	$ 3,349,527	$ 3,875,569	$ 3,721,536
Contributions as a Percentage of Covered-Employee Payroll	15.24%	15.08%	12.78%	14.38%	14.66%	14.83%	17.28%	17.00%	19.76%	18.08%

TRS Pension Plan
Last 10 Fiscal Years

	2022	2021	2020	2019	2018	2017	2016	2015	2014	2013
Contractually Required Contribution	$ 1,078,063	$ 1,026,922	$ 994,252	$ 1,170,211	$ 1,056,319	$ 1,255,301	$ 1,401,965	$ 1,795,692	$ 1,625,245	$ 1,159,971
Contributions in Relation to the Contractually Required Contribution	1,078,063	1,026,922	994,252	1,170,211	1,056,319	1,255,301	1,401,965	1,795,692	1,625,245	1,159,971
Contribution Deficiency (Excess)				$	$	$	$	$	$	$
School District's Covered- TRS Employee Payroll	11,312,308	10,775,677	11,221,806	11,018,936	10,778,765	10,710,759	10,572,888	10,243,537	10,001,508	9,586,537
Contributions as a Percentage of Covered-Employee Payroll	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%	16.25%	12.10%

SHERBURNE EARLVILLE CENTRAL SCHOOL DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
For the Year Ended June 30, 2022

ERS Pension Plan

	2022	2021	2020	2019	2018	2017	2016	2015 *
District's proportion of the net pension asset/liability	0.0115623%	0.0124787%	0.0119363%	0.0120681%	0.0128118%	0 0122618%	0.0125742%	0.012812%
District's proportionate share of the net pension (asset) liability	$ (945,166)	$ 12,426	$ 3,160,801	$ 855,064	$ 413,495	$ 1,152,144	$ 2,018,190	$ 431,642
District's covered-employee payroll	$ 3,909,797	$ 3,818,466	$ 3,818,466	$ 4,072,761	$ 3,602,135	$ 3,734,411	$ 3,404,511	$ 3,321,378
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	24.17%	0.33%	82.78%	20.99%	11.48%	30.85%	59.28%	13.00%
Plan fiduciary net position as a percentage of total pension asset/liability	103.65%	99.95%	86.39%	96.30%	98.20%	94.70%	90.70%	97.90%

TRS Pension Plan

	2021	2020	2019	2018	2017	2016	2015	2014 *
District's proportion of the net pension asset/liability	0.063486%	0.066115%	0.066015%	0.066173%	0.067590%	0.068517%	0.068193%	0.067708%
District's proportionate share of the net pension (asset) liability	$ (11,001,579)	$ 1,826,935	$ (1,715,068)	$ (1,196,575)	$ (513,750)	$ 733,848	$ (7,083,095)	$ (7,542,234)
District's covered-employee payroll	$ 10,775,677	# $ 11,221,806	# $ 11,018,936	# $ 10,778,765	# $ 10,710,759	# $ 10,572,888	# $ 10,243,537	# $ 10,001,508
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	102.10%	16.28%	15.56%	11.10%	4.80%	6.94%	69.15%	75 41%
Plan fiduciary net position as a percentage of total pension asset/liability	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

* Information is presented only for the years available.

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET AND SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION
For the Year Ended June 30, 2022

Change from Adopted Budget to Revised Budget

Adopted Budget	$ 36,579,794
Add: Prior Year's Encumbrances	102,033
Original Budget	36,681,827
Final Budget	$ 36,681,827

Section 1318 of Real Property Tax Law Limit Calculation

2022-23 Voter-Approved Expenditure Budget		$ 36,628,959
Maximum Allowed (4% of 2022-23 budget)		**$ 1,465,158**
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 698,537	
Unassigned Fund Balance	3,518,383	
Total Unrestricted Fund Balance		4,216,920
Less:		
Appropriated Fund Balance	500,000	
Encumbrances Included in Assigned Fund Balance	198,537	
Total adjustments		698,537
General Fund's Fund Balance Subject to Section 1318 of Real Property Tax Law		**$ 3,518,383**
Actual Percentage		**9.6%**

