

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

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



\$1,641,000

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

BROOME AND TIOGA COUNTIES, NEW YORK

GENERAL OBLIGATIONS

\$1,641,000 Bond Anticipation Notes, 2023

(the "Notes")

Dated: October 18, 2023

Due: October 18, 2024

The Notes are general obligations of the Union-Endicott Central School District, Broome and Tioga 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 OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

The Notes are not subject to redemption prior to maturity. At the option of the purchaser, the Notes will be issued as registered notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof, except for one necessary odd denomination which is or includes \$6,000, as may be determined by such successful bidder.

Alternatively, if the Notes are issued as registered notes, The Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$6,000, as may be determined by such successful bidder. If the Notes are issued as registered notes, Payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, on or as may be agreed upon with the purchaser, on or about October 18, 2023.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on October 4, 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 22, 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 HERE FROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX – C – MATERIAL EVENT NOTICES" HEREIN.



**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
BROOME AND TIOGA COUNTIES, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2023-2024 BOARD OF EDUCATION

RICHARD TESTA

President

JIM TRUILLO

Vice President

LYNDA DELUCA
LOUIS FERRARO
GLENN MCIVER
KATHY MARECEK
JOE OZVOLD

* * * * *

ADMINISTRATION

NICOLE WOLFE

Superintendent of Schools

PAMELA R. PORTLAND

Assistant Superintendent for Business and Elementary Education

KATHRYN BLACKMAN

Consolidated School Business Controller

STEPHANIE RAJNES

District Treasurer

SUSAN REIF

District Clerk

THOMAS P. RIZZUTO, ESQ.

School District Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisors



ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

No person has been authorized by Union-Endicott 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 Union-Endicott Central School District.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
BROOME AND TIOGA COUNTIES, NEW YORK

Relating To
\$1,641,000 Bond Anticipation Notes, 2023

This Official Statement, which includes the cover page and appendices, has been prepared by the Union-Endicott Central School District, Broome and Tioga Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$1,641,000 principal amount of Bond Anticipation Notes, 2023 (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 OBLIGATION

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

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

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

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

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

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

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

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

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

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

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

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

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

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 18, 2023 and will mature October 18, 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 statutes of the State of New York, including among other things, the Education Law and the Local Finance Law, and various bond resolutions duly adopted by the Board of Education authorizing the issuance of bonds for the acquisition of buses.

Purpose of Issue	Authorization Date	Amount Outstanding	Paydown	New Money	Notes to be Issued
Purchase of Buses - 2018	6/22/2018	\$ 97,000	\$ 97,000	\$ -	\$ -
Purchase of Buses - 2019	8/5/2019	162,000	81,000	-	81,000
Purchase of Buses - 2020	7/13/2020	276,000	92,000	-	184,000
Purchase of Buses - 2021	9/13/2021	320,000	80,000	-	240,000
Purchase of Buses - 2022	6/6/2022	570,000	114,000	-	456,000
	6/5/2023 &				
Purchase of Buses - 2023	8/7/2023	-	-	680,000	680,000
Totals:		\$ 1,425,000	\$ 464,000	\$ 680,000	\$ 1,641,000

The proceeds of the Notes, along with \$464,000 available funds of the District, will partially redeem and renew the \$1,425,000 bond anticipation notes maturing October 19, 2023 and provide \$680,000 of new monies that will be used for the purchases of buses.

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 ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

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

Certificated Notes

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$6,000. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District is located in Upstate New York in the geographical location known as the Southern Tier. The District encompasses approximately 55 square miles. The District's offices are located in the Village of Endicott, four miles west of the City of Binghamton, and the District includes approximately 53% of the Town of Union. The District has 87% of its full valuation in the Town of Union in Broome County, and 13% in the Town of Owego in Tioga County. The District is located within the Binghamton Metropolitan Statistical Area, also called the "Greater Binghamton Area" or the "Triple Cities", and is made up of the City of Binghamton and the Villages of Johnson City and Endicott.

Residents may be employed in any of over 100 manufacturing firms in the County including: i3 Electronics, supplier of advanced electronic packaging solutions including printed circuit board fabrication, semiconductor packaging and assembly services; BAE Systems, manufacturer of cockpit displays, simulation systems, engine controls and condition monitoring, and spacecraft controls; Universal Instruments Corporation, manufacturer of printed circuit board assembly machines, component preparation machines and semi-automatic wire-termination machines; Raymond Corporation, manufacturer of narrow-aisle electric fork-lift trucks; and Lockheed Martin supplier of federal systems and defense solutions. Major employers located within the area are shown under "Larger Employers" herein.

Several utilities also have offices in the County including New York State Electric and Gas Corporation and Verizon.

The Village of Endicott owns and operates a library and an airport which accommodates private and corporate aircraft. The En-joie Public Golf Club, which is the site of the Legends Annual Dick's Senior Open Golf Tournament, is located in the Village.

Source: District officials.

Population

The current estimated population of the District is 31,707. (Source: 2021 U.S. Census Bureau estimate)

Banking Facilities

The following commercial banks are located in the District:

Manufacturers & Traders Trust Company
NBT Bank, N.A.
RBS Citizens, N.A.
Visions Federal Credit Union

Source: District officials.

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2017-2021</u>	<u>2000</u>	<u>2006-2010</u>	<u>2017-2021</u>
Towns of:						
Union	\$ 20,077	\$ 25,732	\$ 31,768	\$ 46,170	\$ 57,913	\$ 71,179
Owego	17,068	29,083	39,910	43,139	67,301	98,720
Counties of:						
Broome	19,168	24,314	31,224	45,422	57,545	73,171
Tioga	18,673	24,596	34,101	46,509	59,907	79,696
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.

Larger Employers

Some of the major employers located within the Binghamton, New York Metropolitan Statistical Area (MSA) include:

<u>Employer</u>	<u>Location</u>	<u>Employees</u>	<u>Type</u>
Binghamton University	Vestal	5,943	Education
United Health Services	Binghamton	5,428	Healthcare
Lockheed Martin	Owego	2,700	Systems Integration
Broome County Government	Binghamton	2,500	Government
BAE Systems	Endicott	2,311	Mission Systems
Broome-Tioga BOCES	Binghamton	1,300	Education
i3 Electronics	Endicott	1,100	Electronics
IBM Corp.	Endicott	1,100	Technology

Source: Broome County Industrial Development Agency.

Unemployment Rate Statistics

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

	<u>Annual Average</u>							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Broome County	6.0%	5.4%	5.6%	4.9%	4.5%	8.3%	5.3%	3.8%
Tioga County	5.5	5.1	5.1	4.4	4.0	7.5	4.5	3.2
New York State	5.3	4.8	4.7	4.1	3.8	9.9	7.0	4.3

	<u>2023 Monthly Figures</u>								
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>
Broome County	4.7%	4.2%	3.7%	2.7%	3.1%	3.5%	3.5%	3.9%	N/A
Tioga County	4.1	3.9	3.3	2.3	2.6	2.9	2.9	3.2	N/A
New York State	4.6	4.5	4.0	3.7	3.8	4.2	4.1	4.4	N/A

Note: Unemployment rates for September 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

The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping five-year terms so that as nearly as possible an equal number is elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other district offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members.

Budgetary Procedures

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

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

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

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 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 approved by the qualified voters on May 17, 2022 by a vote of 527 to 152. The District’s adopted budget for the 2022-23 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 2.06%, which was equal to the District tax levy limit of 2.06%.

The budget for the 2023-24 fiscal year was approved by the qualified voters on May 16, 2023 by a vote of 487 to 187. The District’s adopted budget for the 2023-24 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 1.90%, which was equal to the District tax levy limit of 1.90%.

Investment Policy

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

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

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

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2023-2024 fiscal year, approximately 52.32% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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.

Federal aid received by the State

President Biden has signed into law the American Rescue Plan, a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits.

The State receives a substantial amount of federal aid for other 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, including the diversion of federal resources to address the current COVID-19 outbreak. The District has been allocated approximately \$12.5 million in federal funds from the American Rescue Plan and CARES Act.

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 2023-2024 preliminary building aid ratios, the District expects to receive State building aid of approximately 89.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

School district fiscal year (2018-2019): The State 2018-19 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately \$859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at \$26.03 billion statewide, a 3.4% increase over the last year. The State 2018-19 Enacted Budget included an increase of \$618 million in Foundation Aid for school districts. Foundation Aid totaled nearly \$17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase was distributed using a one year, off formula methodology. The State 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. \$50 million of the Foundation Aid increase was “set aside” for certain school districts to fund community schools. The State 2018-19 Enacted Budget fully funded all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of \$240 million was approved for increases in all expense-based aids in 2018-19. The State 2018-19 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government were less than what was expected.

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 percent 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 increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can 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 percent 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 expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. 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 was continued under existing aid formulas. Out-year growth in School Aid reflected 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 come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See “*State Aid*” herein for a discussion of this provision set forth in the State’s 2020-2021 Enacted Budget.

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

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

School District fiscal year (2023-2024): The State’s 2023-24 Enacted Budget includes \$34.5 billion for school aid, an increase of \$3.1 billion or 10%, which is the highest level of State aid to date. The State’s 2023-24 Budget also provides a \$2.6 billion increase in Foundation Aid, fully funding the program since 2009-2010. 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. (See both “*School district fiscal year (2022-2023)*” and the following paragraphs herein.)

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected did not occur thereafter. However, see the following paragraph and “*School District fiscal year (2023-2024)*” regarding the anticipated phase-in.

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

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

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2017-2018	\$ 79,851,651	\$ 37,164,951	46.54%
2018-2019	82,521,659	38,600,578	46.78
2019-2020	84,442,646	39,751,957	47.08
2020-2021	84,840,289	38,667,799	45.58
2021-2022	88,705,890	42,527,000	47.94
2022-2023 (Budgeted)	90,420,150	44,192,073	48.87
2022-2023 (Unaudited)	91,661,928	44,747,883	48.82
2023-2024 (Budgeted)	97,925,925	51,231,869	52.32

⁽¹⁾ Includes inter-fund transfers.

Source: Audited financial statements for the 2017-2018 fiscal year through and including the 2021-2022 fiscal year and adopted budgets of the District for the 2022-2023 and 2023-2024 fiscal years. The 2022-2023 unaudited figures are based upon certain current assumptions and estimates, and the audited results may vary therefrom. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
L.W. West Elementary School ⁽¹⁾	K-12	250	1930, '55, '61, '64, '00, '04, '09, '16
A.G. McGuiness Elementary School	K-5	387	1967, '00, '04
T.J. Watson Elementary School	K-5	302	1967, '00, '04
Charles F. Johnson Elementary School	K-5	414	1955, '93, '00, '04
George F. Johnson Elementary School	K-5	630	2000, '04
J.F. Snapp Middle School	7-8	904	1902, '35, '61, '00, '04, '09
Union-Endicott High School	9-12	1,298	1915, '28, '64, '73, '00, '04, '09

⁽¹⁾ L.W. West Elementary School was closed in 2011-12 but remains District property. The District renovated the building to house some special education and alternative education classrooms as well as a small business incubator which offers mentoring to students. The building reopened this year and is functioning as a K-12 building for high-need students who were at Broome BOCES.

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2018-19	3,800	2023-24	3,900
2019-20	3,850	2024-25	3,900
2020-21	3,700	2025-26	3,900
2021-22	3,675	2026-27	3,900
2022-23	3,900	2027-28	3,900

Source: District officials.

Employees

The District employs approximately 670 full-time and 90 part-time persons, the collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements, are as follows:

<u>Members</u>	<u>Bargaining Unit</u>	<u>Expiration Date</u>
48	Cafeteria	June 30, 2026
45	Transportation Employees	June 30, 2026
56	Office Personnel	June 30, 2026
148	Aids/Monitors	June 30, 2025
366	Endicott Teachers' Association – ETA	June 30, 2026
23	Union-Endicott Administrators Association – UEAA	June 30, 2026
61	Maintenance	June 30, 2026
6	Confidential Secretaries	June 30, 2026
1	Computer Services	June 30, 2026
3	Union-Endicott Central Office Administrators	June 30, 2026
4	Unaffiliated	N/A

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and the budgeted figures for the 2022-2023 and 2023-2024 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2017-2018	\$ 802,790	\$ 2,274,409
2018-2019	793,003	2,499,081
2019-2020	837,000	2,331,505
2020-2021	840,489	2,202,217
2021-2022	757,688	2,380,510
2022-2023 (Budgeted)	710,000	2,712,907
2022-2023 (Unaudited)	724,891	2,575,246
2023-2024 (Budgeted)	867,406	2,723,620

Source: District records.

Note: The 2022-2023 unaudited figures are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

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 rates as a percent of payroll (2020 to 2024) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019-20	14.6%	8.86%
2020-21	14.6	9.53
2021-22	16.2	9.80
2022-23	16.1	10.29
2023-24	13.1	9.76

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

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

Other Post Employee Benefits

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

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

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

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

The District contracted with Armory Associates, LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2021 and 2022.

The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

	Balance beginning at:	June 30, 2020	June 30, 2021
		<u>\$ 216,228,088</u>	<u>\$ 259,801,252</u>
<u>Changes for the year:</u>			
Service cost		7,412,296	11,129,270
Interest		7,725,044	5,918,864
Differences between expected and actual experience		(3,708,817)	-
Changes in Benefit Terms		-	-
Changes in assumptions or other inputs		37,994,274	3,203,350
Benefit payments (including implicit subsidy)		<u>(5,849,633)</u>	<u>(6,217,280)</u>
Net Changes		<u>\$ 43,573,164</u>	<u>\$ 14,034,204</u>
	Balance ending at:	June 30, 2021	June 30, 2022
		<u>\$ 259,801,252</u>	<u>\$ 273,835,456</u>

Note: The above table is not audited. For additional information see “APPENDIX – D” attached hereto.

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

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

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

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 District retains independent Certified Public Accountants. The last audit report covers the period ended June 30, 2022 and is attached hereto as “APPENDIX – D”. The audit for the fiscal year ended June 30, 2023 is expected to be available in fall 2023. In addition, the State Comptroller’s office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. Certain financial information of the District can be found attached as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for 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.

Summary unaudited projected information for the General Fund for the period ending June 30, 2023 is as follows:

Projected Revenues:	\$ 91,661,928
Projected Expenditures:	<u>88,116,629</u>
Projected Excess (Deficit) Revenues Over Expenditures:	<u>\$ 3,545,229</u>
Total Fund Balance at June 30, 2022:	\$ 20,937,369
Total Projected General Fund Balance at June 30, 2023:	\$ 24,482,668

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

Source: District officials.

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on March 22, 2019. The purpose of the audit was to determine whether District officials appropriately monitored and controlled overtime for noninstructional employees for the period July 1, 2016 through June 22, 2018.

Key Findings:

- The Office of the State Comptroller's review of records for 15 noninstructional employees paid overtime totaling \$54,041 during our audit period disclosed that District officials often did not document that prior approval was granted for overtime worked and that start and end times were documented on the time sheets in accordance with the overtime policy.
- The Superintendent told the Office of the State Comptroller's that she permitted two noninstructional employees to earn overtime while they worked from home. However, this is neither specifically authorized nor prohibited by Board policy or in the employees' memorandum of understanding (MOU) with District officials. Although there was no documentation that these employees received prior approval for overtime worked, they were paid for 392 hours of overtime totaling \$8,513 while working at home.

Key Recommendations:

- Document prior approval and justification for overtime worked.
- In consultation with legal counsel, review the overtime policy, MOU and procedures and, if appropriate, clarify whether employees may earn overtime when working from home.

The District provided a complete response to the State Comptroller's office on January 23, 2019. 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 other State Comptrollers audits of the District that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein.

The State Comptroller's Fiscal Stress Monitoring System

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not

be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

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

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

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

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Towns of:					
Owego	\$ 139,316,270	\$ 139,405,875	\$ 139,884,186	\$ 140,462,212	\$ 140,995,080
Union	<u>55,635,783</u>	<u>55,465,531</u>	<u>54,563,645</u>	<u>53,866,236</u>	<u>53,726,026</u>
Total Assessed Values	<u>\$ 194,952,053</u>	<u>\$ 194,871,406</u>	<u>\$ 194,447,831</u>	<u>\$ 194,328,448</u>	<u>\$ 194,721,106</u>

State Equalization Rates

Towns of:					
Owego	72.50%	68.00%	68.00%	62.00%	54.00%
Union	4.25%	4.11%	4.02%	3.61%	3.46%

Taxable Full Valuations

Towns of:					
Owego	\$ 192,160,372	\$ 205,008,640	\$ 205,712,038	\$ 226,551,955	\$ 261,102,000
Union	<u>1,309,077,247</u>	<u>1,349,526,302</u>	<u>1,357,304,602</u>	<u>1,492,139,501</u>	<u>1,552,775,318</u>
Total Taxable Full Valuation	<u>\$ 1,501,237,619</u>	<u>\$ 1,554,534,941</u>	<u>\$ 1,563,016,640</u>	<u>\$ 1,718,691,456</u>	<u>\$ 1,813,877,318</u>

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Towns of:					
Owego	\$ 38.62	\$ 40.51	\$ 40.77	\$ 41.51	\$ 46.01
Union	658.98	670.44	689.88	713.03	718.30

Tax Collection Procedure

Tax payments are due on the third day of September. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged for the next 30 days. On or about November 15th, uncollected taxes are returnable to the respective Counties for collection. The District receives this amount from said Counties prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Total Tax Levy	\$ 35,803,686	\$ 36,885,932	\$ 37,709,128	\$ 44,228,775	\$ 45,069,557
Amount Uncollected ⁽¹⁾	1,979,224	1,927,974	1,808,078	1,866,454	N/A
% Uncollected	5.53%	5.23%	4.79%	4.22%	N/A

⁽¹⁾ See "Tax Collection Procedure" herein.

Note: The Total Tax Levies listed above is amount after STAR aid.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues ⁽¹⁾</u>	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2017-2018	\$ 79,851,651	\$ 40,210,628	50.36%
2018-2019	82,521,659	41,304,783	50.05
2019-2020	84,558,526	42,179,816	49.88
2020-2021	84,840,289	42,430,024	50.01
2021-2022	88,707,181	43,498,689	49.04
2022-2023 (Budgeted)	90,420,150	44,398,277	49.10
2022-2023 (Unaudited)	91,661,928	44,405,141	48.44
2023-2024 (Budgeted)	97,925,925	45,273,256	46.23

⁽¹⁾ Includes inter-fund transfers.

Source: Audited financial statements for the 2017-2018 through 2021-2022 fiscal years, District officials, and adopted budgets for the 2022-2023 and 2023-2024 fiscal years. The 2022-2023 unaudited figures are based upon certain current assumptions and estimates, and the audited results may vary therefrom. This table is not audited.

Larger Taxpayers 2023 for 2023-2024 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
NYSEG	Utility	\$ 48,389,479
Phoenix Endicott	Manufacturing	30,573,265
Glencott Realty	Manufacturing	14,848,265
602 Partners LLC	Apartments	10,606,734
Park Manor Plaza LLC	Commercial	9,393,063
Summit Chase	Apartments	9,152,601
Feinberg-Feinstein Investments	Apartments	7,979,768
Cotrnc Realty LLC	Real Estate	6,991,907
Gault Realty Co., LLC	Commercial	5,527,456
GNDJ, LLC	Commercial	5,326,589
DTRT Endicott Pipe LLC	Commercial	5,246,242
FGR Realty LLC	Commercial	4,430,635
Frazier Jon D Trustee	Commercial	4,086,705
Millennium Pipeline	Utility	3,835,490
Verizon NY	Utility	3,431,935

The fifteen larger taxpayers listed above have a total taxable full valuation of \$169,820,134, which represents 9.36% of the tax base of the District.

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

Source: District Tax Rolls.

Additional Tax Information

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

Senior citizens' and Veterans' exemptions are offered to those who qualify.

The total assessed valuation of the District is estimated to be categorized as follows: 2% Agricultural, 10% Commercial, 5% Industrial and 83% Residential.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$4,000 including County, Town, School District and Fire District Taxes.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$90,550 or less in 2021-22 or \$92,050 or less in 2022-23, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$70,700 for the 2021-22 school year and the first \$74,900 for the 2022-23 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 2022-23 Enacted State Budget provides \$2.2 billion in State funding for a new property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners’ existing STAR benefit.

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

<u>Town of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Owego	\$ 50,930	\$ 20,400	4/6/2023
Union	3,010	1,210	4/6/2023

\$5,339,469 of the District’s \$44,228,778 school tax levy for the 2022-2023 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January, 2023.

Approximately \$5,300,000_ similar amount of the District’s \$45,069,557 school tax levy for the 2023-2024 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January, 2024.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, and was signed into law by the Governor on June 26, 2015. The program began in 2016, and was fully phased in 2019.

See “THE SCHOOL DISTRICT – Budgetary Procedures” herein for additional information regarding the District’s Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining 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.

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$ 28,045,000	\$ 23,185,000	\$ 25,445,000	\$ 27,775,000	\$ 35,060,000
Bond Anticipation Notes	20,353,960	19,471,360	14,914,760	15,210,600	1,425,000
Other Debt ⁽¹⁾	<u>0</u>	<u>0</u>	<u>0</u>	<u>170,135</u>	<u>129,219</u>
Total Debt Outstanding	\$ 48,398,960	\$ 42,656,360	\$ 40,359,760	\$ 43,155,735	\$ 36,614,219

⁽¹⁾ Represents Installment Purchase Debt.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of September 22, 2023:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2024-2037	\$ 35,060,000
<u>Bond Anticipation Notes</u>		
Purchase of Buses	October 19, 2023	<u>1,425,000</u> ⁽¹⁾
	Total Indebtedness	<u>\$ 36,485,000</u>

⁽¹⁾ To be partially redeemed and renewed at maturity with the proceeds of the Notes and \$464,000 available funds of the District.

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Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 22, 2023:

Full Valuation of Taxable Real Property	\$ 1,813,877,318
Debt Limit 10% thereof	181,387,731

Inclusions:

Bonds.....	\$ 35,060,000	
Bond Anticipation Notes	464,000	
Principal of this Issue	<u>1,641,000</u>	
Total Inclusions		<u>\$ 37,165,000</u>

Exclusions:

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

Total Net Indebtedness	<u>\$ 37,165,000</u>
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Net Debt-Contracting Margin	<u>\$ 144,222,731</u>
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The percent of debt contracting power exhausted is	20.49%
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- ⁽¹⁾ Based on the 2023-2024 building aid ratio, the District anticipates State Building aid of 89.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

Bonded Debt Service

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

Capital Project Plans

The District annually issues bond anticipation notes to finance its acquisition of school buses. On May 16, 2023 the District voters approved \$680,000 for the purchase of buses. The Notes are being issued, along with \$464,000 available funds of the District to partially redeem and renew the \$1,425,000 bond anticipation notes maturing October 19, 2023 and provide \$680,000 new money for the purchase of school buses.

On December 12, 2023, the District plans to seek voter approval for approximately \$23 million for a capital improvement project related to various improvements at District buildings and facilities. The District plans on using approximately \$2.9 million in Capital Reserve Funds along with the issuance of bond anticipation notes and serial bonds to finance the project. Borrowings for the project will be pursuant to voter approval, approval from the State Education Department and as the project’s cash flow needs warrant. With the use of capital reserve and expiring debt service the project will be undertaken without increasing the tax effort.

Other than as stated above, the District has no other authorized and unissued indebtedness for capital or other purposes.

Cash Flow Borrowings

While the District has had to issue revenue anticipation notes in the past, it has not done so recently. On June 10, 2003, the District issued \$2,000,000 revenue anticipation notes in anticipation of 2002-2003 State aid. These notes matured on September 30, 2003 and were paid in full at maturity with available funds. During the 2002-2003 fiscal year State aid was delayed to districts necessitating many to issue short term cash flow borrowings. The District is not a historical issuer of cash flow borrowings.

The District does not anticipate issuing any revenue or tax anticipation notes in the foreseeable future.

Capital Leases

On July 1, 2021, the District entered into an installment purchase contract for computers and equipment in the amount of \$215,000 with a final payment due August 1, 2025.

On July 3, 2023, the District entered into an installment purchase contract for various technology equipment in the amount of \$370,000 with a final payment due August 1, 2027.

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 of the respective municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Broome	12/31/2021	\$ 138,006,333	\$ 798,242	\$ 137,208,091	13.58%	\$ 18,632,859
Tioga	12/31/2021	7,560,000	-	7,560,000	6.73%	508,788
Town of:						
Union	12/31/2021	13,743,683	115,185	13,628,498	16.29%	2,220,082
Owego	12/31/2021	11,431,000	2,737,000	8,694,000	46.92%	4,079,225
Village of:						
Endicott	5/31/2021	18,536,627	35,089	18,501,538	100.00%	18,501,538
Fire Districts of:						
Endwell	12/31/2021	2,115,000	-	2,115,000	20.00%	423,000
West Corners	12/31/2021	-	-	-	100.00%	-
West Endicott	12/31/2021	40,000	-	40,000	100.00%	40,000
					Total:	<u>\$ 44,405,492</u>

(1) Bonds and bond anticipation notes not adjusted to include subsequent bond sales, if any.

(2) Water and sewer debt and appropriations. Pursuant to the Local Finance Law, this indebtedness is excluded from the constitutional debt limit.

Note: The 2022 Comptroller's Special Report for the Counties, Towns, Village and Fire Districts above is currently unavailable as of the date of this Official Statement.

Source: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2021.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of September 22, 2023:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 37,165,000	\$ 1,172.14	2.05%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	81,570,492	2,572.63	4.50

(a) The current estimated population of the District is 31,707. (See "THE SCHOOL DISTRICT – Population" herein.)

(b) The District's full value of taxable real estate for the 2023-2024 fiscal year is \$1,813,877,318. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$44,405,492. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies

have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

Cybersecurity

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. For tax years beginning after December 31, 2022, interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E”.

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

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

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

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

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

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

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

LEGAL MATTERS

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

LITIGATION

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

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

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”.

Historical Compliance

Other than as described below, 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.

On July 1, 2021, the District entered into an installment purchase contract for computers and equipment in the amount of \$215,000. Pursuant to the District’s outstanding continuing disclosure undertakings, an event notice should have been filed within 10 business days. The event notice, along with a failure to file notice, were filed on March 25, 2022.

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

CUSIP IDENTIFICATION NUMBERS

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

RATING

The Notes are not rated. Subject to the approval of the District, the purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA 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 their 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.

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

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

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

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

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

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

The District's contact information is as follows: Ms. Pamela R. Portland, Assistant Superintendent for Business, Union-Endicott Central School District, 1100 East Main Street, Endicott, New York 13760, Phone: (607) 757-2119, Fax: (607) 757-2556, Email address: pportland@uek12.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

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

Dated: September 22, 2023

/s/RICHARD TESTA
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Year Ending June 30:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 8,827,343	\$ 9,153,585	\$ 7,795,231	\$ 5,292,794	\$ 7,418,494
Restricted Cash	10,440,591	11,383,746	11,695,552	12,381,242	15,188,186
Due from Other Funds	423,934	442,530	1,013,891	915,606	865,642
Due from Fiduciary Funds	1,262	6,149	1,220	-	-
State and Federal Aid Receivable	1,134,310	1,168,731	1,230,319	2,118,380	1,582,714
Due from Other Governments	1,840,039	2,167,248	2,142,411	2,391,109	2,378,853
Other Receivables	60,474	72,755	125,074	266,575	572,662
Deferred Expenditures	19,752	3,179	-	-	9,592
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 22,747,705</u>	<u>\$ 24,397,923</u>	<u>\$ 24,003,698</u>	<u>\$ 23,365,706</u>	<u>\$ 28,016,143</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 3,595,066	\$ 3,592,564	\$ 3,526,328	\$ 2,080,460	\$ 3,167,865
Accrued Liabilities	135,799	259,580	142,241	276,862	236,042
Due to Fiduciary Funds	-	-	5,127	-	-
Due to Other Funds	22,642	14,872	17,935	7,429	1
Due to Other Governments	13	20	-	18	54
Due to Teachers' Retirement System	2,624,340	2,876,802	2,474,309	2,658,501	2,924,910
Due to Employees' Retirement System	220,155	220,947	229,878	252,406	174,258
Revenue Anticipation Notes	-	-	-	-	-
Compensated Absences	-	-	-	-	-
Deferred Revenues	712,441	752,155	770,904	708,192	575,644
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 7,310,456</u>	<u>\$ 7,716,940</u>	<u>\$ 7,166,722</u>	<u>\$ 5,983,868</u>	<u>\$ 7,078,774</u>
<u>FUND EQUITY</u>					
Reserved	\$ 10,460,343	\$ 11,386,925	\$ 11,695,552	\$ 12,381,242	\$ 15,198,190
Unreserved:					
Appropriated	1,996,390	1,903,363	1,782,867	1,723,251	2,291,554
Unappropriated	2,980,516	3,390,695	3,358,557	3,277,345	3,447,625
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND EQUITY	<u>\$ 15,437,249</u>	<u>\$ 16,680,983</u>	<u>\$ 16,836,976</u>	<u>\$ 17,381,838</u>	<u>\$ 20,937,369</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 22,747,705</u>	<u>\$ 24,397,923</u>	<u>\$ 24,003,698</u>	<u>\$ 23,365,706</u>	<u>\$ 28,016,143</u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 32,839,079	\$ 33,401,648	\$ 34,597,748	\$ 35,795,076	\$ 36,332,989
Real Property Tax Items	6,904,524	6,808,980	6,707,035	6,384,740	6,097,035
Charges for Services	128,756	114,354	104,003	146,714	287,222
Use of Money & Property	194,152	436,372	665,845	476,130	210,823
Sale of Property and Compensation for Loss	32,355	12,252	27,572	93,706	26,440
Miscellaneous	2,087,828	1,699,369	1,569,052	1,608,552	1,578,432
Revenues from State Sources	36,055,267	37,164,951	38,600,578	39,751,957	38,667,799
Revenues from Federal Sources	110,768	213,084	237,918	185,771	1,633,404
Total Revenues	<u>\$ 78,352,729</u>	<u>\$ 79,851,010</u>	<u>\$ 82,509,751</u>	<u>\$ 84,442,646</u>	<u>\$ 84,834,144</u>
Other Sources:					
Interfund Transfers	93,379	641	11,908	115,880	6,145
Reserve Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 78,446,108</u>	<u>\$ 79,851,651</u>	<u>\$ 82,521,659</u>	<u>\$ 84,558,526</u>	<u>\$ 84,840,289</u>
<u>EXPENDITURES</u>					
General Support	\$ 9,455,810	\$ 10,011,983	\$ 10,317,746	\$ 10,291,587	\$ 11,206,809
Instruction	38,424,473	39,742,275	40,395,318	41,646,666	41,355,681
Pupil Transportation	1,530,385	1,536,429	1,704,823	1,792,340	1,617,729
Community Services	-	-	-	-	-
Employee Benefits	20,650,257	20,960,782	21,494,600	22,018,608	22,724,713
Debt Service	6,168,691	6,365,860	7,186,426	7,481,685	7,229,016
Total Expenditures	<u>\$ 76,229,616</u>	<u>\$ 78,617,329</u>	<u>\$ 81,098,913</u>	<u>\$ 83,230,886</u>	<u>\$ 84,133,948</u>
Other Uses:					
Interfund Transfers	<u>173,024</u>	<u>2,727,572</u>	<u>179,013</u>	<u>1,171,643</u>	<u>161,480</u>
Total Expenditures and Other Uses	<u>\$ 76,402,640</u>	<u>\$ 81,344,901</u>	<u>\$ 81,277,926</u>	<u>\$ 84,402,529</u>	<u>\$ 84,295,428</u>
Excess (Deficit) Revenues Over Expenditures	<u>2,043,468</u>	<u>(1,493,250)</u>	<u>1,243,733</u>	<u>155,997</u>	<u>544,861</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	14,887,030	16,930,498	15,437,249	16,836,976	16,836,977
Prior Period Adjustments (net)	<u>-</u>	<u>1</u>	<u>1</u>	<u>(4)</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 16,930,498</u>	<u>\$ 15,437,249</u>	<u>\$ 16,680,983</u>	<u>\$ 16,992,969</u>	<u>\$ 17,381,838</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2022			2023	2024
	Adopted <u>Budget</u>	Modified <u>Budget</u>	<u>Actual</u>	Adopted <u>Budget</u>	Adopted <u>Budget</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 43,336,806	\$ 37,709,127	\$ 37,693,577	\$ 44,228,775	\$ 45,069,557
Real Property Tax Items	163,486	5,791,164	5,805,112	169,502	203,699
Charges for Services	112,100	112,100	286,612	112,100	112,100
Use of Money & Property	203,155	203,155	222,322	186,000	186,000
Sale of Property and Compensation for Loss	5,700	26,499	87,026	5,700	5,700
Miscellaneous	1,720,842	1,737,739	1,891,858	1,326,000	917,000
Revenues from State Sources	42,331,374	42,406,374	42,527,000	44,192,073	51,231,869
Revenues from Federal Sources	200,000	200,000	192,383	200,000	200,000
Total Revenues	<u>\$ 88,073,463</u>	<u>\$ 88,186,158</u>	<u>\$ 88,705,890</u>	<u>\$ 90,420,150</u>	<u>\$ 97,925,925</u>
Other Sources:					
Interfund Transfers	-	-	1,291	-	-
Reserve Revenues	1,723,251	1,752,643	-	-	-
Total Revenues and Other Sources	<u>\$ 89,796,714</u>	<u>\$ 89,938,801</u>	<u>\$ 88,707,181</u>	<u>\$ 90,420,150</u>	<u>\$ 97,925,925</u>
<u>EXPENDITURES</u>					
General Support	\$ 10,917,912	\$ 11,273,337	\$ 10,238,420	\$ 11,349,380	\$ 13,174,157
Instruction	44,106,706	44,172,203	41,976,954	45,740,574	50,726,370
Pupil Transportation	2,073,180	2,314,572	2,217,396	2,402,649	3,012,100
Community Services	-	-	-	-	-
Employee Benefits	24,639,980	23,754,410	22,389,631	24,823,390	24,871,663
Debt Service	7,873,936	8,239,279	8,167,898	7,419,157	7,456,635
Total Expenditures	<u>\$ 89,611,714</u>	<u>\$ 89,753,801</u>	<u>\$ 84,990,299</u>	<u>\$ 91,735,150</u>	<u>\$ 99,240,925</u>
Other Uses:					
Interfund Transfers	185,000	185,000	161,350	185,000	185,000
Total Expenditures and Other Uses	<u>\$ 89,796,714</u>	<u>\$ 89,938,801</u>	<u>\$ 85,151,649</u>	<u>\$ 91,920,150</u>	<u>\$ 99,425,925</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>3,555,532</u>	<u>(1,500,000)</u>	<u>(1,500,000)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	-	-	17,381,837	1,500,000	1,500,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 20,937,369</u>	<u>\$ -</u>	<u>\$ -</u>

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

APPENDIX - B
Union-Endicott CSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2024	\$ 5,265,000	\$ 1,768,737.50	\$ 7,033,737.50
2025	4,570,000	1,424,500.00	5,994,500.00
2026	2,640,000	1,260,950.00	3,900,950.00
2027	2,775,000	1,129,100.00	3,904,100.00
2028	2,245,000	990,500.00	3,235,500.00
2029	2,350,000	878,250.00	3,228,250.00
2030	2,470,000	760,750.00	3,230,750.00
2031	2,595,000	637,250.00	3,232,250.00
2032	2,325,000	507,500.00	2,832,500.00
2033	2,170,000	391,250.00	2,561,250.00
2034	1,625,000	282,750.00	1,907,750.00
2035	1,540,000	201,500.00	1,741,500.00
2036	1,620,000	124,500.00	1,744,500.00
2037	870,000	43,500.00	913,500.00
TOTALS	\$ 35,060,000	\$ 10,401,037.50	\$ 45,461,037.50

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2022 - DASNY Refunding		
	Principal	Interest	Total
2024	\$ 550,000	\$ 116,750.00	\$ 666,750.00
2025	565,000	89,250.00	654,250.00
2026	595,000	61,000.00	656,000.00
2027	625,000	31,250.00	656,250.00
TOTALS	\$ 2,335,000	\$ 298,250.00	\$ 2,633,250.00

Fiscal Year Ending June 30th	2014 Serial Bonds - Capital Project			2016 Refunding of 2008 & 2010 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,050,000	\$ 55,537.50	\$ 1,105,537.50	\$ 295,000	\$ 10,100.00	\$ 305,100.00
2025	1,065,000	29,287.50	1,094,287.50	210,000	4,200.00	214,200.00
TOTALS	\$ 2,115,000	\$ 84,825.00	\$ 2,199,825.00	\$ 505,000	\$ 14,300.00	\$ 519,300.00