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2022

			Expenditures				Methods of Financing			Fund
	Original Authorization	Revised Authorization	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Local Sources	Total	Balance June 30, 2022
PROJECT TITLE										
2018 Capital Project	$11,695,000	$11,695,000	$ 9,924,022	$	$ 9,924,022	$ 1,770,978	$ 7,760,000	$ 4,135,984	$11,895,984	$ 1,971,962
New Capital Project				130,732	130,732	(130,732)				(130,732)
Totals	$11,695,000	$11,695,000	$ 9,924,022	$ 130,732	$10,054,754	$ 1,640,246	$ 7,760,000	$ 4,135,984	$11,895,984	$ 1,841,230

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
June 30, 2022

Capital Assets, Net	$ 45,097,255
Right to Use Lease Assets, Net	1,144,139
	46,241,394
Add:	
Capital Restricted Cash	1,841,230
Unamortized Deferred Charge on Refunding of Debt	60,055
	1,901,285
Deduct:	
Premium on Bonds Payable	1,744,956
Current Portion of Serial Bonds Payable	2,205,000
Serial Bonds Payable	11,136,574
Lease Liability	1,784,430
	16,870,960
Net Investment in Capital Assets	$ 31,271,719

See Independent Auditor's Report.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With *Government Auditing Standards*

Board of Education
Sherburne-Earlville Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sherburne-Earlville Central School District, as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Sherburne-Earlville Central School District's basic financial statements, and have issued our report thereon dated October 13, 2022.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sherburne-Earlville Central School District's financial statements are free of 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 school district's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 13, 2022

Rome, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education
Sherburne-Earlville Central School District, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sherburne-Earlville Central School District's 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 Sherburne-Earlville Central School District's major federal programs for the year ended June 30, 2022. Sherburne-Earlville Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Sherburne-Earlville Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sherburne-Earlville Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of Sherburne-Earlville Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Sherburne-Earlville Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

D'Arcangelo + Co., LLP

October 13, 2022

Rome, New York

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2022

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Agency or Pass-through Number	Total Federal Expenditures	Expenditures to Subrecipients
U.S. Department of Agriculture				
(Passed Through the State Education Department of the State of New York - Pass-Through Grantor's No. 082001-04-0000)				
Child Nutrition Cluster				
Non-Cash Assistance				
Food Donation	10.555	N/A	$ 83,371	$
Cash Assistance				
Summer Food Service Program	10.559	N/A	28,380	
National School Breakfast Program	10.553	N/A	199,040	
National School Lunch Program	10.555	N/A	653,087	
Total U.S. Department of Agriculture and Child Nutrition Cluster			963,878	
U.S. Department of Education				
(Passed Through the State Education Department of the State of New York - Pass-Through)				
Special Education Cluster				
Special Education – Grants to States (IDEA, Part B)	84.027	0032-22-0131	422,679	
Special Education – Preschool Grants (IDEA, Preschool)	84.173	0033-22-0131	6,249	
COVID-19 Special Education Grants to States	84.027X	5532-22-0131	72,893	
COVID-19 Special Education Preschool Grants	84.173X	5533-22-0131	8,117	
Total Special Education Cluster			509,938	
Title I Cluster				
Title I School Improvement Grant	84.010	0021-21-0470	42,820	
Title I School Improvement Grant	84.010	0011-22-3128	79,665	
Title I School Improvement Grant	84.010	0021-22-4124	7,573	
Title I Grants to Local Education Agencies, Part A	84.010	0021-22-0470	304,578	
Total Title I Cluster			434,636	
Improving Teacher Quality – State Grants, Title IIA	84.367	0147-22-0470	44,393	
Title IV–SSAE Allocation	84.424	0204-22-0470	21,848	
Education Stabilization Fund (COVID-19)				
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	5890-21-0470	715,945	
Governor's Emergency Education Relief Fund (GEER)	84.425C	5895-21-0470	56,128	
American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-0470	549,923	
American Rescue Plan- Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5884-21-0470	473,886	
American Rescue Plan- Elementary and Secondary School Emergency Relief- Homeless Children and Youth (ARP HCY)	84.425W	5218-21-0470	6,607	
Total Education Stabilization Fund Cluster			1,802,489	
Total U.S. Department of Education			2,813,304	
Total Federal Awards Expended			$ 3,777,182	$

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Sherburne-Earlville Central School District. The School District's organization is defined in Note 1 to the School District's basic financial statements.

Basis of Accounting

The expenditures in the accompanying schedule are presented on an accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of Sherburne-Earlville Central School District, it is not intended to and does not present the financial position, changes in net assets, or cash flows of the Sherburne-Earlville Central School District.

Cluster Programs

The following programs are identified by "OMB Compliance Supplement" to be part of a cluster of programs:

U.S. Department of Education
Special Education Cluster

ALN 84.027	Special Education - Grants to States (IDEA, Part B)
ALN 84.173	Special Education - Preschool Grants (IDEA Preschool)
ALN 84.027X	COVID-19 Special Education Grants to States
ALN 84.173X	COVID-19 Special Education Preschool Grants

U.S. Department of Agriculture
Nutrition Cluster

ALN 10.553	National School Breakfast Program
ALN 10.555	National School Lunch Program
ALN 10.555	Food Donation
ALN 10.559	Summer Food Service Program

De Minimis Indirect Cost Rate

Sherburne Earlville Central School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2022, the School District had food commodities totaling $24,489 in inventory.

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2022

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	Yes
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	U.S. Department of Education Education Stabilization Fund (COVID-19) ALN 84.425D Elementary and Secondary School Emergency Relief (ESSER) ALN 84.425C Governor's Emergency Education Relief Fund (GEER) ALN 84.425U American Rescue Plan-Elementary and Secondary School Emergency Relief (ARP ESSER) ALN 84.425W American Rescue Plan-Elementary and Secondary School Emergency Relief- Homeless Children and Youth (ARP HCY)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Findings - Financial Statements Audit

See Status of Prior Year Findings and Questioned Costs.

Findings and Questioned Costs - Major Federal Award Programs Audit Program

No findings noted.

SHERBURNE-EARLVILLE CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2022

Findings - Financial Statements Audit

2021-1 Implementation of New Accounting Standard

Condition: Although Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities* was implemented for financial statement purposes, the District's accounting ledgers have not been updated to include the creation of all the new funds and general ledger accounts. Effective July 1, 2021 the District is accounting for the payroll related liabilities properly under GASB Statement No. 84, in the General Fund.

Criteria: In order to properly implement GASB Statement No. 84, *Fiduciary Activities,* the District is required to create a new Miscellaneous Special Revenue Fund and a new fiduciary Custodial Fund, as well as several new general ledger accounts.

Cause: Under the new accounting standard, the activity that the District had previously accounted for in the Trust & Agency and Expendable Trust funds needs to be assessed under the new fiduciary activity guidelines and accounted for in the Custodial fund, or moved to the governmental funds.

Effect or Potential Effect: The District could be at risk for not complying with the new standard.

Known Questioned Costs: None noted.

Recommendations: In order to fully implement GASB Statement No. 84, management should create the proper funds and accounts in the general ledger within the District's accounting software. Certain donations and scholarships, currently in the Trust & Agency or Expendable Trust funds which the District has administrative control over should now be accounted for in the governmental funds (Miscellaneous Special Revenue Fund). However, student funds for which the District does not have administrative control, such as the Extraclasssroom Activity Funds, should be moved to the new Fiduciary Custodial Fund.

Status: Same condition noted in the current year.

2021-2 Collateralization of District's Cash Deposits

Condition: The District's cash balances were under collateralized at June 30, 2021 by $1,425,093.

Criteria: All bank deposits, including all demand deposits, certificates of deposit and special time deposits made by the District that are in excess of the amount insured under the provisions of the Federal Deposit Insurance Act must be properly collateralized pursuant to New York State General Municipal Law 10(3). FDIC insurance covers deposits up to $250,000 for each entity. Deposits above this FDIC limit must be collateralized to ensure the safety of public funds.

Cause: Lack of monitoring of the District's collateralization of deposits by the financial institution and management.

Effect or Potential Effect: In the event of bank failure, the District's undercollateralized bank balances could be at risk.

Known Questioned Costs: None noted.

Recommendations: The District should establish adequate and efficient procedures to monitor pledged collateral to ensure it is at an adequate level.

Status: Condition not noted in current year.

Findings and Questioned Costs - Major Federal Award Programs Audit Program

No findings noted.