APPENDIX - B2
Union-Endicott CSD

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2017			2021		
	DASNY - Capital Project			Refunding of 2013 Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 350,000	\$ 172,750.00	\$ 522,750.00	\$ 1,195,000	\$ 22,962.50	\$ 1,217,962.50
2025	370,000	155,250.00	525,250.00	785,000	11,012.50	796,012.50
2026	385,000	136,750.00	521,750.00	15,000	1,200.00	16,200.00
2027	405,000	117,500.00	522,500.00	15,000	600.00	15,600.00
2028	425,000	97,250.00	522,250.00	-	-	-
2029	445,000	76,000.00	521,000.00	-	-	-
2030	470,000	53,750.00	523,750.00	-	-	-
2031	495,000	30,250.00	525,250.00	-	-	-
2032	110,000	5,500.00	115,500.00	-	-	-
TOTALS	\$ 3,455,000	\$ 845,000.00	\$ 4,300,000.00	\$ 2,010,000	\$ 35,775.00	\$ 2,045,775.00

Fiscal Year Ending June 30th	2021			2022		
	DASNY - Capital Project			DASNY - Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 505,000	\$ 294,450.00	\$ 799,450.00	\$ 420,000	\$ 353,500.00	\$ 773,500.00
2025	525,000	274,250.00	799,250.00	440,000	332,500.00	772,500.00
2026	545,000	253,250.00	798,250.00	460,000	310,500.00	770,500.00
2027	575,000	226,000.00	801,000.00	485,000	287,500.00	772,500.00
2028	605,000	197,250.00	802,250.00	510,000	263,250.00	773,250.00
2029	630,000	167,000.00	797,000.00	535,000	237,750.00	772,750.00
2030	660,000	135,500.00	795,500.00	560,000	211,000.00	771,000.00
2031	695,000	102,500.00	797,500.00	590,000	183,000.00	773,000.00
2032	735,000	67,750.00	802,750.00	620,000	153,500.00	773,500.00
2033	620,000	31,000.00	651,000.00	650,000	122,500.00	772,500.00
2034	-	-	-	680,000	90,000.00	770,000.00
2035	-	-	-	545,000	56,000.00	601,000.00
2036	-	-	-	575,000	28,750.00	603,750.00
TOTALS	\$ 6,095,000	\$ 1,748,950.00	\$ 7,843,950.00	\$ 7,070,000	\$ 2,629,750.00	\$ 9,699,750.00

Fiscal Year Ending June 30th	2023		
	DASNY - Capital Project		
	Principal	Interest	Total
2024	\$ 900,000	\$ 742,687.50	\$ 1,642,687.50
2025	610,000	528,750.00	1,138,750.00
2026	640,000	498,250.00	1,138,250.00
2027	670,000	466,250.00	1,136,250.00
2028	705,000	432,750.00	1,137,750.00
2029	740,000	397,500.00	1,137,500.00
2030	780,000	360,500.00	1,140,500.00
2031	815,000	321,500.00	1,136,500.00
2032	860,000	280,750.00	1,140,750.00
2033	900,000	237,750.00	1,137,750.00
2034	945,000	192,750.00	1,137,750.00
2035	995,000	145,500.00	1,140,500.00
2036	1,045,000	95,750.00	1,140,750.00
2037	870,000	43,500.00	913,500.00
TOTALS	\$ 11,475,000	\$ 4,744,187.50	\$ 16,219,187.50

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 School District, if material, or agreement to covenants, events of default, remedies, priority rights, or (as defined by the Rule) other similar terms of a financial obligation of the School 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 School 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.

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.

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.

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 District reserves the right to terminate its obligation to provide the aforescribed 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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**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
BROOME AND TIOGA COUNTIES, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

JUNE 30, 2022

WITH COMPARATIVE TOTALS FOR 2021

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

To the Board of Education
Union-Endicott Central School District
1100 East Main Street
Endicott, New York 13760

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Union-Endicott School District, as of June 30, 2022 and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Union-Endicott 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.

Other Matters

As discussed in Note 3 to the financial statements, the District adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 87 - Leases, during the year ended June 30, 2022. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Union-Endicott Central District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Union-Endicott 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 Union-Endicott 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, schedule of changes in total OPEB liabilities, schedule of District's contributions-NYSLRS pension plan, schedule of proportionate share of the net pension liability - NYSLRS pension plan, schedule of District's contributions - NYSTRS pension plan, schedule of proportionate share of net pension liability/(asset) - NYSTRS pension plan, and schedule of revenues, expenditures and changes in fund balance - budget (non-GAAP Basis) and actual - General Fund* on pages 7 through 17, and 63 through 69, be presented to supplement the basic financial statements. Such information, 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 standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Union-Endicott Central School District's basic financial statements. The schedule of change from original budget to revised budget and the section 1318 of real property tax law limit calculation, schedule of project expenditures-capital projects fund, combined balance sheet - non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances non-major governmental funds, investment in capital assets, net of related debt and the Schedule of Expenditures of Federal Awards, required by the Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the financial statements.

The change from original budget to revised budget and the section 1318 real property tax law limit calculation, project expenditures-capital projects fund, combined balance sheet - non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances - non-major governmental funds, investment in capital assets, net of related debt and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such 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 themselves or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the change from original budget to revised budget and the section 1318 real property tax law limit calculation, project expenditures-capital projects fund, combined balance sheet-non-major governmental funds, combined statement of revenues, expenditures and changes in fund balances - non-major governmental funds, investment in capital assets, net of debt and the Schedule of Expenditures of Federal Awards are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards* and the *Uniform Guidance*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2022 on our consideration of Union-Endicott 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 Union-Endicott 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 Union-Endicott Central School District's internal control over financial reporting and compliance.

We have also issued our report date October 14, 2022, on compliance for each major federal program, internal control over compliance, and the schedule of federal awards required by the Uniform Guidance. The purpose of that report is to describe the scope of our testing of internal control and compliance for each major program and the results of our testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Title 2 U.S. CFR Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* in considering Union-Endicott Central School District's internal control over each major program and compliance.

Vieira & Associates CPAs, P.C.

October 14, 2022
Endicott, New York

**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

The following is a discussion and analysis of the Union Endicott Central School District's (the School District) financial performance for the fiscal year ended June 30, 2022. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- Total General Fund revenues exceeded expenditures by \$3,555,532 in 2021-2022, compared to revenues exceeding expenditures by \$544,861 in 2020-2021.
- The General Fund adjusted budgeted expenditures and other financing uses were underspent by \$3,995,598, while actual revenues and other financing sources came in under the adjusted budget by \$1,231,620.
- Capital asset equipment and building additions during 2021-2022 amounted to \$8,384,559. Net depreciation expense totaled \$4,236,260.
- Indebtedness of the School District at June 30, 2022, in the amount of \$304,553,746 increased \$12,912,715 from June 30, 2021 mainly due to an increase in other postemployment benefits payable (OPEB).
- Total fund balance in the General Fund, including reserves, was \$20,937,369 at June 30, 2022. Restricted fund balance of \$15,188,238 consisted of General Fund restricted reserves; assigned fund balance of \$2,291,554 which consisted of encumbrances of \$791,554 and appropriations to support the 2021- 2022 budget of \$1,500,000. Unassigned fund balance was \$3,447,625, which is below the maximum limit (4% of 2022-2023 appropriations) permitted under New York State Real Property Tax.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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

District-wide Financial Statements

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

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

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

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

Governmental Fund Financial Statements

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

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

**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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

Figure 1

Condensed Statement of Net Position	Governmental Activities & Total School District		Total Dollar Change
	2020-2021	2021-2022	2021-2022
<i>Current assets and other assets</i>	\$ 29,248,388	\$ 65,570,749	\$ 36,322,361
<i>Net capital assets</i>	111,260,201	115,408,500	4,148,299
Total assets	140,508,589	180,979,249	40,470,660
Deferred cash outflows	55,765,156	50,957,923	(4,807,233)
<i>Current liabilities</i>	21,175,757	22,519,429	1,343,672
<i>Noncurrent liabilities</i>	291,641,031	304,553,746	12,912,715
Total liabilities	312,816,788	327,073,175	14,256,387
Deferred cash inflows	42,145,015	54,144,112	11,999,097
<i>Invested in capital assets, net of debt</i>	75,150,863	77,968,669	2,817,806
<i>Investment in intangible assets, net of debt</i>	0	560,770	560,770
<i>Restricted</i>	14,862,199	18,870,972	4,008,773
<i>Unrestricted (deficit)</i>	(248,701,120)	(246,680,526)	2,020,594
Total net position	\$ (158,688,058)	\$ (149,280,115)	\$ 9,407,943

Total assets increased 28.8% in 2021-2022.

Deferred cash outflows decreased (8.62%) and deferred cash inflows increased 28.47%. These are a result of changes in actuarial assumptions related to NYSTRS and NYSLRS pension plans, as well as changes in actuarial assumptions for the other postemployment benefits (OPEB) plan.

Total liabilities increased by 4.56%. This change stems from increases in both the School District's OPEB liability and lease liabilities.

**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

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

Figure 2

Changes in Net Position	Governmental Activities & Total School District		Total Dollar Change
	2020-2021	2021-2022	2021-2022
REVENUES			
<i>Program revenues:</i>			
Charges for service	\$ 315,401	\$ 442,685	\$ 127,284
Operating grants and contributions	5,906,907	8,874,411	2,967,504
<i>General revenues:</i>			
Real property taxes	42,430,024	43,498,689	1,068,665
State and federal sources	40,301,203	42,719,383	2,418,180
Use of money and property	627,059	65,105	(561,954)
Other general revenues	1,765,804	3,009,072	1,243,268
Total revenues	91,346,398	98,609,345	7,262,947
PROGRAM EXPENSES			
General support	11,308,530	10,268,398	(1,040,132)
Instruction	44,655,982	48,018,376	3,362,394
Pupil transportation	1,622,295	2,275,996	653,701
Employee benefits	27,765,434	21,358,682	(6,406,752)
Debt service	1,075,301	1,330,381	255,080
School lunch program	1,605,899	2,081,007	475,108
Scholarships	6,320	11,060	4,740
Depreciation	3,988,673	4,891,268	902,595
Total expenses	92,028,434	90,235,168	(1,793,266)
CHANGE IN NET POSITION	(682,036)	8,374,177	9,056,213

Total revenues for the School District's Governmental Activities increased by \$7,262,947 or 8% while total expenditures decreased (\$1,793,266) or (2%). The increase in revenue is mostly due to increases in state and federal sources. The decrease in program expense is primarily due to a net decrease in OPEB expense in comparison to expenses recorded the prior year.

**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Figures 3 and 4 show the percentage of sources of revenue for 2021-2022 and 2020-2021.

Figure 3

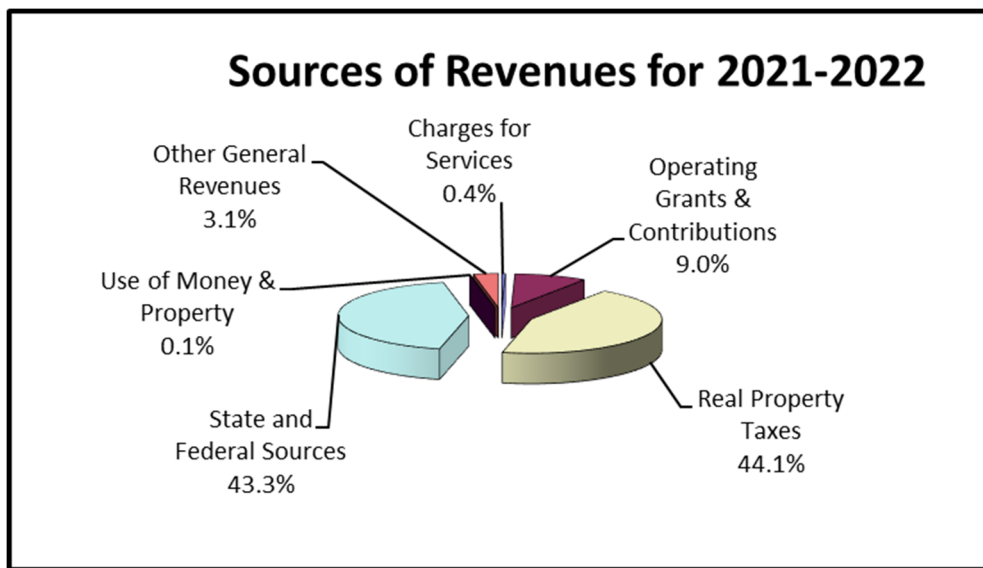
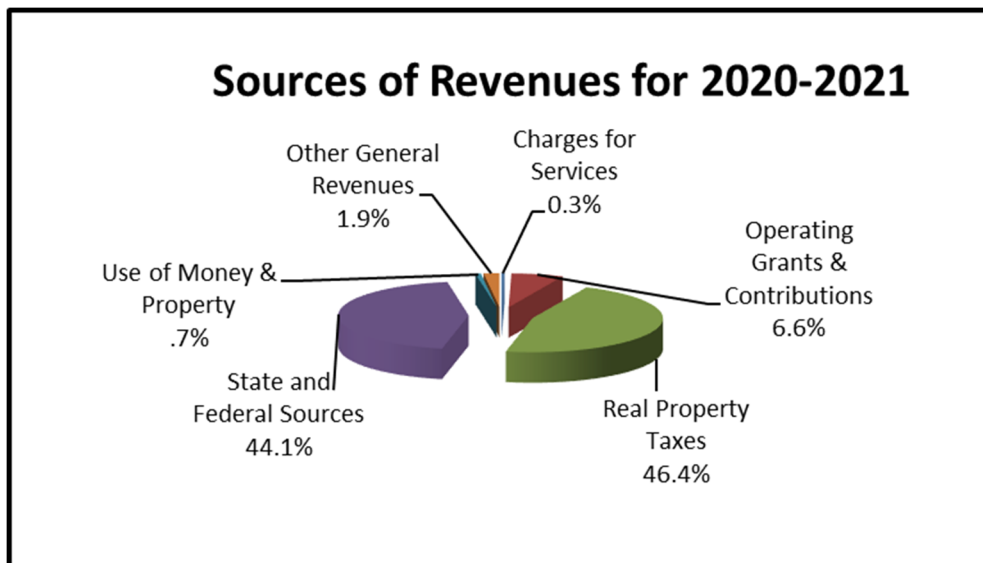


Figure 4



**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Figures 5 and 6 present the cost for each of the School District's programs for 2021-2022 and 2020-2021.

Figure 5

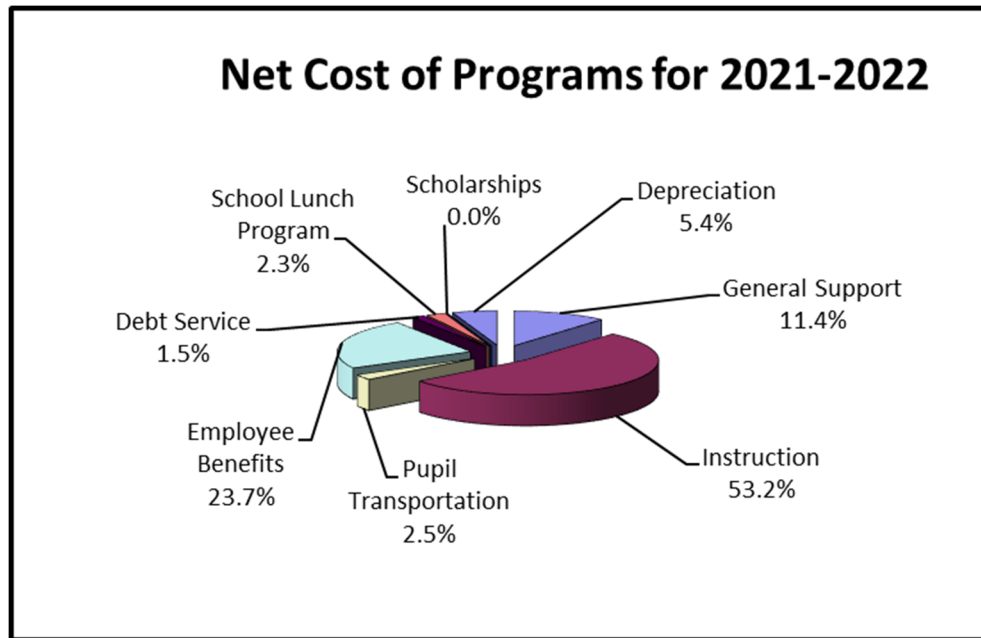
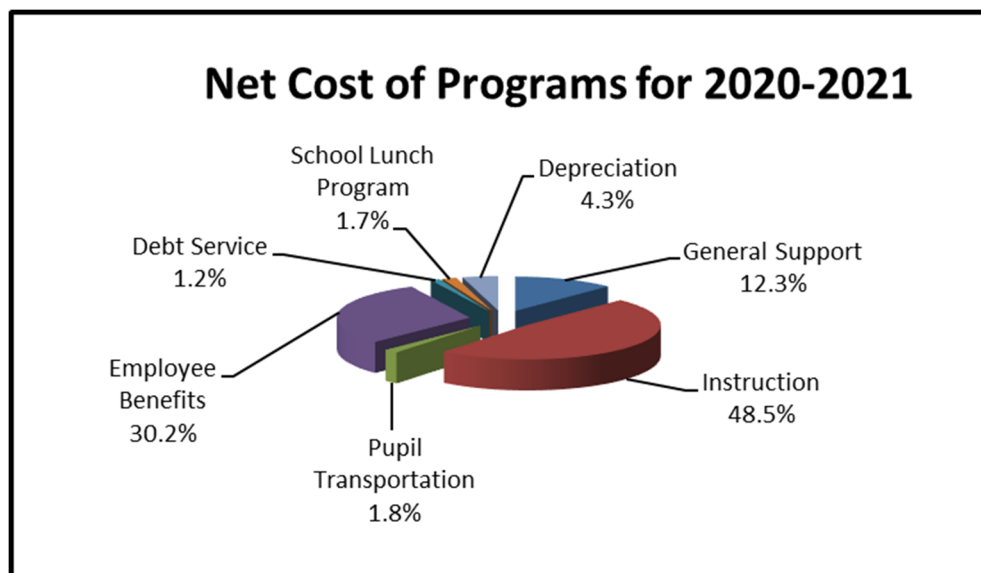


Figure 6



**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 7 shows the changes in fund balances for the year for the School District's funds. As the School District completed the year, its governmental funds, as presented in the Balance Sheet, reported a combined total fund balance of \$13,986,407 which is an increase from the prior year's balance of \$8,115,448. The increase is primarily attributable to state aid increases and ongoing capital projects.

Figure 7

Governmental Fund Balances	2020-2021	2021-2022	Total Dollar Change 2021-2022
<i>General Fund</i>	\$ 17,381,838	\$ 20,937,369	\$ 3,555,531
<i>Special Aid</i>	0	0	0
<i>School Lunch</i>	840,010	1,002,474	162,464
<i>Debt Service</i>	2,272,759	2,339,976	67,217
<i>Miscellaneous Special Revenue</i>	208,198	393,210	185,012
<i>Capital project</i>	<u>(12,587,357)</u>	<u>(10,686,622)</u>	<u>1,900,735</u>
<i>Total Fund Balance</i>	8,115,448	13,986,407	5,870,959

**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budget was \$365,338.46 or .43% of total general fund expenditures and may be summarized as follows:

223,251.23	June 30, 2021 Encumbrance Carryover
478.72	Visions FCU Grant (BOE 8-23-21)
496.45	Visions FCU Donation (BOE 10-4-21)
9,120.11	Weis 4 Schools Rewards Donation (BOE 10-4-21)
400.00	Weis 4 Schools Rewards Donation (BOE 10-25-21)
607.27	DonorsChoose Donation (BOE 10-25-21)
2,214.55	Insurance Recovery - Vehicle Damage (BOE 11-15-21)
15,884.60	Insurance Recovery - Storm Damaged Fencing (BOE 11-15-21)
75,000.00	NYS Assemblywoman Donna Lupardo - Bullet Aid (BOE 11-15-21)
500.00	Donation from Mario Salati (BOE 1-3-22)
5,044.53	JFS Scholastic Book Fair (BOE 3-21-22)
250.00	Living Hope Church (BOE 3-21-22)
2,700.00	Insurance Recovery UEHS Damaged Door -(BOE 5-9-22)
29,391.00	JfS Water Heater Replacement - (BOE 6-6-22)
<u>365,338.46</u>	

The District's policy for amending the original budget is as follows:

- All transfers \$5,000 and greater require prior board approval with the exception of all salary transfers; transfers under \$5,000 and salary transfers require District approval. All transfers are reported to the board.

Figure 8 summarizes the original and final budgets, the actual expenditures (including encumbrances), and variances for the year ending June 30, 2022.

**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Figure 8

Condensed Budgetary Comparison General Fund - 2021-2022	Original Budget	Revised Budget	Actual w/ Encumbrances	Total Dollar Variance
REVENUES				
Real property taxes	\$ 43,336,806	\$ 37,709,127	\$ 37,693,577	\$ (15,550)
Real property tax items	163,486	5,791,164	5,805,112	13,948
State and federal sources	42,531,374	42,606,374	42,719,383	113,009
All other - other financing sources	2,041,797	2,079,493	2,487,818	408,325
Total Revenues and Other Financing Sources	\$ 88,073,463	\$ 88,186,158	\$ 88,705,890	\$ 519,732
Transfers from other fund	\$ 0	\$ 0	\$ 1,291	\$ 1,291
Appropriated fund balance	1,500,000	1,517,171	0	(1,517,171)
Appropriated reserves	223,251	235,472	0	(235,472)
Budget Grand Total	\$ 89,796,714	\$ 89,938,801	\$ 88,707,181	\$ (1,231,620)
EXPENDITURES				
General Support	10,917,912	11,273,337	10,783,319	490,018
Instruction	44,106,706	44,172,203	42,215,280	1,956,923
Pupil transportation	2,073,180	2,314,572	2,225,126	89,446
Employee benefits	24,639,980	23,754,410	22,390,230	1,364,180
Debt service	7,873,936	8,239,279	8,167,898	71,381
Transfers to other funds	185,000	185,000	161,350	23,650
Total Expenditures, and Other Financing Uses	\$ 89,796,714	\$ 89,938,801	\$ 85,943,203	\$ 3,995,598

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2022, the School District had invested in a broad range of capital assets. Capital assets had a net increase of \$4,148,299 over last year as shown in Figure 9 below.

Figure 9

Capital Assets (Net of Depreciation)	Government Activities & Total School District				
	Beginning Bal. 7/1/2021	Additions	Retire.	Reclass.	Ending Bal. 6/30/2022
Land	\$ 350,000	\$	\$ 0	\$	\$ 350,000
Construction in Progress	25,126,750	7,709,134	0	(14,836,447)	17,999,437
Buildings	82,404,944	11,239,021	0		93,643,965
Equipment	3,378,597	36,591	0		3,415,188
Totals	\$ 111,260,291	\$ 18,984,746	\$ 0	\$ (14,836,447)	\$ 115,408,590

**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

Capital asset activity for the year ended June 30, 2022 included the following:

111,260,291	Beginning Balance 7/1/2021
<u>115,408,590</u>	Ending Balance 6/30/2022
4,148,299	
\$ 394,506	Buses (3)
130,980	Misc Vehicles (3)
20,724	Scoreboard
23,763	Cafeteria Equipment
<u>77,301</u>	Misc. Equipment
647,274	Subtotal - Equipment Additions
<u>7,737,285</u>	Add: Construction Additions, net
8,384,559	Grand Total - Additions
0	Retirements, net
0	Reclassifications, net
<u>(4,236,260)</u>	Depreciation
\$ 4,148,299	

Debt Administration

Debt, both short and long-term, considered a liability of Governmental Activities, increased by \$2,625,840 in 2021-2022, as shown in *Figure 10*. Total indebtedness represented 28% of the constitutional debt limit, exclusive of building aid estimates.

Figure 10

Outstanding Debt	Governmental Activities & Total School District		Total Dollar Change
	2020-2021	2021-2022	202-2022
Bond anticipation notes	\$ 14,914,760	\$ 15,210,600	\$ 295,840
Serial bonds	25,445,000	27,775,000	2,330,000
Totals	\$ 40,359,760	\$ 42,985,600	\$ 2,625,840

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

**UNION ENDICOTT CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2022**

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

- The District's 2021-22 budget proposal of \$89,573,463 called for a tax levy increase of 1.19%, which was the State's maximum allowable tax levy increase for the 2021-22 fiscal year. With an increase in state aid, the district was able to maintain and reinstate programs.
- The budget for the 2022-23 fiscal year was voted on by qualified voters on May 17, 2022. The District's 2022-23 budget proposal of \$91,920,150 called for a tax levy increase of 2.06%, which was equal to the State's maximum allowable tax levy increase for the 2022-23 fiscal year. The budget passed by 77.6%.
- As part of a twelve-year replacement schedule designed to strategically maintain the fleet of vehicles, (4) 65 passenger gasoline school buses and (1) 34 passenger gasoline school bus will be purchased for a total cost not to exceed \$570,000.
- Union-Endicott's Total Reserves after Adjustments as of 6/30/22:

Unemployment Insurance Reserve - \$175,492
Retirement Contribution Reserve - \$3,953,722
Retirement Contribution Sub-Reserve - \$2,050,143
Reserve for Tax Certiorari - \$590,282
Reserve for EBALR - \$881,681
Capital Reserve - \$7,536,918

- This year the District's Bond Rating continues to be rated by Standard and Poor as A+.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Union Endicott Central School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office of the Union Endicott Central School District, 1100 E. Main Street, Endicott, New York 13760.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
STATEMENTS OF NET POSITION
JUNE 30, 2022 AND 2021

ASSETS	2022	2021
Cash		
Unrestricted	\$ 15,141,671	\$ 10,451,336
Restricted	15,581,396	12,589,440
Receivables		
State and Federal aid	2,948,078	3,412,521
Due from other governments	2,434,019	2,446,275
Other	218,482	272,188
Lease receivable	374,284	
Inventories	52,926	76,628
Deferred expenditures	9,592	-
Net pension asset - proportionate share	27,618,819	-
Capital assets, net of accumulated depreciation	115,408,500	111,260,201
Intangible assets, net of accumulated amortization	1,191,482	-
	<hr/>	<hr/>
Total Assets	\$ 180,979,249	\$ 140,508,589
	<hr/>	<hr/>
DEFERRED OUTFLOW OF RESOURCES		
Pensions	\$ 17,886,219	\$ 18,360,300
Other post employment benefits (OPEB)	33,071,704	37,404,856
Total Deferred Outflow of Resources	\$ 50,957,923	\$ 55,765,156
	<hr/>	<hr/>
LIABILITIES		
Payables		
Accounts payable	\$ 3,497,934	\$ 2,189,747
Accrued liabilities	450,860	379,073
Due to fiduciary funds	-	-
Due to other governments	550	228
Due to Teachers' Retirement System	2,924,910	2,658,501
Due to Employees' Retirement System	174,258	252,406
Notes payable		
Bond anticipation	15,210,600	14,914,760
Deferred credits		
Unearned revenues	260,317	781,042
Long-term liabilities		
Due and payable within one year		
Bonds payable	4,110,000	5,005,000
Lease liabilities	270,298	-
Compensated absences payable	2,312,578	2,147,882
Other postemployment benefits payable	273,835,456	259,801,252
Net pension liability	-	4,246,897
Lease liabilities	360,414	-
Other liabilities		
Bonds payable	23,665,000	20,440,000
Total Liabilities	\$ 327,073,175	\$ 312,816,788
	<hr/>	<hr/>
DEFERRED INFLOW OF RESOURCES		
Unamortized bond premium	\$ 3,422,738	\$ 3,218,595
Economic gain on defeasance of debt	188,349	233,290
Pensions	34,008,859	7,485,058
Other deferred inflows	401,023	-
Other post employment benefits (OPEB)	16,123,143	31,208,072
Total Deferred Inflow of Resources	\$ 54,144,112	\$ 42,145,015
	<hr/>	<hr/>
NET POSITION		
Investment in capital assets, net of related debt	\$ 77,968,669	\$ 75,150,863
Investment in intangible assets, net of related debt	560,770	-
Restricted	18,870,972	14,862,199
Unrestricted (deficit)	(246,680,526)	(248,701,120)
Total Net Position	\$ (149,280,115)	\$ (158,688,058)
	<hr/>	<hr/>

See independent auditors' report and notes to financial statements

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE TOTALS FOR 2021

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position	
			Charges for Services	Operating Grants and Contributions	2022	2021
FUNCTIONS/PROGRAMS						
General support	\$ (10,268,398)	\$ (3,387,443)	\$ -	\$ -	\$ (13,655,841)	\$ (14,817,117)
Instruction	(48,018,376)	(21,345,919)	286,612	6,553,267	(62,524,416)	(66,697,231)
Pupil transportation	(2,275,996)	(1,127,779)	-	-	(3,403,775)	(2,940,558)
Employee benefits	(21,358,682)	21,358,682	-	-	-	-
Debt service	(1,330,381)	-	-	-	(1,330,381)	(1,075,301)
Depreciation and amortization	(4,891,268)	4,891,268	-	-	-	-
Scholarships	(11,060)	-	-	192,921	181,861	(6,300)
School food service	(2,081,007)	(388,809)	156,073	2,128,223	(185,520)	(269,619)
Total Functions and Programs	<u>\$ (90,235,168)</u>	<u>\$ -</u>	<u>\$ 442,685</u>	<u>\$ 8,874,411</u>	<u>\$ (80,918,072)</u>	<u>(85,806,126)</u>
GENERAL REVENUES						
Real property taxes	\$ 37,693,576	\$ -	\$ -	\$ -	\$ 37,693,576	\$ 36,332,989
Other tax items	5,805,112	-	-	-	5,805,112	6,097,035
Use of money and property	65,105	-	-	-	65,105	627,059
Sale of property and compensation for loss	87,026	-	-	-	87,026	51,440
Miscellaneous	2,922,046	-	-	-	2,922,046	1,714,364
State sources	43,328,325	-	-	(801,325)	42,527,000	38,667,799
Federal sources	7,581,475	-	-	(7,581,475)	-	1,523,460
Local sources	491,611	-	-	(491,611)	-	-
Medicaid reimbursement	192,383	-	-	-	192,383	109,944
Total General Revenues	<u>\$ 98,166,659</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (8,874,411)</u>	<u>89,292,248</u>	<u>85,124,090</u>
Change in Net Position					8,374,176	(682,036)
Total Net Position (Deficit) - Beginning of Year					<u>\$ (158,688,058)</u>	<u>\$ (158,220,351)</u>
Prior Period Adjustment *					1,033,767	214,329
Total Net Position (Deficit) - Beginning of Year, as restated					<u>(157,654,291)</u>	<u>(158,006,022)</u>
Total Net Position (Deficit) - End of Year					<u>\$ (149,280,115)</u>	<u>\$ (158,688,058)</u>

* See Notes to Financial Statements Note 19

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
JUNE 30, 2022 WITH COMPARATIVE TOTALS FOR 2021**

	Major		Total Non-Major	Total	
	General	2019 Project	Funds	Governmental Funds 2022	2021
ASSETS					
Cash					
Unrestricted	\$ 7,418,494	\$ 4,450,333	\$ 3,272,844	\$ 15,141,671	\$ 10,451,336
Restricted	15,188,186	-	393,210	15,581,396	12,589,440
Receivables					
Due from other funds	865,642	-	117	865,759	915,625
Due from fiduciary funds	-	-	-	-	-
State and Federal aid	1,582,714	-	1,365,364	2,948,078	3,412,521
Due from other governments	2,378,853	-	-	2,378,853	2,391,109
Other	198,378	-	20,104	218,482	272,188
Lease Receivable	374,284	-	-	374,284	-
Inventories	-	-	52,926	52,926	76,628
Prepaid expenditures	9,592	-	-	9,592	-
Capital assets, net	-	-	-	-	-
Total Assets	\$ 28,016,143	\$ 4,450,333	\$ 5,104,565	\$ 37,571,041	\$ 30,108,847
LIABILITIES					
Payables					
Accounts payable	\$ 3,167,865	\$ 180,402	\$ 149,667	\$ 3,497,934	2,189,747
Accrued liabilities	236,042	-	13,241	249,283	281,090
Due to other funds	1	133	865,625	865,759	915,625
Due to fiduciary funds	-	-	-	-	-
Due to other governments	54	-	496	550	228
Due to Teachers' Retirement System	2,924,910	-	-	2,924,910	2,658,501
Due to Employees' Retirement System	174,258	-	-	174,258	252,406
Notes payable					
Bond anticipation	-	13,885,000	1,325,600	15,210,600	14,914,760
Unearned credits					
Unearned revenues	174,621	-	85,696	260,317	781,042
Total Liabilities	6,677,751	14,065,535	2,440,325	23,183,611	21,993,399
Deferred inflows of resources	401,023	-	-	401,023	-
FUND BALANCES					
Non-spendable	9,952	-	52,926	62,878	76,629
Restricted	15,188,238	-	3,682,734	18,870,972	14,862,199
Committed	-	-	-	-	-
Assigned	2,291,554	1,805,723	-	4,097,277	4,292,355
Unassigned	3,447,625	(11,420,925)	(1,071,420)	(9,044,720)	(11,115,735)
Total Fund Balances	20,937,369	(9,615,202)	2,664,240	13,986,407	8,115,448
Total Liabilities and Fund Balances	\$ 28,016,143	\$ 4,450,333	\$ 5,104,565	\$ 37,571,041	\$ 30,108,847

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND EQUITY - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022 WITH COMPARATIVE TOTALS FOR 2021**

	Major		Total Non-Major	Total	
	General	2019 Project	Funds	Governmental Funds 2022	2021
REVENUES					
Real property taxes	\$ 37,693,577	\$ -	\$ -	\$ 37,693,577	\$ 36,332,989
Other tax items	5,805,112	-	-	5,805,112	6,097,035
Charges for services	286,612	-	-	286,612	287,222
Use of money and property	222,322	-	1,985	224,307	216,207
Sale of property and compensation for loss	87,026	-	-	87,026	51,440
Miscellaneous	1,891,858	-	1,030,188	2,922,046	3,653,682
State sources	42,527,000	-	801,325	43,328,325	39,781,509
Medicaid reimbursement	192,383	-	-	192,383	109,944
Federal sources	-	-	7,471,619	7,471,619	5,664,737
Local sources	-	-	491,611	491,611	492,941
Surplus food	-	-	109,856	109,856	158,979
Sales - school lunch	-	-	156,073	156,073	28,179
Total Revenues	88,705,890	-	10,062,657	98,768,547	92,874,864
EXPENDITURES					
General support	10,238,420	-	161,234	10,399,654	11,442,199
Instruction	41,976,954	-	6,140,209	48,117,163	44,789,360
Pupil transportation	2,217,396	-	58,600	2,275,996	1,622,295
Employee benefits	22,389,631	-	389,763	22,779,394	23,122,993
Debt service					
Principal	7,026,803	-	499,000	7,525,803	7,791,600
Interest	1,141,095	-	85,692	1,226,787	1,042,915
Scholarships	-	-	11,060	11,060	6,320
Cost of sales	-	-	2,131,883	2,131,883	1,605,899
Capital outlay	-	7,138,651	1,179,989	8,318,640	4,132,451
Total Expenditures	84,990,299	7,138,651	10,657,430	102,786,380	95,556,032
Excess (Deficiency) of Revenues Over Expenditures	<u>3,715,591</u>	<u>(7,138,651)</u>	<u>(594,773)</u>	<u>(4,017,833)</u>	<u>(2,681,168)</u>
OTHER FINANCING SOURCES AND USES					
Proceeds from debt	-	522,000	8,989,160	9,511,160	10,016,600
Proceeds of refunding bonds	-	-	-	-	4,360,000
Lease	-	-	215,000	215,000	-
Payment to refunded bond escrow agent	-	-	-	-	(4,390,307)
Operating transfers in	1,291	-	566,844	568,135	322,063
Operating transfers (out)	(161,350)	-	(406,785)	(568,135)	(322,063)
Total Other Sources (Uses)	(160,059)	522,000	9,364,219	9,726,160	9,986,293
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other (Uses)	<u>3,555,532</u>	<u>(6,616,651)</u>	<u>8,769,446</u>	<u>5,708,327</u>	<u>7,305,125</u>
Fund Balances - Beginning of Year	<u>17,381,837</u>	<u>(2,998,551)</u>	<u>(6,267,838)</u>	<u>8,115,448</u>	<u>595,994</u>
Reclassified per GASB 84	<u>-</u>	<u>-</u>	<u>162,632</u>	<u>162,632</u>	<u>214,329</u>
Fund Balances - End of Year	<u>\$ 20,937,369</u>	<u>\$ (9,615,202)</u>	<u>\$ 2,664,240</u>	<u>\$ 13,986,407</u>	<u>\$ 8,115,448</u>

See independent auditors' report and notes to financial statements

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

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash				
Unrestricted	\$ 15,141,671	\$ -	\$ -	\$ 15,141,671
Restricted investments	15,581,396	-	-	15,581,396
Receivables				
Due from other funds	865,759	-	(865,759)	-
Due from fiduciary funds	-	-	-	-
State and Federal aid	2,948,078	-	-	2,948,078
Due from other governments	2,378,853	55,166	-	2,434,019
Other	218,482	-	-	218,482
Lease Receivable	374,284	-	-	374,284
Inventories	52,926	-	-	52,926
Prepaid expenditures	9,592	-	-	9,592
Proportion of net pension asset	-	27,618,819	-	27,618,819
Capital assets, net	-	115,408,500	-	115,408,500
Intangible assets, net	-	1,191,482	-	1,191,482
Total Assets	37,571,041	144,273,967	(865,759)	180,979,249
DEFERRED OUTFLOW OF RESOURCES				
Pensions	-	17,886,219	-	17,886,219
Other post employment benefits (OPEB)	-	33,071,704	-	33,071,704
Total Deferred Outflow of Resources	-	50,957,923	-	50,957,923
LIABILITIES				
Payables				
Accounts payable	\$ 3,497,934	\$ -	\$ -	\$ 3,497,934
Accrued liabilities	249,283	-	201,577	450,860
Due to other funds	865,759	-	(865,759)	-
Due to fiduciary funds	-	-	-	-
Due to other governments	550	-	-	550
Due to Teachers' Retirement System	2,924,910	-	-	2,924,910
Due to Employees' Retirement System	174,258	-	-	174,258
Notes payable				
Bond anticipation	15,210,600	-	-	15,210,600
Deferred credits				
Unearned revenues	260,317	-	-	260,317
Long-term liabilities				
Bonds payable	-	27,775,000	-	27,775,000
Compensated absences payable	-	2,312,578	-	2,312,578
Other postemployment benefits payable	-	273,835,456	-	273,835,456
Lease liabilities	-	630,712	-	630,712
Proportionate share of pension liability	-	-	-	-
Total Liabilities	23,183,611	304,553,746	(664,182)	327,073,175
DEFERRED INFLOW OF RESOURCES				
Unamortized bond premium	-	3,422,738	-	3,422,738
Economic gain on defeasance of debt	-	188,349	-	188,349
Pensions	-	34,008,859	-	34,008,859
Deferred inflow of resources	401,023	-	-	401,023
Other post employment benefits (OPEB)	-	16,123,143	-	16,123,143
Total Deferred Inflow of Resources	401,023	53,743,089	-	54,144,112
FUND EQUITY\NET POSITION				
Investment in capital assets, net	-	87,633,500	-	87,633,500
Investment in intangible assets, net	-	560,770	-	560,770
Restricted for:				
Debt service	2,339,976	-	-	2,339,976
Other legal restrictions	16,530,996	-	-	16,530,996
Unrestricted (deficit)	(4,884,565)	(251,259,215)	(201,577)	(256,345,357)
Total Net Position	\$ 13,986,407	\$ (163,064,945)	\$ (201,577)	\$ (149,280,115)

See independent auditors' report and notes to financial statements

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND CHANGES IN
FUND EQUITY TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2022**

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-Term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 37,693,577	\$ -	\$ -	\$ -	\$ 37,693,577
Other tax items	5,805,112	-	-	-	5,805,112
Charges for services	286,612	-	-	-	286,612
Use of money and property	224,307	-	-	(159,202)	65,105
Sale of property and compensation for loss	87,026	-	-	-	87,026
Miscellaneous	2,922,046	-	-	-	2,922,046
State sources	43,328,325	-	-	-	43,328,325
Medicaid reimbursement	192,383	-	-	-	192,383
Federal sources	7,471,619	-	-	-	7,471,619
Local sources	491,611	-	-	-	491,611
Surplus food	109,856	-	-	-	109,856
Sales - school lunch	156,073	-	-	-	156,073
Total Revenues	98,768,547	-	-	(159,202)	98,609,345
EXPENDITURES\EXPENSES					
General support	10,399,654	-	(131,256)	-	10,268,398
Instruction	48,117,163	-	(98,787)	-	48,018,376
Pupil transportation	2,275,996	-	-	-	2,275,996
Employee benefits	22,779,394	-	-	(1,420,712)	21,358,682
Debt service					
Principal	7,525,803	-	-	(7,525,803)	-
Interest	1,226,787	-	-	103,594	1,330,381
Scholarships	11,060	-	-	-	11,060
Cost of sales	2,131,883	-	(50,876)	-	2,081,007
Depreciation and amortization	-	-	4,891,268	-	4,891,268
Capital outlay	8,318,640	-	(8,318,640)	-	-
Total Expenditures	102,786,380	-	(3,708,291)	(8,842,921)	90,235,168
Excess (Deficiency) of Revenues Over Expenditures	(4,017,833)	-	3,708,291	8,683,719	8,374,177
OTHER SOURCES AND USES					
Proceeds from debt	9,511,160	-	-	(9,511,160)	-
Proceeds of refunding bonds	-	-	-	-	-
Proceeds from leases	215,000	-	-	(215,000)	-
Payments to refunded bond escrow agent	-	-	-	-	-
Operating transfers in	568,135	-	-	-	568,135
Operating transfers (out)	(568,135)	-	-	-	(568,135)
Total Other Sources (Uses)	9,726,160	-	-	(9,726,160)	-
Net Change for the Year	\$ 5,708,327	\$ -	\$ 3,708,291	\$ (1,042,441)	\$ 8,374,177

See independent auditors' report and notes to financial statements

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION - FIDUCIARY FUNDS
JUNE 30, 2022

	Custodial Trust 2022
ASSETS	
Cash	\$ -
Restricted cash	-
Accounts receivable	-
Due from governmental funds	-
	<hr/>
Total Assets	\$ -
	<hr/> <hr/>
LIABILITIES	
Due to governmental funds	\$ -
Other liabilities	-
	<hr/>
Total Liabilities	\$ -
	<hr/> <hr/>
NET POSITION	
Fiduciary net position at beginning of year, as previously stated	\$ 162,632
Cumulative effect of change in accounting principle (note 19)	(162,632)
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	\$ -
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See independent auditors' report and notes to financial statements

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 1: SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

A) Reporting entity:

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

i) Extraclassroom Activity Funds

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

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

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B) Joint venture:

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

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

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

During the year, the District was billed \$16,697,642 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$6,188,599.

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

C) Basis of presentation:

i) District-wide statements:

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

The Statement of Activities presents a comparison between direct expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function.

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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.

i) **Funds statements:**

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

The District reports the following major governmental funds:

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

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

All remaining governmental funds are aggregated and reported as non-major funds.

The District reports the following fiduciary funds:

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

There are two classes of fiduciary funds:

Private purpose trust funds: These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. A scholarship is an example of a Private-Purpose Trust Fund. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

D) Measurement focus and basis of accounting:

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety (90) days after the end of the fiscal year as it matches the liquidation of related obligations.

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

E) Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1, 2020 through March 31, 2021. Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F) Restricted resources:

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

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

G) Inter-fund transactions:

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with inter-fund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These inter-fund 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.

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

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

Refer to Note 13 for a detailed disclosure by individual fund for inter-fund receivables, payables, expenditures, and revenues activity.

H) Estimates:

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

I) Cash and investments:

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

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

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

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J) Accounts receivable:

Accounts receivable are shown net of an allowance for uncollectible accounts, when applicable. An allowance for uncollectible accounts represents the portion of accounts receivable that is not expected to be collected within 365 days. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K) Inventories and prepaid items:

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of receipt and/or purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for those non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L) Other assets/restricted assets:

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

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

M) Capital assets:

Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2005. For assets acquired prior to June 30, 2005, they are reported at estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

Land and construction in progress are not depreciated. Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

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NOTES TO FINANCIAL STATEMENTS

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	SL	40
Building improvements	5,000	SL	25
Site improvements	5,000	SL	25
Furniture and equipment	5,000	SL	5-15

N) Deferred outflows and inflows of resources:

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be reciprocated as an outflow of resources (expense/expenditures) until then. If applicable, The District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the government-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 District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has four items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. 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 District's proportion of the collective net position liability (ERS System) and difference during the measurement periods between the District's contributions and its proportional share of total contributions to the pension systems not included in pension expense. The third item is revenues from grants received that have met all other eligibility requirements except those related to time restrictions. The fourth item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

O) PENSION OBLIGATIONS:

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS) (the Systems).

Plan Descriptions and Benefits Provided

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

Employees' Retirement System (ERS)

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

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The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	<u>ERS</u>	<u>TRS</u>
2021-2022	\$927,943	\$2,452,393
2020-2021	\$887,174	\$2,475,112
2019-2020	\$882,755	\$2,874,387

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year. ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

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

At June 30, 2022, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2022 for ERS and June 30, 2021 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Actuarial Valuation date	04-01-21	06-30-20
Net pension asset/(liability)	\$1,345,930	26,272,889
District's portion of the plan's		
Total net pension asset/(liability)	0.0164648%	0.151612%

For the year ended June 30, 2022, the District recognized its proportionate share of pension expense (credit) of \$166,823 for ERS and the actuarial value (\$1,506,732) for TRS. At June 30, 2022 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

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NOTES TO FINANCIAL STATEMENTS

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 101,929	\$ 3,621,439	\$ 132,208	\$ 136,499
Changes in assumptions	2,246,206	8,641,702	37,902	1,530,318
Net difference between projected and actual earnings on pension plan investments	-	-	4,407,356	27,497,297
Changes in proportion and differences between the District's contributions and proportionate share of contributions	334,682	83,274	163,491	103,788
District's contributions subsequent to the Measurement date	<u>174,258</u>	<u>2,682,729</u>	<u>-</u>	<u>-</u>
	<u><u>\$2,857,075</u></u>	<u><u>\$ 15,029,144</u></u>	<u><u>\$4,740,957</u></u>	<u><u>\$ 29,267,902</u></u>

District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2023, for ERS and June 30, 2022 for TRS. Other amounts reported as deferred outflows of resources, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	<u>NYSERS</u>	<u>NYSTRS</u>
Year ended:		
2022	-	(\$3,392,028)
2023	(265,119)	(4,002,217)
2024	(444,365)	(5,039,196)
2025	(1,121,517)	(6,622,705)
2026	(227,139)	1,253,347
2027	-	-
Thereafter	-	881,311

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

Actuarial Assumptions

	<u>ERS</u>	<u>TRS</u>
Measurement date	03-31-22	06-30-20
Actuarial valuation date	04-01-21	06-30-19
Interest rate	5.9%	6.95%
Salary Scale	4.4%	2.20%
Decrement tables	Based on FY 2016-2020 experience	Based on 2009-2014 experience
Inflation rate	2.7%	2.2%
Projected Cost of Living Adjustments	1.4%	1.3%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on July 1, 2017 - June 30, 2021 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2019.

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.

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 are summarized below:

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

ERS		<u>Target Allocation</u>	<u>Long-term expected Real rate of return</u>
		<u>2021</u>	<u>2021</u>
	Asset Class		
	Domestic equities	32.00%	4.05%
	International equities	15.00%	6.30%
	Private equity	10.00%	6.75%
	Real estate	9.00%	4.95%
	Opportunistic/Absolute return strategies (1)	3.00%	4.50%
	Credit	4.00%	3.63%
	Real assets	3.00%	5.95%
	Fixed income	23.00%	0.00%
	Cash	1.00%	50.00%
	Total	100.00%	

* The real rate of return is net of the long-term inflation assumption of 2.00 % for 2021.

(1) Excludes equity-oriented and long-only funds. For investment purposes, these funds are included in domestic and international equities, respectively,

TRS			
	Domestic equity	33.00%	6.80%
	International equity	16.00%	7.60%
	Global equity	4.00%	7.10%
	Real estate equity	11.00%	6.50%
	Private equity	8.00%	10.00%
	Domestic fixed income	16.00%	1.30%
	Global bonds	2.00%	80.00%
	Private debt	1.00%	5.90%
	Real estate debt	7.00%	3.30%
	High-yield bonds	1.00%	3.80%
	Cash equivalents	1.00%	-0.20%
		100.00%	

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

Discount Rate

The discount rate used to calculate the total pension asset/(liability) was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based upon the assumptions, the 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 asset/(liability).

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2022 calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.90% for ERS and 5.95% for TRS) or 1-percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

ERS	<u>1% Decrease (4.90%)</u>	<u>Current Assumption (5.90%)</u>	<u>1% Increase (6.9%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ (3,464,408)	\$ 1,345,930	\$ 5,369,546
TRS	<u>1% Decrease (5.95%)</u>	<u>Current Assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
Employer's proportionate share of the net pension asset/(liability)	\$ 2,756,957	\$ 26,272,889	\$ 46,036,324

Changes of Assumptions

Changes of assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits.

Collective Pension Expense

Collective pension expense (credit) includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows of resources and deferred inflows of resources for the current period. The collective pension expense for the year ended June 30, 2022, is \$166,823 for ERS and (\$1,506,732) for TRS.

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2022, represent the projected employer contribution for the period of April 1, 2022, through June 30, 2023, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$174,258.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2022 are paid to the System in September, October and November 2022 through a state aid intercept. Accrued retirement contributions as of June 30, 2022, represent employee and employer contributions for the fiscal year ended June 30, 2022, based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2022, amounted to \$2,924,910.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

P) UNEARNED CREDITS:

The District reports unearned credits on its statement of net position and its balance sheet. On the statement of net position, unearned credits arise when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to the resources, the liability for unearned credits is removed and revenue is recorded.

Q) Vested employee benefits:

Compensated absences

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

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

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

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

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

R) Other benefits:

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

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

District employees may choose to participate in the District's elective deferred compensation plans established under Internal Revenue Code Sections 403(b) and 457.

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UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

S) Short-term debt:

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues.

These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. Such notes may be classified as part of the General Long-Term Debt Account Group when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BAN's issued for capital purposes be converted to long-term financing within five years after the original issue date.

Bond Anticipation Notes

The following is a summary of changes in short-term debt for the year ended June 30, 2022

Balance July 1, 2021	\$14,914,760
Increases	15,210,600
Decreases	<u>(14,914,760)</u>
Balance June 30, 2022	<u>\$15,210,600</u>

T) Accrued liabilities and long-term obligations:

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

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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

U) Equity classifications:

District-wide statements:

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

Net investment in capital assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

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

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

Funds statements:

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

Non-spendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Food Service Fund of \$52,926 and prepaid expenses of \$9,952 in the General Fund.

Restricted - Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. The School District has established the following restricted fund balances:

Debt Service Reserve Fund

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

Capital Reserve Fund

According to Education Law §3651, expenditures made from the capital reserve fund must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its

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NOTES TO FINANCIAL STATEMENTS

probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

Unemployment Insurance Payment Reserve Fund

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

Employee Benefits and Accrued Liability Reserve Fund

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

Retirement Contribution Reserve Fund

According to general Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This 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 the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

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NOTES TO FINANCIAL STATEMENTS

Tax Certiorari Reserve Fund

According to Education Law §3651.1-a, funds must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balance includes the following:

General Fund

Capital Reserve	\$ 7,536,918
Employee Benefits and Accrued Liabilities	881,681
Retirement Contributions	3,953,722
Retirement Contribution Sub-Fund	2,050,143
Tax Certiorari	590,282
Unemployment Insurance	175,492

Capital Projects Fund*	-
Debt Service Fund*	2,339,976
School Food Service Fund*	949,548
Miscellaneous Special Revenue	<u>393,210</u>

Total restricted funds	<u>\$ 18,870,972</u>
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*includes remaining fund balance in these funds not otherwise classified as non-spendable, committed or assigned.

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2022.

Assigned – Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also

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NOTES TO FINANCIAL STATEMENTS

includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$791,554. Appropriated fund balance in the General Fund amounted to \$1,500,000. Any remaining fund balance in other funds is considered assigned. The school lunch fund also reports assigned fund balance of \$ -. As of June 30, 2022, the District's General Fund encumbrance were classified as follows:

General Support	\$ 544,899
Instruction	238,326
Pupil Transportation	7,730
Debt Service	<u>599</u>
Total	<u>\$791,544</u>

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned. NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Net Position/Fund Balance

Net Position Flow Assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

Fund Balance Flow Assumption:

Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

Order of Use of Fund Balance:

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all

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NOTES TO FINANCIAL STATEMENTS

funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General fund are classified as restricted fund balance. In the General fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

V) Implementation of New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2022, the District implemented the following new standards issued by GASB.

GASB has issued Statement No. 87, Leases, effective for the year ending June 30, 2022.

GASB has issued Statement No. 89, Accounting for Interest Cost Incurred Before the End of a Construction Period, effective for the year ending June 30, 2022.

GASB has issued Statement No. 92, Omnibus 2020, effective for the year ending June 30, 2022.

GASB has issued Statement No. 93, Replacement of Interbank Offered Rates, effective for the year ending June 30, 2021 (paragraphs 11b, 13, and 14 are effective for the year ending June 30, 2022).

GASB has issued Statement No. 97 - Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32, effective for the year ending June 30, 2022 (the requirements in paragraph 4, as they apply to defined contribution pension plans, defined contribution OPEB plans and other employee benefit plans, and paragraph 5 were effective as of June 2020).

W) Future Changes in Accounting Standards

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

GASB has issued Statement No. 91, Conduit Debt Obligations, effective for the year ending June 30, 2023.

GASB has issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements, effective for the year ending June 30, 2023.

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 each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

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NOTES TO FINANCIAL STATEMENTS

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

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

A) **Total fund balances of governmental funds vs. net position of governmental activities:**

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

B) **Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities:**

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

i) **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.

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ii) **Capital related differences:**

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

iii) **Long-term debt transaction differences:**

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the fund statements, whereas interest

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NOTES TO FINANCIAL STATEMENTS

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.

iv) Pension differences:

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

v) 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.

NOTE 3: CHANGES IN ACCOUNTING PRINCIPLES:

For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87, *Leases*. The implementation of the statement establishes criteria for identifying leasing activities for all school districts. The impact of the standard was to implement a single classification for all leases. The District's governmental activities at June 30, 2021 have been restated as follows:

Governmental Funds:

Fund balance at beginning of year, as previously stated	\$ 8,115,448
GASB Statement No. 84 implementation	<u>162,632</u>
Fund balance at beginning of year, as restated	<u><u>\$ 8,278,080</u></u>

Fiduciary funds:

Net position at beginning of year, as previously stated	\$ 162,632
GASB Statement No. 84 implementation	<u>(162,632)</u>
Net position at beginning of year, as restated	<u><u>\$ -</u></u>

Governmental Activities:

Net position (deficit) at beginning of year, as previously stated	\$ (158,688,058)
GASB Statement No. 84 implementation	162,632
GASB Statement No. 87 implementation	<u>871,135</u>
Net position at beginning of year, as restated	<u><u>\$ (157,654,291)</u></u>

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 4: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year:

Carryover	
Encumbrance	\$ 223,251
Other Unanticipated Revenues	142,087

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

General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2022.

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 borrowings, 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 restrictions or assignments 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.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Deficit fund balance

The capital projects fund had a deficit fund balance of \$10,686,622. This will be funded when the District obtains permanent financing for its current construction projects.

NOTE 5: CASH (AND CASH EQUIVALENTS) - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Cash and investments

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

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

A) Uncollateralized \$ -

B) Collateralized with securities held by the pledging financial institution, or trust department or agent, but not in the District's name \$ 20,899,804

Restricted cash and investments represent cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$12,381,242 restricted for various fund balance reserves in the general fund, and \$208,198 restricted for scholarships and \$162,631 restricted for extraclassroom activity funds in the fiduciary fund.

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2022 all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and deposit policy

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

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NOTES TO FINANCIAL STATEMENTS

Credit risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts.
- Certificates of deposit.
- Obligations of the United States Treasury and United States agencies.
- Obligations of New York State and its localities.

Custodial risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits.

The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organizations.

NOTE 6: RECEIVABLES:

Receivables at year-end for individual funds are as follows:

Description	General Fund	School lunch	Special Aid	Total
Accounts receivable	\$ 198,378	\$ 20,104	\$ -	\$ 218,482
Due from State and federal	1,582,714	398,262	967,102	2,948,078
Due from other governments	2,378,853	-	-	2,378,853
Total	<u>\$ 4,159,945</u>	<u>\$ 418,366</u>	<u>\$ 967,102</u>	<u>\$ 5,545,413</u>

District management has deemed the amounts to be fully collectible

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NOTES TO FINANCIAL STATEMENTS

Lease receivable:

On July 1, 2021, the District entered into an agreement with the Broome-Tioga Board of Cooperative Education (BOCES) to lease approximately 9,520 square feet of office space located on the third floor premises of 1100 East Main Street Endicott, New York 13760, for a period of five years to be paid in monthly installments of \$8,391. The following is a schedule of receipts.

Fiscal year ended:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	\$ 89,464	\$ 11,229	\$100,693
2024	92,147	8,545	100,692
2025	94,912	5,780	100,692
2026	97,760	2,933	100,693
2027	-	-	-
	<u>\$374,283</u>	<u>\$ 28,487</u>	<u>\$402,770</u>

At the commencement of the lease, the District recognized an asset for lease receivable of \$461,143 and a deferred cash inflow of the same amount. During the year the District recognized lease income of \$115,286 and interest income of \$13,834. The District reduced the principal balance of lease receivable by \$86,858 and amortized deferred cash inflows by \$115,286.

NOTE 7: CAPITAL ASSETS:

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements</u>	<u>Adjustments</u>	<u>Ending Balance</u>
Governmental Activities:					
Capital assets that are not depreciated:					
Land	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
Construction in progress	<u>25,126,750</u>	<u>7,709,134</u>	<u>-</u>	<u>(14,836,447)</u>	<u>17,999,437</u>
Total non-depreciable historical cost	<u>25,476,750</u>	<u>7,709,134</u>	<u>-</u>	<u>(14,836,447)</u>	<u>18,349,437</u>
Capital assets that are depreciated:					
Buildings	\$ 136,126,180	\$ 28,151	\$ -	\$ 14,836,447	\$ 150,990,778
Furniture and equipment	<u>12,425,400</u>	<u>647,274</u>	<u>(397,831)</u>	<u>-</u>	<u>12,674,843</u>
Total depreciable historical cost	<u>148,551,580</u>	<u>675,425</u>	<u>(397,831)</u>	<u>14,836,447</u>	<u>163,665,621</u>
Total non-depreciable and depreciable costs	<u>174,028,330</u>	<u>8,384,559</u>	<u>(397,831)</u>	<u>-</u>	<u>182,015,058</u>
Less accumulated depreciation:					
Buildings	\$ (53,721,236)	\$ (3,625,577)	\$ -	\$ -	\$ (57,346,813)
Furniture and equipment	<u>(9,046,803)</u>	<u>(610,683)</u>	<u>397,831</u>	<u>-</u>	<u>(9,259,655)</u>
Total accumulated depreciation	<u>(62,768,039)</u>	<u>(4,236,260)</u>	<u>397,831</u>	<u>-</u>	<u>(66,606,468)</u>
Total depreciable historical cost, net	<u>85,783,541</u>	<u>(3,560,835)</u>	<u>-</u>	<u>14,836,447</u>	<u>97,059,153</u>
Total Capital Assets	<u><u>\$ 111,260,291</u></u>	<u><u>\$ 4,148,299</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 115,408,590</u></u>

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NOTES TO FINANCIAL STATEMENTS

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 1,162,828
Instruction	2,591,590
Pupil Transportation	447,280
Cost of Goods Sold	<u>34,562</u>
	<u>\$ 4,236,260</u>

NOTE 8: SHORT-TERM DEBT:

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

<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
10/21/2021	0.63%	\$ 1,402,200	\$ -	\$ (1,402,200)	\$ -
7/30/2021	1.50%	\$ 5,000,000	\$ -	\$ (5,000,000)	\$ -
6/24/2022	1.25%	\$ 8,512,560	\$ -	\$ (8,512,560)	\$ -
10/20/2022	0.32%	\$ -	\$ 1,325,000	\$ -	\$ 1,325,000
7/29/2022	1.25%	\$ -	\$ 13,885,600	\$ -	\$ 13,885,600

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

Interest paid	\$ 164,824
Plus interest accrued in current year	156,322
Less interest accrued in prior year	<u>(50,999)</u>
Total interest on short-term debt	<u>\$ 270,147</u>

NOTE 9: LONG-TERM OBLIGATIONS

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

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

Serial Bonds

The 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 long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

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

Interest paid	\$ 1,041,263
Plus interest accrued in current year	45,255
Plus interest paid on lease liabilities	20,700
Less interest accrued in prior year	<u>(46,984)</u>
Total interest on long-term debt	<u>\$ 1,060,234</u>

Noncurrent liability balances and activity for the year are as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Long-Term Liabilities:					
Bonds and notes payable	\$ 25,445,000	\$ 7,335,000	\$ 5,005,000	\$ 27,775,000	\$ 4,110,000
General obligation debt	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Long-Term Liabilities	<u>25,445,000</u>	<u>7,335,000</u>	<u>5,005,000</u>	<u>27,775,000</u>	<u>4,110,000</u>
Other Long-Term Liabilities:					
Compensated absences payable	2,147,882	164,696	-	2,312,578	-
Other post-employment benefits obligation	259,801,252	14,034,204	-	273,835,456	-
Lease liabilities	760,355	215,000	344,643	630,712	
Proportionate share of net pension liability	4,914,489	-	4,914,489	-	-
Total other liabilities	<u>267,623,978</u>	<u>14,413,900</u>	<u>5,259,132</u>	<u>276,778,746</u>	<u>-</u>
Total Other Long-Term Liabilities	<u>\$ 293,068,978</u>	<u>\$ 21,748,900</u>	<u>\$ 10,264,132</u>	<u>\$ 304,553,746</u>	<u>\$ 4,110,000</u>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

Bonds payable is comprised of the following:

<u>Description of issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at Year End</u>
Serial Bonds	2012	2027	3.00-5.00%	\$ 2,950,000
Serial Bonds	2014	2025	2.00-2.75%	3,140,000
Serial Bonds	2015	2022	2.00-4.00%	-
Serial Bonds	2017	2025	1.25-4.00%	800,000
Serial Bonds	2017	2032	3.00-5.00%	3,790,000
Serial Bonds	2021	2033	4.00-5.00%	6,580,000
Serial Bonds	2021	2027	1.00-5.00%	3,180,000
Serial Bonds	2022	2036	5%	7,335,000

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UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

The following is a summary of debt service requirements for bonds payable:

Fiscal year ended:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	\$ 4,110,000	\$ 1,269,594	\$ 5,379,594
2024	4,380,000	1,030,050	5,410,050
2025	3,980,000	899,000	4,879,000
2026	2,020,000	764,950	2,784,950
2027	2,130,000	664,100	2,794,100
2028-2032	8,085,000	1,984,250	10,069,250
2033-2036	<u>3,070,000</u>	<u>328,850</u>	<u>3,398,850</u>
	<u>\$ 27,775,000</u>	<u>\$ 6,940,794</u>	<u>\$ 34,715,794</u>

Leases

The District has entered into agreements to lease certain equipment. The lease agreements qualify as other than short-term leases under GASB Statement No. 87, *Leases* and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of their inception.

The first agreement was executed on July 3, 2017 to lease computer and technology equipment and requires 5 annual payments of \$78,599. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.28%, which is the stated rate in the lease agreement. As a result of the lease, the District has recorded a right to use asset with a net book value of \$76,829 at June 30, 2021. The right to use asset is discussed in more detail in Note 10 of the financial statements.

The second agreement was executed on July 2, 2018, to lease computer and technology equipment and requires 5 annual payments of \$80,776. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 3.63%, which is the stated rate in the lease agreement. As a result of the lease, the District has recorded a right to use asset with a net book value of \$153,029 on June 30, 2021. The right to use asset is discussed in more detail in Note 10 of the financial statements.

The third agreement was executed on July 1, 2019, to lease computer and technology equipment and requires 5 annual payments of \$79,405. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.78%, which is the stated rate in the lease agreement. As a result of the lease, the District has recorded a right to use asset with a net book value of \$225,405 on June 30, 2021. The right to use asset is discussed in more detail in Note 10 of the financial statements.

The fourth agreement was executed on July 1, 2020, to lease computer and technology equipment and requires 5 annual payments of \$78,301. There are no variable payment components of the lease. The lease liability is measured at a discount rate of 2.09%, which is the stated rate in the lease agreement. As a result of the lease, the District has recorded a right to use asset with a net book value of \$297,352 on June 30, 2021. The right to use asset is discussed in more detail in Note 10 of the financial statements.

The fifth agreement was executed on July 1, 2020, to lease a digital mailing machine and requires 63 monthly payments of \$245. There are no variable

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UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

payment components of the lease. The lease liability is measured at a discount rate of 3.0%, which is the stated rate in the lease agreement. As a result of the lease, the District has recorded a right to use asset with a net book value of \$5,003 on June 30, 2021. The right to use asset is discussed in more detail in Note 10 of the financial statements.

On July 1, 2021 the District entered into an agreement to lease computer and technology equipment and requires 5 annual payments of \$45,323. There are no variable components of the lease. The lease liability is measured at a discount rate of 2.056%, which is the stated rate in the lease agreement. As a result of the lease, the District has recorded a right to use asset of \$215,000 as of July 1, 2021. The right to use asset is discussed in more detail in Note 10 of the financial statements.

The following is a summary of debt service requirements for lease liabilities:

Fiscal year ended:	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
June 30, 2023	\$ 270,298	\$ 23,197	\$ 293,495
2024	196,474	12,162	208,636
2025	119,747	5,022	124,769
2026	44,193	1,144	45,337
2027	-	-	-
	<u>\$ 630,712</u>	<u>\$ 41,525</u>	<u>\$ 672,237</u>

Defeased Debt

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. Bonds outstanding of \$8,245,000 are considered defeased.

NOTE 10: RIGHT TO USE ASSETS/INTANGIBLE ASSETS:

The District has recorded right to use lease assets as a result of implementing GASB Statement No. 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, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right to use assets are amortized on a straight-line basis over the life of the related lease.

The District has recorded right to use leased assets. The assets are right to use assets for. The related leases are discussed in the Leases subsection of the Long-Term Obligations section of Note 9. The right to use lease assets are amortized on a straight-line basis over the terms of the related leases.

Right to use asset activity for the District for the year ended June 30, 2022, was as follows:

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

	Beginning Balance	Additions	Deletions	Ending Balance
Right to use assets	\$ 3,066,080	\$ 215,000	\$ -	\$ 3,281,080
Accumulated Amortization	\$ (1,434,590)	\$ (655,008)	\$ -	\$ (2,089,598)
Right to Use Assets, net	<u>\$ 1,631,490</u>	<u>\$ (440,008)</u>	<u>\$ -</u>	<u>\$ 1,191,482</u>

NOTE 11: PENSION PLANS

General Information

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of services and final average salary, vesting of retirement benefits, death and disability. See Note 1(O)-Summary of Significant Accounting Policies for further plan details.

NOTE 12: UNRESTRICTED NET POSITION:

Unrestricted net position in the general fund consists of the following at June 30, 2022:

Designated for subsequent year's expenditures	1,500,000
Reserve for encumbrances	791,554
Unreserved	<u>3,447,625</u>
Total unrestricted fund balance	<u>\$5,739,179</u>

NOTE 13: INTER-FUND TRANSACTIONS – GOVERNMENTAL FUNDS

Inter-fund transactions and balances are as follows:

	<u>Inter-fund Receivable</u>	<u>Inter-fund Payable</u>	<u>Inter-fund Revenues</u>	<u>Inter-fund Expenditures</u>
General	\$ 865,642	\$ 1	\$ 1,291	\$ 161,350
Special Aid	-	830,792	61,349	400,000
School Food Service	1	-	1	-
Capital Projects	-	34,966	500,000	6,785
Debt Service	<u>116</u>	<u>-</u>	<u>5,494</u>	<u>-</u>
Total government funds	<u>\$ 865,759</u>	<u>\$ 865,759</u>	<u>\$ 568,135</u>	<u>\$ 568,135</u>

Inter-fund receivables and payables, other than between governmental

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UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically transfers from the General Fund to the Special Aid Fund, to fund the local share of the Section 4408, Summer School Handicapped Program.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

All inter-fund payables are expected to be repaid within one year.

NOTE 14: POST-EMPLOYMENT BENEFITS (HEALTH INSURANCE) OBLIGATION PAYABLE:

Plan description

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

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collective bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. Employees are required to reach 55 and have 3 to 15 years of service to qualify for other post-employment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis. During the year ended June 30, 2022 approximately \$6,217,280 was paid on behalf of 559 retirees.

Benefits Provided – The District provides for continuation of medical and /or Medicare Part B benefits for certain retirees, their spouses receive benefits for the lifetime of the retired employee. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

Employees Covered by Benefit Terms – At June 30, 2022, the following employees were covered by the benefit terms:

Inactive plan members or beneficiaries currently receiving benefit payments	559
Inactive plan members entitled to but not yet receiving benefit payment	-
Active plan members	<u>714</u>
Total plan members	<u>1,273</u>

A) Net OPEB Liability

The District's total OPEB liability of \$273,835,456 was measured as of July 1, 2021 and was determined by an actuarial valuation as of July 1, 2020.

Actuarial Assumptions and Other Inputs – The total OPEB liability at June 30, 2022 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2 percent
Salary increases	3.5 percent, average, including inflation
Discount rate	2.14 percent
Healthcare cost trend rates	8.0 percent to 4.04 percent over 69 years

The discount rate was based on the 20-year high -quality tax-exempt municipal bond index as of the measurement date.

Mortality rates were based on the RPH-2014, as appropriate, and projected forward with Scale MP-2020.

Retirement participation rate assumed that 85% of eligible Teachers and

Instructional Administrators and 75% of participants other than Teachers and Instructional Administrators will elect medical coverage at retirement age, and 48% of active member's spouses will elect medical coverage. Additionally, a tiered approach based on age and years of service was used to determine retirement rate assumption.

Termination rates are based on tables used by the New York State Teachers' Retirement System and the New York State and Local Retirement System for female employees. Rates are tiered based on the percentage of employees who will terminate employment at any given age each year, for reasons other than death or retirement.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

C) Changes in the Total OPEB Liability

Balance at July 1, 2020	\$259,801,252
<u>Changes for the Year:</u>	
Service cost	11,129,720
Interest	5,918,964
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	3,203,350
Benefit payment (including implicit subsidy)	(6,217,280)
Net change in total OPEB liability	<u>14,034,204</u>
Balance at July 1, 2021	<u>\$273,835,456</u>

Changes of assumptions and other inputs reflects a change in the discount rate from 2.21 percent on July 1, 2020 to 2.14 percent on July 1, 2021.

Sensitivity of the Total OPEB liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.50 percent) or 1 percentage point higher (4.50 percent) than the current discount rate:

	1% Decrease (1.14%)	Rate (2.14%)	Discount 1% Increase (3.14%)
Total OPEB liability	\$ 325,979,568	\$ 273,835,456	\$ 232,676,884

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 (6.0 percent) or 1 percentage point higher (8.0 percent) than the current healthcare cost trend rate:

	1% Decrease Healthcare Cost Trend Rates	1% Increase
Total OPEB liability	\$ 225,881,392	\$ 337,078,174

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

D) 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 \$154,940. At June 30, 2022, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ -	(\$10,136,924)
Changes of assumptions or other inputs	26,694,102	(5,986,219)
Employer Contributions subsequent to the measurement date	<u>6,337,602</u>	<u>-</u>
Total	<u>\$ 33,071,704</u>	<u>(\$16,123,143)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2023	\$ (3,640,151)
2024	3,872,201
2025	6,968,749
2026	3,132,875
2027	237,285
2028 and Thereafter	-

NOTE 15: RISK MANAGEMENT

General

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

Consortiums and self-insured plans

The District participates in the Broome-Tioga, Delaware Health Insurance, a non-consortium-risk-retained public entity risk pools for its employee health and accident insurance coverage. The pool is operated for the benefit of seventeen individual governmental units located within the pools geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$1,000,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$1,000,000 limit, and the District has essentially transferred all related risk to the pool. At June 30, 2022, the estimated Incurred But Not Reported (INBR) amount for claims to be paid in 2021/22 is \$1,376,095.

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

NOTE 16: FUND BALANCES

Portions of fund balances are reserved and not available for current expenses or expenditures, as reported in the Governmental Funds Balance Sheet.

NOTE 17: COMMITMENTS AND CONTINGENCIES

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

NOTE 18: TAX ABATEMENTS

The County of Broome enters various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced by \$110,722. The District received payment in lieu of tax (PILOT) payments totaling \$103,486.

NOTE 19: PRIOR PERIOD ADJUSTMENT

For the year ended June 30, 2021, the District implemented GASB Statement No. 84 - "Fiduciary Activities." The implementation of this Statement resulted in reporting certain activities as governmental activities. For the year ended June 30, 2021, the District restated the beginning governmental fund balance, the beginning net position of fiduciary funds and the beginning governmental activities net position for \$214,329 for scholarships. However, the District did not restate these beginning balances for the Extraclassroom fund and decided to keep the Extraclassroom activities in fiduciary funds for the year ended June 30, 2021.

For the year ended June 30, 2022, the District decided to reclassify the Extraclassroom activities from the fiduciary funds to the governmental funds. As a result, the District's beginning governmental fund balance, the beginning net position of fiduciary funds and the beginning governmental activities at June 30, 2022 has been restated as follows:

Governmental Funds:

Fund balance at beginning of year, as previously stated	\$ 8,115,448
GASB Statement No. 84 implementation	<u>162,632</u>
Fund balance at beginning of year, as restated	<u><u>\$ 8,278,080</u></u>

Fiduciary funds:

Net position at beginning of year, as previously stated	\$ 162,632
GASB Statement No. 84 implementation	<u>(162,632)</u>
Net position at beginning of year, as restated	<u><u>\$ -</u></u>

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

During the year the District also adopted GASB 87 which also required the restatement of beginning net position in the district-wide financial statements.

Governmental Activities:

Net position (deficit) at beginning of year, as previously stated	\$ (158,688,058)
GASB Statement No. 84 implementation	162,632
GASB Statement No. 87 implementation	<u>871,135</u>
Net position at beginning of year, as restated	<u>\$ (157,654,291)</u>

NOTE 20: SUBSEQUENT EVENTS

The District has evaluated events through October 14, 2022, which is the date the financial statements are available to be issued, for possible disclosure and recognition in the financial statements.

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. As a result, economic uncertainties have arisen which are likely to negatively impact revenue and the COVID-19 pandemic has created a high degree of uncertainty. Since a large percentage of the District's revenues are obtained through federal and state funding, the District will adjust and update the budget in conjunction with changes to these funding sources. The Federal CARES Act and the American Rescue Plan have offset any reduction in state aid thus far; however, New York State has reserved the right to adjust state aid in the 2021-22 fiscal year. If state revenues are below projections and the federal government does not provide additional aid to the state, then there may be a reduction in aid to school districts. The implications of coronavirus will be long term; we expect changes to federal and state funding as well as pension contributions. The extent of these adjustments will be dependent on the length of time it takes for full economic recovery.

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGES IN OPEB LIABILITY,
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-NYSLRS,
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
(ASSET)-NYSLRS PENSION PLAN,
SCHEDULE OF DISTRICT'S CONTRIBUTIONS-NYSTRS,
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION
LIABILITY/(ASSET)-NYSTRS PENSION PLAN,
SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE BUDGET
(NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**

AND

SUPPLEMENTARY INFORMATION

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
LAST FIVE FISCAL YEARS**

	JUNE 30, 2022				
	2022	2021	2020	2019	2018
Total OPEB liability					
Service cost	\$ 11,129,270	\$ 7,412,296	\$ 7,631,740	\$ 8,735,735	\$ 11,318,591
Interest	5,918,864	7,725,044	8,196,287	8,788,092	7,614,645
Changes of benefit terms	-	-	(1,342,610)	-	-
Difference between expected and actual experience	-	(3,708,817)	-	(30,252,799)	-
Changes of assumptions	3,203,350	37,994,274	364,547	(13,113,241)	(34,366,830)
Benefit payments	<u>(6,217,280)</u>	<u>(5,849,633)</u>	<u>(5,560,998)</u>	<u>(5,193,182)</u>	<u>(4,907,640)</u>
Net change in total OPEB liability	14,034,204	43,573,164	9,288,966	(31,035,395)	(20,341,234)
Total OPEB liability - beginning	<u>259,801,252</u>	<u>216,228,088</u>	<u>206,939,122</u>	<u>237,974,517</u>	<u>258,315,751</u>
Total OPEB liability - ending	<u><u>\$ 273,835,456</u></u>	<u><u>\$ 259,801,252</u></u>	<u><u>\$ 216,228,088</u></u>	<u><u>\$ 206,939,122</u></u>	<u><u>\$ 237,974,517</u></u>
Covered payroll	\$ 34,374,595	\$ 33,762,914	\$ 32,109,215	\$ 30,993,527	\$ 30,609,714
Total OPEB liability as a % of covered payroll	796.62%	769.49%	673.41%	667.68%	777.45%

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.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
NYSLRS
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2022**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 1,309,618	\$ 1,087,379	\$ 1,066,724	\$ 1,104,311	\$ 919,993	\$ 859,430	\$ 865,022	\$ 882,755	\$ 887,174	\$ 927,922
Contributions in relation to the contractually required contribution	1,309,618	1,087,379	1,066,724	1,104,311	919,993	859,430	862,022	882,755	887,174	927,943
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	(21)
District's covered -employee payroll	7,156,345	6,466,581	5,983,363	6,058,968	5,813,840	5,950,697	9,199,537	6,444,928	6,616,266	6,248,235
Contributions as a percentage of covered-employee payroll	18.30%	16.82%	17.83%	18.23%	15.82%	14.44%	9.40%	13.70%	13.41%	14.85%

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
NYSLRS PENSION PLAN
LAST EIGHT FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2022**

	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension (asset)/ liability	\$ 638,709	\$ 3,101,118	\$ 1,730,248	\$ 618,827	\$ 1,337,489	\$ 4,914,489	\$ 17,642	\$ (1,345,930)
District's proportionate share of the net pension (asset)/liability	0.0189065%	0.0193213%	0.0184143%	0.0191739%	0.0188769%	0.0185588%	0.0177179%	0.0164648%
District's covered-employee payroll	\$ 5,983,363	\$ 6,058,968	\$ 5,813,840	\$ 5,950,697	\$ 9,199,537	\$ 6,444,928	\$ 6,616,266	\$ 6,248,235
Plan fiduciary net position as a percentage of the total pension (asset)/liability	97.90%	90.70%	94.70%	98.24%	96.27%	86.39%	99.95%	103.65%

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S CONTRIBUTIONS
NYSTRS
LAST 10 FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2022**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Contractually required contribution	\$ 2,116,359	\$ 2,622,518	\$ 3,704,574	\$ 3,676,931	\$ 4,000,230	\$ 3,064,399	\$ 2,795,022	\$ 2,436,377	\$ 2,714,653	\$ 2,452,393
Contributions in relation to the contractually required contribution	2,116,359	2,622,518	3,704,574	3,676,931	4,000,230	3,064,399	2,795,022	2,436,377	2,714,653	2,452,393
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered -employee payroll	23,798,607	22,760,645	23,365,591	23,536,326	24,049,396	24,533,203	25,729,891	26,486,115	26,766,620	27,367,767
Contributions as a percentage of covered-employee payroll	8.89%	11.52%	15.85%	15.62%	16.63%	12.49%	10.86%	9.20%	10.14%	8.96%

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY/(ASSET)
NYSTRS PENSION PLAN
LAST EIGHT FISCAL YEARS
FOR THE YEAR ENDED JUNE 30, 2022**

	2015	2016	2017	2018	2019	2020	2021	2022
District's proportion of the net pension liability (asset)	\$ (17,063,445)	\$ (15,778,879)	\$ 1,604,035	\$ (1,143,902)	\$ (2,759,873)	\$ (3,978,610)	\$ 4,229,255	\$ (26,272,889)
District's proportionate share of the net pension liability (asset)	0.1531810%	0.1519130%	0.1497640%	0.1504940%	0.1526260%	0.1531410%	0.1530530%	0.151612%
District's covered-employee payroll	\$ 23,365,591	\$ 23,536,326	\$ 24,049,396	\$ 24,533,203	\$ 25,729,891	\$ 26,486,115	\$ 26,766,620	\$ 27,367,767
Plan fiduciary net position as a percentage of the total pension liability (asset)	110.46%	111.48%	99.10%	100.66%	101.53%	102.20%	97.80%	113.20%

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2022**

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources				
Real property taxes	\$ 43,336,806	\$ 37,709,127	\$ 37,693,577	\$ (15,550)
Other tax items	163,486	5,791,164	5,805,112	13,948
Charges for services	112,100	112,100	286,612	174,512
Use of money and property	203,155	203,155	222,322	19,167
Sale of property and compensation for loss	5,700	26,499	87,026	60,527
Miscellaneous	1,720,842	1,737,739	1,891,858	154,119
Total Local Sources	45,542,089	45,579,784	45,986,507	406,723
State sources	42,331,374	42,406,374	42,527,000	120,626
Federal sources	200,000	200,000	192,383	(7,617)
Total Revenues	88,073,463	88,186,158	88,705,890	519,732
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	1,291	1,291
Appropriated fund balance	1,500,000	1,517,171	-	(1,517,171)
Appropriated reserves	\$ 223,251	235,472	-	(235,472)
Total Revenues and Other Financing Sources	\$ 89,796,714	\$ 89,938,801	\$ 88,707,181	\$ (1,231,620)

Budget basis of accounting:

Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

Continued on next page

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED JUNE 30, 2022

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual And Encumbrances
EXPENDITURES					
General Support					
Board of education	\$ 87,833	\$ 87,266	\$ 70,919	\$ 195	\$ 16,152
Central administration	293,450	276,491	268,460	-	8,031
Finance	1,323,431	1,321,361	1,261,267	5,251	54,843
Staff	609,836	683,739	634,806	12,448	36,485
Central services	7,641,223	7,940,918	7,055,771	527,005	358,142
Special items	962,139	963,562	947,197	-	16,365
Total General Support	10,917,912	11,273,337	10,238,420	544,899	490,018
Instruction					
Instruction, administration and improvement	2,713,324	2,700,821	2,561,672	25,079	114,070
Teaching - regular school	20,345,180	20,488,438	19,686,769	64,799	736,870
Programs for children with handicapping conditions	13,359,616	13,350,847	12,768,783	7,403	574,661
Occupational education	956,652	957,684	904,032	478	53,174
Teaching - special school	132,820	146,074	136,453	-	9,621
Instructional media	2,782,584	2,542,841	2,444,644	-	98,197
Pupil services	3,816,530	3,985,498	3,474,601	140,567	370,330
Total Instruction	44,106,706	44,172,203	41,976,954	238,326	1,956,923
Pupil transportation	2,073,180	2,314,572	2,217,396	7,730	89,446
Employee benefits	24,639,980	23,754,410	22,389,631	599	1,364,180
Debt service	7,873,936	8,239,279	8,167,898	-	71,381
Total Expenditures	89,611,714	89,753,801	84,990,299	791,554	3,971,948
OTHER FINANCING USES					
Transfers (to)/from other funds	185,000	185,000	161,350	-	23,650
Total Expenditures and Other Uses	<u>\$ 89,796,714</u>	<u>\$ 89,938,801</u>	<u>85,151,649</u>	<u>\$ 791,554</u>	<u>\$ 3,995,598</u>
Net Change in Fund Balances			3,555,532		
Fund balance - Beginning			17,381,837		
Fund balance - Ending			<u>\$ 20,937,369</u>		

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LIMIT CALCULATION
JUNE 30, 2022**

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 89,573,463
Add: Prior year's encumbrances	<u>223,251</u>
Original budget	89,796,714
Budget revision:	
Unanticipated revenues	142,087
Appropriated reserves	<u>-</u>
Final budget	<u><u>\$ 89,938,801</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 Voter-approved expenditure budget	\$ 91,920,150
Maximum allowed	3,676,806

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:

Unrestricted fund balance:	
Assigned fund balance	\$ 2,291,554
Unassigned fund balance	<u>3,447,625</u>
Total unrestricted fund balance	<u>5,739,179</u>

Less:	
Appropriated fund balance	1,500,000
Encumbrances included in assigned fund balance	<u>791,554</u>
Total adjustments	<u>\$ 2,291,554</u>

General Fund Fund Balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,447,625</u></u>
Actual percentage	3.75%

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
JUNE 30, 2022**

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Method of Financing					Transfer to Debt Service Fund	Fund Balance 06/30/22
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Federal Aid	Local Sources	Total		
Major capital projects:													
2019 Project GJ Elem	\$ 366,000	\$ 435,956	\$ 332,712	\$ 1,450	\$ 334,162	\$ 101,794	\$ -	\$ -	\$ -	\$ 1,522,000	\$ 1,522,000	\$ -	\$ 1,187,838
03-15-01-06-0-003-010													
2019 Project GJ Elem Ph2	-	81,895	7,086	58,779	65,865	16,030	-	-	-	-	-	-	(65,865)
03-15-01-06-0-003-011													
2019 Project LW Elem	314,000	492,486	474,110	433	474,543	17,943	-	-	-	-	-	-	(474,543)
03-15-01-06-0-004-016													
2019 Project LW Elem Ph2	-	1,750,404	107,138	1,250,233	1,357,371	393,033	-	-	-	-	-	-	(1,357,371)
03-15-01-06-0-004-017													
2019 Project CFJ Elem	902,000	458,907	424,608	38	424,646	34,261	-	-	-	-	-	-	(424,646)
03-15-01-06-0-006-019													
2019 Project CFJ Elem Ph2	-	2,098,321	114,045	1,281,805	1,395,850	702,471	-	-	-	-	-	-	(1,395,850)
03-15-01-06-0-006-020													
2019 Project High School	13,191,000	1,528,568	1,437,629	-	1,437,629	90,939	-	-	-	-	-	-	(1,437,629)
03-15-01-06-0-011-043													
2019 Project High School Ph2	-	6,508,321	460,248	3,555,739	4,015,987	2,492,334	-	-	-	-	-	-	(4,015,987)
03-15-01-06-0-011-044													
2019 Project JFS Ph2	-	162,595	9,261	118,105	127,366	35,229	-	-	-	-	-	-	(127,366)
03-15-01-06-0-012-021													
2019 Project TJW Elem	429,000	1,052,924	415,835	8,464	424,299	628,625	-	-	-	-	-	-	(424,299)
03-15-01-06-0-016-020													
2019 Project TJW Elem Ph2	-	100,093	33,587	453,159	486,746	(386,653)	-	-	-	-	-	-	(486,746)
03-15-01-06-0-016-021													
2019 Project AGM Elem	205,000	139,838	137,433	6,078	143,511	(3,673)	-	-	-	-	-	-	(143,511)
03-15-01-06-0-017-020													
2019 Project AGM Elem Ph2	-	31,373	-	-	-	31,373	-	-	-	-	-	-	-
03-15-01-06-0-017-021													
2019 Project Admin Ph2	-	148,994	7,406	123,701	131,107	17,887	-	-	-	-	-	-	(131,107)
03-15-01-06-1-030-008													
2019 Project Ph2 Storage Building	-	77,311	-	39,520	39,520	37,791	-	-	-	-	-	-	(39,520)
03-15-01-06-2-035-002													
2019 Project Bus Garage Ph2	-	339,014	37,455	241,147	278,602	60,412	-	-	-	-	-	-	(278,602)
03-15-01-06-5-021-012													
Major Projects	15,407,000	15,407,000	3,998,553	7,138,651	11,137,204	4,269,796	-	-	-	1,522,000	1,522,000	-	(9,615,204)
Non-Major Projects													
2018 Capital Improv. Proj. - DO	-	201,128	245,960	1,768	247,728	(46,600)	-	-	-	-	-	-	(247,728)
03-15-01-06-1-030-007													
2018 Capital Improv. Proj. - GFJ	295,934	295,934	591,230	6,106	597,336	(301,402)	7,420,000	285,000	-	3,828,560	11,533,560	(499,000)	11,435,224
03-15-01-06-0-003-009													
2018 Capital Improv. Proj. - LWW	5,394,769	5,394,769	5,548,199	38,316	5,586,515	(191,746)	-	-	-	-	-	-	(5,586,515)
03-15-01-06-0-004-015													
2018 Capital Improv. Proj. - LWW	-	-	49,553	233,330	282,883	(282,883)	-	-	-	-	-	-	(282,883)
03-15-01-06-0-004-018													
2018 Capital Improv. Proj. - CFJ	1,709,860	1,709,860	980,586	4,113	984,699	725,161	-	-	-	-	-	-	(984,699)
03-15-01-06-0-006-018													
2018 Capital Improv. Proj. - UEHS	50,000	591,168	1,566,009	-	1,566,009	(974,841)	-	-	-	-	-	-	(1,566,009)
03-15-01-06-0-011-038													
2018 Capital Improv. Proj. - UEHS	2,245,726	1,704,559	448,654	7,040	455,694	1,248,865	-	-	-	-	-	-	(455,694)
03-15-01-06-0-011-039													
2018 Capital Improv. Proj. - JFS	124,805	124,805	90,936	-	90,936	33,869	-	-	-	-	-	-	(90,936)
03-15-01-06-0-012-019													
2018 Capital Improv. Proj. - JFS PH 2	-	14,050	23,898	1,200	25,098	(11,048)	-	-	-	-	-	-	(25,098)
03-15-01-06-0-012-020													
2018 Capital Imp. Proj. - TJW PH 2	837,059	837,059	707,590	4,113	711,703	125,356	-	-	-	-	-	-	(711,703)
03-15-01-06-0-016-019													
2018 Capital Improv. Proj. - AGM	945,442	945,442	574,395	-	574,395	371,047	-	-	-	-	-	-	(574,395)
03-15-01-06-0-017-018													
2018 Capital Imp. Proj. - AGM PH 2	401,000	401,000	625,383	4,532	629,915	(228,915)	-	-	-	-	-	-	(629,915)
03-15-01-06-0-017-019													
2018 Capital Imp. Proj. - Bus Gar	152,965	152,965	239,551	-	239,551	(86,586)	-	-	-	-	-	-	(239,551)
03-15-01-06-5-021-011													
Non-Major Projects (balance forward)	\$ 12,157,560	\$ 12,372,739	\$ 11,691,944	\$ 300,518	\$ 11,992,462	\$ 380,277	\$ 7,420,000	\$ 285,000	\$ -	\$ 3,828,560	\$ 11,533,560	\$ (499,000)	\$ 40,098

See paragraph on supplementary schedules included in the independent auditors' report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND (CONTINUED)
JUNE 30, 2022

PROJECT TITLE	Original Budget	Revised Budget	Expenditures			Unexpended Balance	Method of Financing				Transfer to Debt Service Fund	Fund Balance 06/30/22	
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Federal Aid	Local Sources			Total
Non-Major projects (balance forward):	\$ 12,157,560	\$ 12,372,739	\$ 11,691,944	\$ 300,518	\$ 11,992,462	\$ 380,277	\$ 7,420,000	\$ 285,000	\$ -	\$ 3,828,560	\$ 11,533,560	\$ (499,000)	\$ 40,098
Non-major capital projects:													
Buses 03-15-01-06-2-222-002	2,708,000	2,708,000	3,036,562	394,506	3,431,068	(723,068)	1,517,800	-	-	724,600	2,242,400	136,932	(1,325,600)
21-22 Project 03-15-01-06-0-003-012	100,000	100,000	-	98,759	98,759	1,241	-	-	-	98,759	98,759	-	-
ARP/CRRSA HS Café 03-15-01-06-0-011-045	250,000	250,000	-	15,158	15,158	234,842	-	-	-	250,000	250,000	-	234,842
ARP/CRRSA HVAC 03-15-01-06-7-999-003	635,000	635,000	-	35,164	35,164	599,836	-	-	-	-	-	-	(35,164)
2016 Capital Improv. Proj. - UEHS 03-15-01-06-0-011-041	215,000	246,211	129,881	-	129,881	116,330	-	-	-	-	-	-	(129,881)
GF Johnson 2016 Smart Bonds 03-15-01-06-0-003-007	124,103	403,103	375,331	-	375,331	27,772	-	-	-	-	-	-	(375,331)
GF Johnson 2016 Cap Improv 03-15-01-06-0-003-008	82,767	722,803	1,821,023	-	1,821,023	(1,098,220)	10,308,000	257,135	-	-	10,565,135	-	8,744,112
LW West 2016 Smart Bonds 03-15-01-06-0-004-014	72,323	125,823	188,370	-	188,370	(62,547)	-	-	-	-	-	-	(188,370)
LW West 2016 Cap Improv 03-15-01-06-0-004-015	10,398	276,425	496,661	-	496,661	(220,236)	-	1,030,557	-	-	1,030,557	-	533,896
CF Johnson 2016 Smart Bonds 03-15-01-06-0-006-016	180,606	328,782	241,187	-	241,187	87,595	-	-	-	-	-	-	(241,187)
CF Johnson 2016 Cap Improv 03-15-01-06-0-006-017	56,264	822,447	1,689,571	-	1,689,571	(867,124)	-	-	-	-	-	-	(1,689,571)
SR HS 2016 Smart Bonds 03-15-01-06-0-011-035	103,011	383,095	941,337	-	941,337	(558,242)	-	14,280	-	-	14,280	-	(927,057)
SR HS Cap Improv 03-15-01-06-0-011-036	88,144	4,344,937	5,562,692	-	5,562,692	(1,217,755)	-	1,405,265	-	-	1,405,265	-	(4,157,427)
JF Snapp 2016 Smart Bonds 03-15-01-06-0-012-018	96,736	240,766	261,732	-	261,732	(20,966)	-	-	-	3,500,000	3,500,000	-	3,238,268
TJ Watson 2016 Smart Bonds 03-15-01-06-0-016-015	51,786	383,388	421,756	-	421,756	(38,368)	696,000	-	-	-	696,000	-	274,244
TJ Watson Cap Improv 03-15-01-06-0-016-016	43,184	1,110,493	1,572,444	-	1,572,444	(461,951)	-	-	-	-	-	-	(1,572,444)
Bus Garage Cap Improv 03-15-01-06-5-021-009	27,384	549,959	661,089	-	661,089	(111,130)	-	-	-	-	-	-	(661,089)
Bus Garage Cap Improv 03-15-01-06-5-021-010	-	-	9,100	-	9,100	(9,100)	-	-	-	-	-	-	(9,100)
AG McGuiness 2016 Cap Improv 03-15-01-06-0-017-016	513,359	1,309,361	1,876,501	-	1,876,501	(567,140)	-	-	-	-	-	-	(1,876,501)
AG McGuiness Smart Bonds 03-15-01-06-0-017-015	67,163	396,190	419,711	-	419,711	(23,521)	-	-	-	-	-	-	(419,711)
AG McGuiness Smart Bonds 03-15-01-06-0-017-021	-	8,586	1,282	120,884	122,166	(113,580)	-	-	-	-	-	-	(122,166)
District Admin Smart Bonds 03-15-01-06-1-030-005	33,115	74,847	406,279	-	406,279	(331,432)	-	-	-	-	-	-	(406,279)
District Admin 2016 Cap Improv 03-15-01-06-1-030-006	41,982	409,946	149,999	-	149,999	259,947	-	-	-	-	-	-	(149,999)
2009 Improvement project	1,282,000	1,282,000	1,132,000	-	1,132,000	150,000	-	-	-	1,282,000	1,282,000	-	150,000
Lease Expenditures Equipment 03-15-01-06-9-999-999	215,000	2,015,000	-	215,000	215,000	-	215,000	-	-	-	215,000	-	-
Total Non-Major Projects	19,154,885	31,499,901	33,086,452	1,179,989	34,266,441	(4,566,540)	20,156,800	2,992,237	-	9,683,919	32,832,956	(362,068)	(1,071,417)
Total Major Projects	15,407,000	15,407,000	3,998,553	7,138,651	11,137,204	4,269,796	-	-	-	1,522,000	1,522,000	-	(9,615,204)
Totals	\$ 34,561,885	\$ 46,906,901	\$ 37,085,005	\$ 8,318,640	\$ 45,403,645	\$ (296,744)	\$ 20,156,800	\$ 2,992,237	\$ -	\$ 11,205,919	\$ 34,354,956	\$ (362,068)	\$ (10,686,621)

See paragraph on supplementary schedules included in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
COMBINED BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2022**

	Debt Service	School Food Service	Special Aid	Miscellaneous Special Revenue	Non-Major Capital Projects	Total Non-Major Funds
ASSETS						
Cash						
Unrestricted	\$ 2,339,860	\$ 596,203	\$ 47,252	\$ -	\$ 289,529	\$ 3,272,844
Restricted	-	-	-	393,210	-	393,210
Receivables						
Due from other funds	116	1	-	-	-	117
Due from fiduciary funds	-	-	-	-	-	-
State and Federal aid	-	398,262	967,102	-	-	1,365,364
Other	-	20,104	-	-	-	20,104
Inventories	-	52,926	-	-	-	52,926
Total Assets	<u>\$ 2,339,976</u>	<u>\$ 1,067,496</u>	<u>\$ 1,014,354</u>	<u>\$ 393,210</u>	<u>\$ 289,529</u>	<u>\$ 5,104,565</u>
LIABILITIES						
Payables						
Accounts payable	\$ -	\$ 41,452	\$ 107,699	\$ -	\$ 516	\$ 149,667
Accrued liabilities	-	5,265	7,976	-	-	13,241
Due to other funds	-	-	830,792	-	34,833	865,625
Due to fiduciary funds	-	-	-	-	-	-
Due to other governments	-	496	-	-	-	496
Notes payable						
Bond anticipation notes	-	-	-	-	1,325,600	1,325,600
Deferred credits						
Unearned	-	17,809	67,887	-	-	85,696
Total Liabilities	<u>-</u>	<u>65,022</u>	<u>1,014,354</u>	<u>-</u>	<u>1,360,949</u>	<u>2,440,325</u>
FUND BALANCES						
Nonspendable	-	52,926	-	-	-	52,926
Restricted	2,339,976	949,548	-	393,210	-	3,682,734
Assigned	-	-	-	-	-	-
Unassigned	-	-	-	-	(1,071,420)	(1,071,420)
Total Fund Balances	<u>2,339,976</u>	<u>1,002,474</u>	<u>-</u>	<u>393,210</u>	<u>(1,071,420)</u>	<u>2,664,240</u>
Total Liabilities and Fund Balances	<u>\$ 2,339,976</u>	<u>\$ 1,067,496</u>	<u>\$ 1,014,354</u>	<u>\$ 393,210</u>	<u>\$ 289,529</u>	<u>\$ 5,104,565</u>

See paragraph on supplementary schedules included in the independent auditors' report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2022

	Debt Service	School Food Service	Special Aid	Miscellaneous Special Revenue	Non-Major Capital Projects	Total Non-Major Funds
Use of money and property	\$ 1,742	\$ 198	\$ -	\$ 45	\$ -	\$ 1,985
Sale of property and compensation for loss		-	-		-	-
Miscellaneous	805,907	197,501	-	26,780	-	1,030,188
State sources	-	93,252	708,073	-	-	801,325
Federal sources	-	1,925,115	5,546,504	-	-	7,471,619
Local sources	-	-	298,690	192,921	-	491,611
Surplus food	-	109,856	-	-	-	109,856
Sales - school lunch	-	156,073	-	-	-	156,073
Total Revenues	807,649	2,481,995	6,553,267	219,746	-	10,062,657
EXPENDITURES						
General support	161,234	-	-	-	-	161,234
Instruction	-	-	6,140,209	-	-	6,140,209
Pupil transportation	-	-	58,600	-	-	58,600
Employee benefits	-	373,956	15,807	-	-	389,763
Debt service						
Principal	499,000	-	-	-	-	499,000
Interest	85,692	-	-	-	-	85,692
Scholarships	-	-	-	11,060	-	11,060
Cost of sales	-	1,945,577	-	186,306	-	2,131,883
Capital outlay	-	-	-	-	1,179,989	1,179,989
Total Expenditures	745,926	2,319,533	6,214,616	197,366	1,179,989	10,657,430
Excess (Deficiency) of Revenues Over Expenditures	61,723	162,462	338,651	22,380	(1,179,989)	(594,773)
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	-	-	-	-	8,989,160	8,989,160
Proceeds of refunding bonds	-	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-	-
Leases	-	-	-	-	215,000	215,000
Operating transfers in	5,494	1	61,349	-	500,000	566,844
Operating transfers (out)	-	-	(400,000)	-	(6,785)	(406,785)
Total Other Sources (Uses)	5,494	1	(338,651)	-	9,697,375	9,364,219
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Revenues (Uses)	67,217	162,463	-	22,380	8,517,386	8,769,446
Fund Balances - Beginning of year	2,272,759	840,011	-	208,198	(9,588,806)	(6,267,838)
Reclassified per GASB 84	-	-	-	162,632	-	162,632
Fund Balances - End of Year	\$ 2,339,976	\$ 1,002,474	\$ -	\$ 393,210	\$ (1,071,420)	\$ 2,664,240

See paragraph on supplementary schedules in the independent auditors' report

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SUPPLEMENTARY INFORMATION
INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2022**

Capital Assets, net \$ 115,408,500

Deduct:

Bond Anticipation Notes	15,210,600	
Premium on bonds payable	(805,907)	
Short-term portion of bonds payable	4,110,000	
Long-term portion of bonds payable	23,665,000	
Less: unspent bond proceeds	<u>(4,739,862)</u>	
		<u>37,439,831</u>
		77,968,669

Intangible Assets, net \$ 1,191,482

Deduct:

Short-term portion of lease liabilities	(270,298)	
Long-term portion of lease liabilities	<u>(360,414)</u>	
Investment in Capital Assets and Investment in Intangible Assets, net of related debt		<u><u>\$ 78,529,439</u></u>

See paragraph on supplementary schedules included in the independent auditors' report

UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022

Federal Grantor/Pass-Through Grantor/Program or Cluster Title	Assistance Listing/ CFDA Number	Agency or Pass-through Number	Total Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
Passed Through NYS Education Department:			
Child Nutrition Cluster			
Non-Cash Assistance (Food Distribution)			
National School Lunch Program	10.555		\$ 109,856
Cash Assistance			
School Breakfast Program	10.553		443,668
National School Lunch Program	10.555		1,391,048
Summer Food Service Program For Children	10.559		54,523
Fresh Fruit and Vegetable Program	10.582		31,669
Total Child Nutrition Cluster			<u>2,030,764</u>
State Pandemic Electronic Benefit Transfer (P-EBT) Administrative Costs Grants	10.649		<u>4,207</u>
Total U.S. Department of Agriculture			<u>2,034,971</u>
U.S. DEPARTMENT OF EDUCATION			
Passed Through NYS Education Department:			
Special Education Cluster (IDEA) Cluster			
Special Education - Grants to States (IDEA, Part B)	84.027A	0032-22-0059	1,035,121
Special Education - Preschool Grants (IDEA Preschool)	84.173A	0033-22-0059	25,694
Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	84.027X	5532-22-0059	135,920
Individuals with Disabilities Education Act/American Rescue Plan Act of 2021 (ARP)	84.173X	5533-22-0059	<u>21,410</u>
Total Special Education Cluster (IDEA) Cluster			<u>1,218,145</u>
Title I, Part A & D			
Title I Grants to Local Educational Agencies	84.010A	0011-20-3142	42,202
Title I Grants to Local Educational Agencies	84.010A	0011-21-3142	4,636
Title I Grants to Local Educational Agencies	84.010A	0016-21-0185	3,343
Title I Grants to Local Educational Agencies	84.010A	0016-22-0185	2,681
Title I Grants to Local Educational Agencies (School Improvement Grant)	84.010A	0021-21-0185	10,434
Title I Grants to Local Educational Agencies (School Improvement Grant)	84.010A	0021-22-0185	<u>1,397,450</u>
Total Title I, Part A & D			<u>1,460,746</u>
Other Programs			
Supporting Effective Instruction State Grants	84.367A	0147-21-0185	2,590
Supporting Effective Instruction State Grants	84.367A	0147-22-0185	188,009
Student Support and Academic Enrichment Grants	84.424A	0204-22-0185	84,910
Coronavirus Response and relief Supplemental Appropriations	84.425D	5891-21-0185	1,638,956
Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0185	<u>953,149</u>
Total Other Programs			<u>2,867,614</u>
Total U.S. Department of Education			<u>5,546,505</u>
Total Federal Awards Expended			<u>\$ 7,581,476</u>

See notes to Schedule of Expenditures of Federal Awards

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2022**

NOTE 1: SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES:

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of all federal awards programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards passed through from other government agencies. The information is presented in accordance with the requirements of Title 2 U.S. Code of Federal Acquisitions Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon an established rate applied to overall expenditures. There is no other indirect cost allocation plan in effect.

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

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

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

NOTE 2: SUBRECIPIENTS:

No amounts were provided to subrecipients.

NOTE 3: OTHER DISCLOSURES:

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

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

NOTE 4: NON-CASH ASSISTANCE:

Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2022, the District received food commodities totaling \$109,856.

**UNION-ENDICOTT CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2022**

Section I - Summary of Independent Auditors' Results

Financial Statements

Type of auditors' report issued on whether
The financial statements were prepared in
accordance with GAAP: unmodified

	<u>Yes</u>	<u>No</u>	
Internal Control over Financial Reporting			
Material weakness identified?	_____	_____X	
Significant deficiencies identified?	_____	_____X	none reported

Noncompliance material to financial statements noted?	_____	_____X
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Federal Awards

Internal control over major programs:

Material weakness identified?	_____	_____X	
Significant deficiencies identified?	_____	_____X	none reported

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

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____	_____X
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Identification of major programs:

<u>Assistance Listing/ CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
84.010A	Title I Grants to Local Educational Agencies Title I, Part A & D
84.425U	American Rescue Plan Elementary and Secondary School Emergency Relief (ARP ESSER) Fund
84.425D	Elementary and Secondary School Emergency Relief (ESSER I and II) Fund

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

Auditee qualified as low-risk auditee?	_____X	_____
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Section II - Financial Statement Findings: No matters were reported.

Section III - Federal Award Findings and Questioned Costs: No matters were reported.

VIEIRA & ASSOCIATES

CPAs, P.C.

John B. Burtis, CPA*
Scott M. Hotalen, CPA
*Also Licensed in Pennsylvania

Cheryl DiStefano, CPA
Patrick J. Price, CPA, CVA
Nicole R. Mayers, CPA

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

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Union-Endicott Central School District
1100 East Main Street
Endicott, New York 13760

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Union-Endicott Central School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Union-Endicott Central School District's basic financial statements, and have issued our report thereon dated October 14, 2022.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Union-Endicott Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Union-Endicott Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Union-Endicott 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 entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Union-Endicott 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 determination of financial statement amounts. 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*.

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

Vieira & Associates CPAs, P.C.

October 14, 2022
Endicott, New York

VIEIRA & ASSOCIATES

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REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Union-Endicott Central School District
1100 East Main Street
Endicott, New York 13760

Report on Compliance for Each Major Federal Program

We have audited Union-Endicott Central School District's compliance with the types of compliance requirements described in the **OMB Compliance Supplement** that could have a direct and material effect on each of Union-Endicott Central School District's major federal programs for the year ended June 30, 2022. Union-Endicott 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.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of Union-Endicott Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. 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 Acquisitions Part 200, Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Union-Endicott Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on Union-Endicott Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Union-Endicott 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.

Report on Internal Control Over Compliance

Management of Union-Endicott Central School District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Union-Endicott Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Union-Endicott Central School District as of and for the year ended June 30, 2022, and the related notes to the financial statements, which collectively comprise Union-Endicott Central School District's basic financial statements. We issued our report thereon dated October 14, 2022, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements themselves, and certain additional procedures, including comparing and reconciling directly to the underlying accounting and other records used to prepare the financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Vieira & Associates CPAs, P.C.

October 14, 2022
Endicott, New York

FORM OF BOND COUNSEL'S OPINION

October 18, 2023

Union-Endicott Central School District,
Counties of Broome and Tioga,
State of New York

Re: Union-Endicott Central School District, Broome and Tioga Counties, New York
\$1,641,000 Bond Anticipation Notes, 2023

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$1,641,000 Bond Anticipation Notes, 2023 (the "Obligations"), of the Union-Endicott Central School District, Counties of Broome and Tioga, State of New York (the "Obligor"), dated October 18, 2023 in the denomination of \$_____, bearing interest at the rate of _____% per annum, payable at maturity, and maturing October 18, 2024.

We have examined:

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

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

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax on individuals. We observe that, for tax years beginning after December 31, 2022, interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes.

Certain agreements, 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 Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP