PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 22, 2021

REFUNDING ISSUE — **SERIAL BONDS**

S&P GLOBAL RATINGS: "A+" STABLE OUTLOOK — **SEE "BOND RATING" HEREIN**

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 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds 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 Bonds. See "TAX MATTERS" herein.

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

$1,760,000*

MASSENA CENTRAL SCHOOL DISTRICT

ST. LAWRENCE COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE: 576186

$1,760,000* School District Refunding (Serial) Bonds, 2021

(the "Bonds")

Dated: Date of Delivery — **Due: January 15, 2022-2033**

MATURITIES*

Year of Maturity	Amount*	Rate	Yield	CUSIP	Year of Maturity	Amount*	Rate	Yield	CUSIP
2022	$ 5,000	%	%		2028	$ 160,000	%	%	
2023	135,000				2029	165,000			
2024	135,000				2030	170,000 **			
2025	140,000				2031	175,000 **			
2026	145,000				2032	185,000 **			
2027	155,000				2033	190,000 **			

** The Bonds maturing in the years 2030-2033 are subject to redemption prior to maturity as described herein under the heading "Optional Redemption".

The Bonds will be general obligations of the Massena Central School District, St. Lawrence County, New York 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. See "TAX LEVY LIMITATION LAW" and "NATURE OF OBLIGATION" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. (See "BOOK-ENTRY-ONLY SYSTEM").

Interest on the Bonds will be payable on January 15, 2022, July 15, 2022, and semi-annually thereafter on January 15 and July 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein.

The Bonds are offered when, as and if issued and received by the Underwriter and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Orrick, Herrington & Sutcliffe PLLC, New York, New York Bond Counsel. Certain legal matters will be passed on for the Underwriter by its Counsel, Harris Beach, Albany, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC located in Jersey City, New Jersey on or about October 20, 2021.

ROOSEVELT & CROSS INCORPORATED

September __, 2021

* Preliminary, subject to change.

MASSENA CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2021-2022 BOARD OF EDUCATION

PAUL HAGGETT
President

AMBER BAINES
Vice President

LOREN FOUNTAINE
JODELE HAMMOCK
TIMOTHY HAYES
DAVID LACLAIR, JR.
ROBERT LEBLANC
PATRICIA MURPHY
KEVIN PERRETTA

* * * * *

PATRICK BRADY
Superintendent

NICKOLAS BROUILLETTE
Business Manager

ANGELA WILHELM
District Clerk

MALLORY OLSON
Treasurer

FERRARA FIORENZA PC
School District Attorney

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

No person has been authorized by Massena 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 Bonds 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 Massena Central School District.

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities under the federal securities law as applied to the facts and circumstances of this transaction, but the Underwriter does not guaranty the accuracy or completeness of such information."

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

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PREPARED WITH THE ASSISTANCE OF

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PRELIMINARY OFFICIAL STATEMENT

OF THE

MASSENA CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK

RELATING TO

$1,760,000* School District Refunding (Serial) Bonds, 2021

This Official Statement, which includes the cover page and appendices, has been prepared by the Massena Central School District, St. Lawrence County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the School District of $1,760,000* principal amount of School District Refunding (Serial) Bonds, 2021 (the "Bonds").

The factors affecting the District's financial condition and the Bonds 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 Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and such proceedings.

This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has created prevailing economic conditions (at the global, national, State and local levels) that are highly uncertain, generally negative, and rapidly changing, and these conditions are expected to continue for an indefinite period of time. Accordingly, the District's overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide event, the effects of which are extremely difficult to predict and quantify. See "STATE AID" and "MARKET AND RISK FACTORS – COVID-19" herein.

NATURE OF OBLIGATION

Each Bond 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 Bonds 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). Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limitation Law" or "Chapter 97") 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 Bonds and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District's power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See ("TAX LEVY LIMITATION LAW," herein).

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* Preliminary, subject to change.

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 BONDS

Description of the Bonds

The Bonds are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds 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 Bonds and interest thereon, without limitation as to rate or amount. (See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.).

The Bonds will be dated the date of delivery and will mature in the principal amounts as set forth on the cover page. The "Record Date" of the Bonds will be the last business day of the calendar month preceding each such interest payment date.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on January 15, 2022, July 15, 2022 and semi-annually thereafter on January 15 and July 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein.

Optional Redemption

The Bonds maturing on or before January 15, 2029 shall not be subject to redemption prior to maturity. The Bonds maturing on or after January 15, 2030 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed), at the option of the District on January 15, 2029 or on any date thereafter at a redemption price equal to the principal amount of the Bonds to be redeemed plus accrued interest to the date of redemption.

If less than all of the bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the District by lot in any customary manner of selection as determined by the President of the Board of Education. Notice of such call for redemption shall be given by providing notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

BOOK-ENTRY-ONLY SYSTEM

DTC will act as securities depository for the Bonds. The Bonds 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 bond certificate will be issued for each maturity of the Bonds with the same CUSIP number.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. 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**.

Purchasers of the Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 the Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

Redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds 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 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 or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to 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 Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond 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, bond 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 BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

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 Bonds

DTC may discontinue providing its services with respect to the Bonds 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 transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the District upon termination of the book-entry-only system. Interest on the Bonds will be payable on January 15, 2022, July 15, 2022 and semi-annually thereafter on January 15 and July 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Refunding Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and statutes of the State, including particularly section 90.00 or 90.10 of the Local Finance Law, a refunding bond resolution adopted by the Board of Education on August 19, 2021 (the "Refunding Bond Resolution") and other proceedings and determinations related thereto. The Refunding Bond Resolution authorizes the refunding of all or a portion of the $2,025,000 outstanding principal balance of the School District (Serial) Bonds, 2012, dated December 13, 2012, originally issued by the School District in the aggregate principal amount of $3,110,000 (the "Refunded Bonds") and authorizes issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were authorized by the Board of Education pursuant to a refunding bond resolution adopted to provide refinancing funds for the following purposes and amounts:

$3,110,000 School District Refunding (Serial) Bonds, 2012 – Dated December 13, 2012

Purpose	Amount Originally Issued
Refunding of 2003 Bonds issued for a building capital project	$ 3,110,000

The proceeds of the Bonds are intended to be used to purchase a portfolio of non-callable direct obligations of the United States of America (the "Government Obligations") and pay certain costs of issuance related to the Bonds. The principal of and investment income on the portfolio of Government Obligations together with other available cash on deposit in the Escrow Deposit Fund (as hereinafter defined) are expected to be sufficient to pay the maturing principal of and interest on the Refunded Bonds.

The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the District's refunding financial plan (the "Refunding Financial Plan"). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be placed in an irrevocable escrow fund (the "Escrow Deposit Fund") with Manufacturers and Traders Trust Company, (the "Escrow Holder"), pursuant to the terms of an escrow contract (the "Escrow Contract") by and between the District and the Escrow Holder. The Refunding Financial Plan further provides that the Escrow Deposit Fund will be held uninvested in cash until applied to pay the redemption price of the Refunded Bonds (being equal to 100% of the principal amount thereof plus accrued interest) on January 15, 2022 for Refunded Bonds (the "Redemption Date"). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call the Refunded Bonds for redemption on the Redemption Date. The owners of the Refunded Bonds will have a first lien on all of the cash, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

The District is expected to realize, as a result of the issuance of the Bonds, and in accordance with the Refunding Financial Plan, cumulative dollar and present value debt service savings.

Under the Refunding Financial Plan, the Refunded Bonds will continue to be general obligations of the District and will continue to be payable from District sources legally available therefore. However, inasmuch as the Government Obligations and cash held in the Escrow Deposit Fund will have been verified to be sufficient to meet all required payments of principal and interest on the Refunded Bonds, it is not anticipated that such District sources of payment will be used.

The list of Refunded Bond maturities set forth below the following page, may be changed by the District in its sole discretion due to market or other factors considered relevant by the District at the time of pricing of the Bonds and no assurance can be given that any particular series of bonds listed or that any particular maturity thereof will be refunded.

$3,110,000 School District Refunding (Serial) Bonds, 2012 – Dated December 13, 2012
CUSIP BASE: 576186

Due January 15th	Principal Amount	Interest Rate	Redemption Date	Redemption Price	CSP
2023	$ 150,000	2.125%	1/15/2022	100.00%	GA2
2024	150,000	2.250	1/15/2022	100.00	GB0
2025	155,000	3.250	1/15/2022	100.00	GC8
2026	160,000	3.250	1/15/2022	100.00	GD6
2027	165,000	3.250	1/15/2022	100.00	GE4
2028	170,000	3.250	1/15/2022	100.00	GF1
2029	175,000	3.250	1/15/2022	100.00	GG9
2030	180,000	3.250	1/15/2022	100.00	GH7
2031	185,000	3.250	1/15/2022	100.00	GJ3
2032	190,000	3.250	1/15/2022	100.00	GK0
2033	195,000	3.250	1/15/2022	100.00	GL8
	$ 1,875,000				

The proceeds of the Refunded Bonds have been expended.

Verification of Mathematical Computations

Causey Demgen & Moore PC, a firm of independent public accountants, will deliver to the District, on or before the date of delivery of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the District and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the mathematical computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal of and interest on the Refunded Bonds; and (b) the mathematical computations supporting the conclusion of Bond Counsel that the Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

The verification performed by Causey Demgen & Moore PC will be solely based upon data, information and documents provided to Causey Demgen & Moore PC by the District and its representatives. Causey Demgen & Moore PC reports of its verification will state Causey Demgen & Moore PC has no obligations to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Bond Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:	Par Amount of the Bonds		$
	Original Issue Premium (Discount)		
		Total	$
Uses:	Deposit to Escrow Fund		$
	Underwriter's Discount		
	Costs of Issuance and Contingency		
		Total	$

THE SCHOOL DISTRICT

General Information

The School District is located in northern New York State, adjacent to the St. Lawrence River which separates the United States from Canada. It has a land area of approximately 95 square miles. The School District is located an hour from Ottawa and Montreal and the Adirondack Mountains are located 30 minutes away.

The School District is well diversified industrially (see "Major Industries" below) and commercially (shopping mall, large box stores, and local businesses). The District is also home to the New York Power Authority, the Snell and Eisenhower Locks and the Robert Moses-Robert H. Saunders Dam.

Major highways serving the School District include State highways #56, #420 and #37 which connect the School District with Interstate highways #81 and #87. The Seaway International Bridge provides the community with direct access to the province of Ontario, Canada. The Town of Massena International Airport is served by US Air commuter service.

The School District is within a thirty-minute drive of four colleges and universities; Clarkson University, St. Lawrence University, SUNY Canton and SUNY Potsdam. Paul Smith's College and several Canadian colleges are within a short drive.

Recreational opportunities abound on the St. Lawrence, Grasse, and Raquette Rivers, all of which flow through the School District. Numerous parks, beaches, walking trails, marinas and boat launches can be found within the School District. The Nature Center provides cross country skiing, snowshoeing and other activities.

Massena Memorial Hospital provides modern and excellent health care services. The Massena Museum and the Massena Library provide quality educational opportunities to the community.

Source: District officials.

Population

The estimated population of the School District is 16,444. (Source: U.S. Census Bureau, 2015-2019 American Community Survey data.)

Major Industries

The Town of Massena has been home to Alcoa since 1903 and the plant is the oldest continuously operating aluminum smelting facility in the world. On November 1, 2016, Alcoa split into two new companies. Alcoa Corp. separated from its parent company Alcoa Inc., and is now named Arconic Inc. Both companies operate as independent, publicly-traded companies and have facilities in the Town of Massena. Alcoa Inc. maintains the aluminum smelter, while Arconic Inc. runs aluminum products manufacturing, fabrication and sales functions at its location.

In March 2019, the State reached a 7-year deal with Arconic Inc. The new contract provides Alcoa with a 240-megawatt low cost allocation from the New York Power Authority St. Lawrence-Franklin D. Roosevelt Power Project through 2026. The contract included the protection 450 employees at the Alcoa plant which builds on a 2018 agreement with Arconic Inc. that secured 145 employees.

A former General Motors ("GM") production facility located in the Town of Massena closed and phased out its operations in 2008. Listed as a federal Superfund site by the U.S. Environmental Protection Agency, the location has been under control of the Revitalizing Auto Communities' Environmental Response ("RACER") Trust since General Motors filed for Chapter 11 protection from creditors in 2009. The RACER Trust is actively remarketing the former GM site for re-use/redevelopment.

Source: District officials.

Industrial Park

The Massena Industrial Park (the "Park") offers 55 fully-serviced acres zoned for light and medium industrial use. The Park, owned by the Massena Industrial Development Corporation, is located in the Town of Massena.

Park infrastructure includes 8-inch and 10-inch water mains, 8-inch sewer mains, and an access and full-loop road. Natural gas is supplied by the St. Lawrence Gas Company, and electricity is supplied by the Massena Electric Department, a municipal power system. A Conrail line runs adjacent to the Park.

To date, a number of industrial buildings have been constructed on Park land. One, at the north-central extreme of Park property, was built in 1980 for aluminum recovery from dross. It was vacated, and is now planned for a new manufacturing facility. Seaway Industries, a division of the local Association for Retarded Children (ARC) has a 16,000 square foot building in the Park that provides training and employment for developmentally disabled people. Current tenants of the Industrial Park include Fockler Industries, Op-Tech, NY Power Tools, Massena Gold Coffee Roasters, South Side Auto, and Curran Renewable Energy, a wood pellet producing plant.

Source: District officials.

Larger Employers

Name	Type	Approx. Number Employed
ALCOA	Industry	450 (1)
Massena CSD	Public Education	420
Massena Memorial Hospital	Healthcare	350
NYS Power Authority	Power	270
St. Lawrence Seaway	Transportation	155
Arconic	Industry	145

(1) See "Major Industries" herein.

Note: The list of larger employers above predates the COVID-19 pandemic.

Source: District officials.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns and County listed below. The figures set below with respect to such Towns, County and State 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 County or the State are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2000	2006-2010	2015-2019	2000	2006-2010	2015-2019
Towns of:						
Massena	$ 18,111	$ 21,017	$ 24,777	$ 38,696	$ 47,432	$ 54,929
Louisville	19,127	29,275	42,126	50,463	64,250	94,643
Norfolk	17,099	23,425	27,227	37,644	40,707	48,239
Brasher	16,808	19,243	24,688	36,389	50,463	56,023
County of:						
St. Lawrence	15,728	20,143	25,378	38,510	50,384	62,727
State of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

Note: 2016- 2020 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 2015-2019 American Community Survey data.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the County of St. Lawrence. The information set forth below with respect to the County 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 County or State is necessarily representative of the District, or vice versa.

Annual Averages

	2014	2015	2016	2017	2018	2019	2020
St. Lawrence County	7.8%	7.4%	6.7%	6.6%	5.6%	5.3%	8.2%
New York State	6.3	5.2	4.9	4.6	4.1	3.8	10.0

2021 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept
St. Lawrence County	7.0%	7.3%	6.7%	5.8%	5.0%	5.7%	6.1%	6.0%	N/A
New York State	9.4	9.7	8.4	7.7	7.0	7.2	7.4	7.1	N/A

Note: Unemployment rates for September 2021 are not available as of the date of this Official Statement. Unemployment drastically increased starting in mid-March of 2020 due to the COVID-19 global pandemic, although it has since begun to decrease. See "COVID-19" herein.

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

Financial Organization

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

Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the School District for the ensuing fiscal year. A public hearing on such budget is held not less than seven 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.

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

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 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). Clarification may be needed to determine whether a Board of Education must adopt a budget that requires the same tax levy amount as used in the prior fiscal year, or whether changes to the levy are permitted for such purposes as the permitted school district exclusions or the tax base growth factor. For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION LAW" herein.

Recent Budget Vote Results

The school budget vote for the 2020-21 fiscal year was originally scheduled to be held on May 19, 2020, however, under Executive Order annual school budget votes and board of education elections across the State were postponed until June 9, 2020 and were conducted using only absentee ballots. Ballots received on June 16, 2020 by 5:00 pm were counted in the vote tally. The budget for the 2020-21 fiscal year was approved by the qualified voters on June 9, 2020 by a vote of 1,573 yes to 917 no. The budget included a tax levy increase of 1.99%, which was below to the District's Tax Cap of 3.91% for the 2020-21 fiscal year.

The budget for the 2021-2022 fiscal year was adopted by qualified voters on May 18, 2021 by a vote of 447 to 74. The budget for the 2021-2022 fiscal year called for a tax levy increase of 0% which is below the District's maximum allowable tax levy increase of 3.13% for the 2021-2022 fiscal year.

Investment Policy

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

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) Savings Accounts, Now Accounts or Money Market Accounts of designated banks, (2) Certificates of Deposit issued by a bank or trust company located and authorized to do business in New York State, (3) Demand Deposit Accounts in a bank or trust company authorized to do business in New York State, (4) Obligations of New York State, (5) Obligations of the United States Government (U.S. Treasury Bills and Notes), (6) Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

The School District does not invest in reverse repurchase agreements or other derivative type investments.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2021-22 fiscal year, approximately 66.8% 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 (See also "MARKET AND RISK FACTORS").

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

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

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

In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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.

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.

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the District. 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 2021-22 preliminary building aid ratios, the District expects to receive State building aid of approximately 97.7% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

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

School District Fiscal Year (2016-2017): The State 2016-17 Enacted Budget included a school aid increase of $991 million over 2015-16, $863 million of which consisted of traditional operating aid. In addition to full funding of expense based aids ($408 million), the budget also included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included $100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

School District Fiscal Year (2017-2018): The State 2017-18 Enacted Budget increased State aid to education by $1.1 billion, including a $700 million increase in Foundation Aid, bringing the total amount of State aid to education to $25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continued to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. The State 2017-18 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the federal government are less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

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 significant State revenue loss as a result of the impact of the COVID-19 pandemic, State aid in the State's 2020-21 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget, which was approximately $27.9 billion. However, the 2020-2021 State aid declines were offset, in part, by $1.1 billion of increased federal funding though the Coronavirus Aid, Relief, and Economic Security Act (CARES). With these federal funds, State aid totaled $27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately $100 million or 0.4 percent from the 2019-2020 Enacted Budget. The State's 2020-21 Enacted Budget also authorized the State's Budget Director to make periodic adjustments to State aid in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. In December 2020, a second federal stimulus bill was enacted and provided additional funding for schools in the State. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the abovereferenced 20% withholding. Such approval was received and the State is expected to release all of the withheld funds on or about June 30, 2021.

School district fiscal year (2021-2022): The State's 2021-22 Budget included $29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a $1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget 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.

State Aid Litigation

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

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

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date. But see "School District Fiscal Year (2021-2022)" herein.

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 CFE case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein.

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 figures for the 2020-2021 and 2021-2022 fiscal years comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2015-2016	$ 47,227,718	$ 29,700,722	62.89%
2016-2017	49,362,317	31,562,683	63.94
2017-2018	51,346,166	32,871,387	64.02
2018-2019	52,873,003	33,816,917	63.96
2019-2020	53,281,850	34,529,848	64.81
2020-2021 (Budgeted)	54,408,160	34,995,659	64.32
2021-2022 (Budgeted)	57,714,433	38,557,818	66.81

Source: 2015-2016 through and including the 2019-2020 audited financial statements and the adopted budgets of the District for the 2020-2021 and 2021-2022 fiscal years. Table itself not audited.

District Facilities

The District currently operates the following facilities:

Name	Grades	Capacity	Year(s) Built / Reconstruction
Massena High School	9-12	1,900	1958, '72, '81, '92, '99, '07
Massena Junior High School	7-8	800	1917, '28, '81, '92, '99, '07
Jefferson Elementary School	K-6	550	1954, '56, '81, '99, '07
Madison Elementary School	K-6	600	1958, '81, '99, '07
Nightengale Elementary School	K-6	600	1958, '81, '99, '07

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2016-17	2,712	2021-22	2,500
2017-18	2,683	2022-23	2,475
2018-19	2,595	2023-24	2,450
2019-20	2,619	2024-25	2,425
2020-21	2,506	2025-26	2,400

Source: District Officials.

Employees

The District employs a total of 375 full-time and 45 part-time employees. The following table sets forth a breakdown of employee representation by collective bargaining agent and the dates of expiration of the various collective bargaining agreements:

Employees Represented	Union Representation	Expiration Date
235	Massena Federation of Teachers	June 30, 2022
16	Massena Building Administrators' Association	June 30, 2023
169	Massena Confederated School Employees' Association	June 30, 2024

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 budgeted figures for the 2021-2022 fiscal years are as follows:

Fiscal Year	ERS	TRS
2015-2016	$ 801,293	$ 1,967,189
2016-2017	709,842	1,813,355
2017-2018	730,614	1,595,934
2018-2019	652,224	1,543,322
2019-2020	682,588	1,482,090
2020-2021 (Budgeted)	707,607	1,542,533
2021-2022 (Budgeted)	828,748	1,662,010

Source: District officials.

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually.

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 has an EBALR Reserve set aside for the payout of retirement incentives, which helps to reduce payroll costs moving forward.

The School District offered early retirement incentives in the past five years as follows:

Fiscal Year	Staff Participants	Cost
2016-2017	10	$ 61,063
2017-2018	12	96,885
2018-2019	6	44,975
2019-2020	4	59,763
2020-2021	4	52,500

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 (2018 to 2022) is shown below:

Year	ERS	TRS
2017-18	15.3%	9.80%
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53
2021-22	16.2	9.80

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

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

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law on March 31, 2019, will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such 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 School District has established such reserve fund as of June 30, 2019. The total amount funded as of June 30, 2021 is $937,611.

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

Other Post-Employment Benefits

Healthcare Benefits. It should also be noted that the District provides employment healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that will require governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

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.

GASB 75 and OPEB. In 2015, the GASB released new accounting standards for public other postemployment benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires school districts to report 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 requires school districts to calculate and report a net other postemployment benefit 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.

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

The District contracted with Armory Associates LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2020 and 2021 fiscal years, by source.

Balance beginning at:	July 1, 2019	July 1, 2020
	$ 180,661,254	$ 187,208,779
Changes for the year:		
Service cost	5,334,152	5,280,695
Interest on total OPEB liability	7,107,542	6,651,468
Changes in Benefit Terms	-	(1,717,165)
Differences between expected and actual experience	-	(7,496,895)
Changes in Assumptions or other inputs	(1,218,126)	41,560,953 (1)
Benefit payments	(4,676,043)	(4,895,019)
Net Changes	$ 6,547,525	$ 39,384,037
Balance ending at:	June 30, 2020	June 30, 2021
	$ 187,208,779	**$ 226,592,816**

(1) The major driver of the large increase with the changes of assumptions and other inputs reflects a large drop in the discount rate from 3.5% on 7/1/2019 to 2.21% on 7/1/2020. The discount rate used to discount future costs is based on the Bond Buyer 20-Year High Quality Government Obligation index as of the measurement date.

Source: Post-employment benefit plan actuarial valuation reports of the District. The above table is not audited. For additional information regarding the District's OPEB liability, 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.

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 Bonds 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 Bonds 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.

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2020 and may be found attached hereto as "APPENDIX - D" to this Official Statement. Certain financial information of the District can be found attached as appendices to the Official Statement.

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

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

Unaudited Results for Fiscal Year Ending June 30, 2021

The District anticipates adding to its fund balance for the year ending June 30, 2021 as it has in the last several years. The District anticipates that the receipt of additional federal funds should help keep the District financials strong for years to come.

The District expects to end the fiscal year ending June 30, 2021 with an unassigned fund balance of $6,598,213.

Summary unaudited information for the General Fund for the period ending June 30, 2021 is as follows:

Revenues:	$	53,742,995
Expenditures:		52,533,223
Excess (Deficit) Revenues Over Expenditures:	$	1,209,772
Total Fund Balance at June 30, 2020:	$	24,227,359
Total Estimated Fund Balance at June 30, 2021:	$	25,437,131

The audited financial report for the fiscal year ended June 30, 2021 is expected to be completed on or about October 15, 2021. The audited financial report will be submitted to the Electronic Municipal Market Access Website once available.

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

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New York State Comptroller Reports of Examination

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

The most recent State Comptroller audit report of the District dated June 21, 2019 was to determine whether District officials properly disbursed payments for dental benefits, third party administrative fees and utilities for the period July 1, 2017 through October 31, 2018. Key findings and recommendations from the State Comptroller audit are outlined below:

Key Findings:

District officials allowed:

- The third-party administrator (administrator), and three utility vendors, who disbursed $488,545 during the audit period (for dental plan benefits, administrative fees and utilities), direct access to a District bank account to disburse these funds.
- Payment of utilities totaling $60,641 and administrative fees totaling $1,144 without audit and approval by the claims auditor.

Key Recommendations:

- Discontinue allowing the administrator and utility vendors from having direct access to a District bank account and the ability to disburse funds.
- Transfer money to the administrator for the total amount payable in satisfaction of dental claims and initiate and disburse funds for all utility payments.
- Ensure that all claims are adequately supported and audited and approved by the claims auditor when required.

Copies of the complete reports and the District's responses to the findings and recommendations can be found via the website of the Office of the New York State Comptroller.

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the 2016 through 2020 fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2020	No Designation	0.0
2019	No Designation	3.3
2018	No Designation	3.3
2017	No Designation	3.3
2016	No Designation	10.0

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

Year of District Tax Roll:	2017	2018	2019	2020	2021
Towns of:					
Massena	$ 555,417,424	$ 552,786,646	$ 551,146,357	$ 554,143,639	$ 556,484,836
Louisville	151,557,344	151,399,204	151,181,802	151,156,868	151,779,902
Norfolk	35,647,620	35,472,221	35,480,105	35,834,218	35,865,161
Brasher	12,447,686	12.844.893	13,065,496	13,207,308	13,458,079
Totals	$ 755,070,074	$ 752,502,964	$ 750,873,760	$ 754,342,033	$ 757,587,978
State Equalization Rate					
Towns of:					
Massena	100.00%	100.00%	100.00%	100.00%	100.00%
Louisville	88.00%	89.00%	89.00%	87.00%	81.00%
Norfolk	82.00%	82.00%	82.00%	82.00%	79.00%
Brasher	93.00%	93.00%	85.00%	80.50%	78.00%
Taxable Full Valuation	$ 784,498,994	$ 779,968,630	$ 779,653,143	$ 787,994,025	$ 806,520,316

Source: District officials.

Tax Rate Per $1,000 (Assessed)

Year of District Tax Roll:	2017	2018	2019	2020	2021
Towns of:					
Massena	$ 18.18	$ 18.46	$ 18.65	$ 18.45	$ 18.39
Louisville	20.65	20.74	20.96	21.21	22.70
Norfolk	22.17	22.51	22.75	22.51	23.28
Brasher	19.54	19.85	21.94	22.93	23.58

Source: District officials.

Tax Levy and Tax Collection Record

Years Ending June 30:	2017	2018	2019	2020	2021
Tax Levy	$ 14,258,588	$ 14,399,748	$ 14,542,306	$ 14,542,306	$ 14,831,697
Uncollected (1)	1,362,124	1,477,064	1,470,089	1,496,499	2,532,663
% Uncollected	9.6%	10.3%	10.1%	10.3%	17.1%

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

Source: District officials.

Tax Collection Procedure

By contractual agreement with the County, the School District has authorized the installment payment of School Tax levies. School taxes are levied September 1 each year and, if not paid in installments, such taxes must be paid in full by September 30.

The taxpayer may elect to pay in three monthly installments. The first installment is paid to the School Tax Collector by September 30 in an amount of one-third of the total tax levy, plus 1% service charge to the School Tax Collector. The second installment is due by October 31 and is paid to the School Tax Collector. The third and final installment is due by November 30 and is payable to the County Treasurer. If any installment is incomplete, the installment agreement becomes void.

All unpaid taxes (either in full or in installments) as of October 31 are returned to the County Treasurer. The County Treasurer must pay the amount of unpaid taxes to the School Districts within ten days after the return has been filed, thereby assuring 100% tax collection annually.

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 for the 2020-2021 and 2021-2022 fiscal years comprised of Real Property Taxes and other Tax Items.

Fiscal Year	Total Revenues	Total Real Property Taxes and Tax Items	Percentage of Total Revenues Consisting of Real Property Taxes and Tax Items
2015-2016	$ 47,227,718	$14,491,975	30.69%
2016-2017	49,362,317	14,537,252	29.45
2017-2018	51,346,166	14,714,153	28.66
2018-2019	52,873,003	14,862,283	28.11
2019-2020	53,281,850	14,845,665	27.86
2020-2021 (Budgeted)	54,408,160	15,165,001	27.87
2021-2022 (Budgeted)	57,714,433	15,158,005	26.26

Source: 2015-2016 through and including the 2019-2020 audited financial statements and the adopted budgets of the District for the 2020-2021 and 2021-2022 fiscal years. Table itself not audited.

Ten Largest Taxpayers – 2020 Assessment Roll for 2020-2021 District Tax Roll

Name	Type	Taxable Full Valuation
Arconic, Inc	Industrial	$ 52,726,744
Reynolds Metals Company	Industrial	24,701,485
Niagara Mohawk Power Corp	Utility	13,363,262
Wal-Mart Real Estate Business	Shopping	10,000,000
St Lawrence Gas Co	Utility	9,241,590
Massena HHSC Inc	Shopping Center	7,794,100
St Lawrence Plaza Associates	Shopping Center	6,866,500
HD Development of Maryland	Shopping	5,400,000
MTSH Realty Massena, NY LLC	Real Estate	4,389,137
Town of Massena	Utility	3,161,120

The ten larger taxpayers listed above have a total assessed valuation of $137,643,938, which represents 17.1% of the Full Value of the District tax base.

As of the date of this Official Statement, the District has four pending tax certioraris that have a combined potential impact of $44,303. Arconic and St. Lawrence Plaza Assoc recently settled their claims. The District currently has a $1,000,000 Tax Certioraris reserve to offset any potential impacts. The Local Finance Law authorizes borrowing for the payment of tax certiorari settlements if necessary.

Source: District tax rolls.

Additional Tax Information

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

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

Total assessed valuation of the School District is estimated to be categorized as follows: Residential-40%, Agricultural-20%, Commercial-10% and Industrial-30%.

The estimated total annual property tax bill of a $75,000 market value residential property located in the School District is approximately $1,900 including State, County, Town, School District (minus STAR savings) 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 $88,050 or less in 2020-21 and $90,550 or less in 2021-22, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $68,700 for the 2020-21 school year and $70,700 for the 2021-22 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.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A new homeowner may receive a new personal income tax credit in the form of a check. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

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

The 2020-21 Enacted State Budget requires that STAR benefits be withheld from taxpayers who are delinquent in the payment of their school taxes and lowers the income limit for the exemption to $200,000, compared with a $500,000 limit for the credit.

The below table lists the basic and enhanced exemption amounts for the 2019-20 District tax roll for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Massena	$ 70,700	$ 30,000	4/9/2021
Louisville	57,270	24,300	4/9/2021
Norfolk	55,850	23,700	4/9/2021
Brasher	74,790	31,740	7/12/2021

$2,690,212 of the District's $14,542,306 school tax levy for the 2019-20 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2020.

$2,574,793 of the District's $14,831,697 school tax levy for the 2020-21 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2021.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (as amended) ("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 due to expire on June 15, 2020, however 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, applicable to the Bonds.

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 and the Equal Protection and Due Process clauses and the First Amendment of the United States Constitution. 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.

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.

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Debt Outstanding End of Fiscal Year

Fiscal Year Ending:	2017	2018	2019	2020	2021
Bonds	$ 17,235,000	$ 15,155,000	$ 13,015,000	$ 10,835,000	$ 8,615,000
Bond Anticipation Notes	0	0	0	0	12,000,000
Lease Purchase Obligations (1)	27,814	18,918	10,021	0	0
Total Debt Outstanding	$ 17,262,814	$ 15,173,918	$ 13,025,021	$ 10,835,000	$ 20,615,000

(1) Does not constitute general obligation debt.

Note: The bond amounts shown above do not include heretofore advance refunded bonds outstanding where applicable.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of September 22, 2021.

Type of Indebtedness	Maturity		Amount
Bonds	2022-2033		$ 8,615,000
Bond Anticipation Notes	June 30, 2022		27,000,000
		Total	$ 35,615,000

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 22, 2021:

Full Valuation of Taxable Real Property			$ 806,520,316
Debt Limit 10% thereof			80,652,031
Inclusions:			
Bonds	$ 8,615,000		
Bond Anticipation Notes	27,000,000		
Principal of this Issue	1,760,000 *		
Total Inclusions		$ 37,375,000	
Exclusions:			
State Building Aid (1)	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 37,375,000
Net Debt-Contracting Margin			$ 43,277,031
The percent of debt contracting power exhausted is			46.34%

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2021-22 Building Aid Ratios, the School District anticipates State Building aid of 97.7% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the Building aid it anticipates, however, no assurance can be given as to when and how much Building aid the School District will receive in relation to its capital project indebtedness. (See also "State Aid" herein).

Note: $1,875,000* of the serial bonds listed above are expected to be refunded with the proceeds of the 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.

*Preliminary, subject to change

Bonded Debt Service

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

Capital Project Plans

On December 12, 2019, District voters approved a $49,690,000 capital project undertake the construction of improvements to and reconstruction of School District buildings and facilities (including athletic field improvements). Initial financing was provided by $6,000,000 of voter approved Capital Reserve. The District anticipates 95.6% of the approved eligible costs, plus “presumed interest,” will be covered by State Building Aid, paid over a 15-year amortization period following project completion, which will result in no additional tax impact. The District issued $12,000,000 bond anticipation notes on September 10, 2020 as the first borrowing for the capital project. On August 26, 2021, the District issued $27,000,000 bond anticipation notes which renewed $12,000,000 bond anticipation notes which matured on August 27, 2021 and provided $15,000,000 new monies as the second borrowing for the capital project. Additional short-term borrowings are to occur as needed to meet construction cash flow needs.

The District has no other projects authorized and unissued by the District, nor are any contemplated at this time.

Cash Flow Borrowings

The District has not issued tax anticipation notes (“TANs”) or revenue anticipation notes (“RANs”) in recent years and does not anticipate issuing such, or budget notes or deficiency notes, for the current fiscal year or for the foreseeable future, barring any unforeseen impacts related to the COVID-19 pandemic.

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 for the municipalities listed below.

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
St. Lawrence	12/31/2019	$ 26,355,000	$ -	$ 26,355,000	13.31%	$ 3,507,851
Town of:						
Massena	6/28/2021	1,006,600	406,600	600,000	99.98%	599,880
Louisville	12/31/2019	11,222,317	10,288,366	933,951	95.46%	891,550
Norfolk	12/31/2019	6,290,794	6,215,794	75,000	25.08%	18,810
Brasher	12/31/2019	1,362,595	1,362,595	-	14.16%	-
Village of:						
Massena	5/31/2020	5,260,722	4,140,722	1,120,000	100.00%	1,120,000
					Total:	$ 6,138,090

Notes:

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

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

Sources: Most recent available State Comptroller’s Special Report or Continuing Disclosure Statement of the municipality.

Debt Ratios

The following table sets forth certain ratios relating to the District's net indebtedness as of September 22, 2021:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 37,375,000	$ 2,272.87	4.63%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	43,513,090	2,646.14	5.40

[a] The 2019 estimated population of the District is 16,444. (See "THE SCHOOL DISTRICT – District Population" herein.)

[b] The District's full value of taxable real estate for the 2020-2021 School District tax roll is $806,520,316. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

[c] See "Debt Statement Summary" for the calculation of Net Direct Indebtedness, herein.

[d] The District's estimated share of net overlapping indebtedness is $6,138,090. (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 Bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Bonds. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. 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 Bonds 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 Bonds. 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 Bonds 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 Bonds, or the tax status of interest on the Bonds. See “TAX MATTERS” herein.

Cybersecurity

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

COVID-19

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District’s financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including temporarily closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State’s economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District’s operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See “State Aid”, “State Aid History” and “State Aid -School District Fiscal Year (2020-2021)” herein).

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds 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 Bonds is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E”.

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 Bonds. The District has covenanted to comply with certain restrictions designed to insure that interest on the Bonds 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 Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. 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 Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. 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 Bonds.

Certain requirements and procedures contained or referred to the in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds) 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 Bonds 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 Bonds 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 Bonds 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 Bonds 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. Legislative proposals have been made which would limit the exclusion from gross income of interest on obligations like the Bonds to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds. 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 Bonds. Prospective purchasers of the Bonds 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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – E".

Certain legal matters will be passed on for the underwriter by its counsel, Harris Beach PLLC. Certain legal matters will be passed on for the District by its Local Attorney, Ferrara Fiorenza PC.

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 sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Bonds 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 a Continuing Disclosure Undertaking Certificate, a description of which is attached hereto as "APPENDIX – C".

Historical Compliance

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

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 Bonds. The advice on the plan of financing and the structuring of the Bonds 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 Bonds.

UNDERWRITING

The Bonds are being purchased by Roosevelt & Cross Incorporated (the "Underwriter") for reoffering to the public. The purchase contract for the Bonds provides that the Underwriter will purchase all of the Bonds, if any are purchased, at a purchase price equal to $______________ (being the par amount of the Bonds plus a net original issue premium of $____________, less an underwriter's discount for the transaction of $___________). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

BOND RATING

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned its rating of "A+" with a stable outlook to the Bonds. A rating reflects only the view of the rating agency assigning such rating 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) 553-0038, Fax: (212) 553-1390.

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

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 Bonds.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District 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", "believe", "intend", "plan", "foresee", "likely", "estimate", "expect", "objective", "projection", "forecast", "goal", "will", or "should", or similar words or phrases are intended to identify forward-looking statements.

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

Neither Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the District, nor Harris Beach PLLC, Albany, New York Counsel to the Underwriter, expresses no opinion 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 Bonds, 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 Bonds, 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 limitation as to information in the Official Statement obtained from sources other than the District, as to which no representation can be made.

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

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 or hacking 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: Nickolas Brouillette, School Business Manager, 84 Nightengale Ave., Massena, New York 13662, Phone: (315) 764-3700, Fax: (315) 764-3701, Email: nbrouillette@mcs.k12.ny.us

This Official Statement has been duly executed and delivered by the President of the Board of Education of the Massena Central School District.

MASSENA CENTRAL SCHOOL DISTRICT

Dated: September ___, 2021

PAUL HAGGETT
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2016	2017	2018	2019	2020
ASSETS					
Unrestricted Cash	$ 2,986,329	$ 3,083,921	$ 3,626,305	$ 3,216,186	$ 5,618,856
Restricted Cash	17,479,898	17,927,748	19,084,498	21,343,547	15,623,836
Accounts Receivable	-	-	29,774	149,370	100,372
Due from Other Funds	623,812	675,781	968,687	711,799	1,928,431
Due from Other Governments	-	-	-	-	-
State and Federal Aid Receivable	3,631,886	3,683,886	3,434,467	4,344,956	3,046,480
Inventories	18,451	18,451	-	-	-
Prepaid Expenditures	-	-	-	30,754	-
TOTAL ASSETS	$ 24,740,376	$ 25,389,787	$ 27,143,731	$ 29,796,612	$ 26,317,975
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 441,483	$ 240,282	$ 228,585	$ 178,733	$ 300,562
Accrued Liabilities	57,474	36,844	30,420	54,040	73,080
Accrued Interest Payable	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	-	-	-	-
Due to Teachers' Retirement System	1,972,945	1,813,355	1,595,934	1,732,626	1,477,391
Due to Employees' Retirement System	217,923	222,765	229,806	230,362	239,583
Compensated Absences	-	-	-	-	-
Unearned Revenues	-	-	1,063	-	-
TOTAL LIABILITIES	$ 2,689,825	$ 2,313,246	$ 2,085,808	$ 2,195,761	$ 2,090,616
FUND EQUITY					
Nonspendable	$ 18,451	$ 18,451	$ -	$ -	$ -
Restricted	17,479,898	17,927,748	19,084,498	21,343,547	15,623,836
Assigned	2,502,408	2,389,179	2,286,677	1,567,343	2,258,881
Unassigned	2,049,794	2,741,163	3,686,748	4,689,961	6,344,642
TOTAL FUND EQUITY	$ 22,050,551	$ 23,076,541	$ 25,057,923	$ 27,600,851	$ 24,227,359
TOTAL LIABILITIES and FUND EQUITY	$ 24,740,376	$ 25,389,787	$ 27,143,731	$ 29,796,612	$ 26,317,975

Note: The General Fund Balance decreased in fiscal year end June 30, 2020 due to a planned reduction of $6 million to the Capital Reserve Fund.

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2016	2017	2018	2019	2020
REVENUES					
Real Property Taxes	$ 11,160,645	$ 11,254,357	$ 11,452,755	$ 11,654,541	$ 11,824,390
Other Tax Items	3,331,330	3,282,895	3,261,398	3,207,742	3,021,275
Charges for Services	1,356,325	1,330,874	1,442,591	1,695,599	1,618,401
Use of Money & Property	74,428	135,805	329,416	570,781	406,821
Sale of Property and Compensation for Loss	32,691	29,157	23,181	66,278	27,578
Miscellaneous	1,394,442	1,667,002	1,853,914	1,712,917	1,798,657
Sales - school lunch and store	21,294	4,255	2,521	6,995	-
Interfund Revenues	-	-	2,384	-	-
Revenues from State Sources	29,700,722	31,562,683	32,871,387	33,816,917	34,529,848
Revenues from Federal Sources	109,635	95,289	106,619	141,233	54,880
Total Revenues	$ 47,181,512	$ 49,362,317	$ 51,346,166	$ 52,873,003	$ 53,281,850
Other Sources:					
Interfund Transfers	46,206	-	-	-	-
Total Revenues and Other Sources	$ 47,227,718	$ 49,362,317	$ 51,346,166	$ 52,873,003	$ 53,281,850
EXPENDITURES					
General Support	$ 4,852,770	$ 4,913,430	$ 5,142,738	$ 5,178,105	$ 5,363,348
Instruction	23,706,393	24,436,688	24,929,069	25,209,350	25,237,344
Pupil Transportation	2,048,565	2,205,024	2,234,167	2,292,306	2,161,795
Employee Benefits	13,637,181	14,130,095	14,411,781	14,954,575	15,091,256
Cost of Sales	-	2,292	18,064	844	-
Debt Service	2,499,060	2,481,523	2,479,623	2,483,948	2,483,348
Total Expenditures	$ 46,743,969	$ 48,169,052	$ 49,215,442	$ 50,119,128	$ 50,337,091
Other Uses:					
Interfund Transfers	151,705	167,275	149,342	210,947	6,318,251
Total Expenditures and Other Uses	$ 46,895,674	$ 48,336,327	$ 49,364,784	$ 50,330,075	$ 56,655,342
Excess (Deficit) Revenues Over Expenditures	332,044	1,025,990	1,981,382	2,542,928	(3,373,492)
FUND BALANCE					
Fund Balance - Beginning of Year	21,718,507	22,050,551	23,076,541	25,057,923	27,600,851
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 22,050,551	$ 23,076,541	$ 25,057,923	$ 27,600,851	$ 24,227,359

Note: The General Fund Balance decreased in fiscal year end June 30, 2020 due to a planned reduction of $6 million to the Capital Reserve Fund.

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2020 Original Budget	2020 Revised Budget	2020 Actual	2021 Adopted Budget	2022 Adopted Budget
REVENUES					
Real Property Taxes	$ 11,658,655	$ 11,658,655	$ 11,824,390	$ 15,165,001	$ 15,158,005
Other Tax Items	3,201,950	3,201,950	3,021,275	-	
Charges for Services	1,332,250	1,332,250	1,618,401	1,737,000	1,737,000
Use of Money & Property	510,000	510,000	406,821	385,000	85,000
Sale of Property and Compensation for Loss	14,000	14,000	27,578	-	-
Miscellaneous	1,511,500	1,511,500	1,798,657	1,600,500	1,651,610
Sales - school store	-	-	-	-	-
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	34,916,023	34,916,023	34,529,848	34,995,659	38,557,818
Revenues from Federal Sources	125,000	125,000	54,880	125,000	125,000
Total Revenues	$ 53,269,378	$ 53,269,378	$ 53,281,850	$ 54,008,160	$ 57,314,433
Other Sources:					
Interfund Transfers	100,000	100,000	-	400,000	400,000
Appropriated Fund Balance	-	-	-	2,256,873	1,998,193
Total Revenues and Other Sources	$ 53,369,378	$ 53,369,378	$ 53,281,850	$ 56,665,033	$ 59,712,626
EXPENDITURES					
General Support	$ 5,705,930	$ 5,745,505	$ 5,363,348	$ 6,007,600	$ 6,299,123
Instruction	27,389,324	27,383,375	25,237,344	28,429,970	29,302,809
Pupil Transportation	2,384,813	2,449,464	2,161,795	2,487,965	2,437,355
Employee Benefits	16,713,305	16,434,972	15,091,256	16,973,772	17,265,031
Cost of Sales	-	-	-	-	-
Debt Service	2,583,349	2,583,349	2,483,348	2,765,726	3,213,308
Total Expenditures	$ 54,776,721	$ 54,596,665	$ 50,337,091	$ 56,665,033	$ 58,517,626
Other Uses:					
Interfund Transfers	160,000	6,340,056	6,318,251	-	1,195,000
Total Expenditures and Other Uses	$ 54,936,721	$ 60,936,721	$ 56,655,342	$ 56,665,033	$ 59,712,626
Net Change in Fund Balance	(1,567,343)	(7,567,343)	(3,373,492)	-	-
FUND BALANCE					
Fund Balance - Beginning of Year			27,600,851		
Prior Period Adjustments (net)			-		
Fund Balance - End of Year			$ 24,227,359		

Note: The General Fund Balance decreased in fiscal year end June 30, 2020 due to a planned reduction of $6 million to the Capital Reserve Fund.

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	PRIOR TO REFUNDING BONDS Principal	Interest	Total	REFUNDED BONDS DEBT SERVICE	REFUNDING BONDS Principal	Interest	Total	TOTAL NEW DEBT SERVICE
2022	$ 2,270,000	$ 206,725.00	$ 2,476,725.00					
2023	2,310,000	160,162.50	2,470,162.50					
2024	1,855,000	103,087.50	1,958,087.50					
2025	760,000	63,287.50	823,287.50					
2026	160,000	46,150.00	206,150.00					
2027	165,000	40,950.00	205,950.00					
2028	170,000	35,587.50	205,587.50					
2029	175,000	30,062.50	205,062.50					
2030	180,000	24,375.00	204,375.00					
2031	185,000	18,525.00	203,525.00					
2032	190,000	12,512.50	202,512.50					
2033	195,000	6,337.50	201,337.50					
TOTALS	$ 8,615,000	$ 747,762.50	$ 9,362,762.50	$ -	$ -	$ -	$ -	$ -

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	$3,750,000 2012 Refunding of 2003 Serial Bonds Principal	Interest	Total	$6,065,000 2015 Refunding of 2008 Serial Bonds Principal	Interest	Total
2022	$ 150,000	$ 60,750	$ 210,750	$ 930,000	$ 61,075	$ 991,075
2023	150,000	57,750	207,750	950,000	41,313	991,313
2024	150,000	54,563	204,563	465,000	11,625	476,625
2025	155,000	51,188	206,188	-	-	-
2026	160,000	46,150	206,150	-	-	-
2027	165,000	40,950	205,950	-	-	-
2028	170,000	35,588	205,588	-	-	-
2029	175,000	30,063	205,063	-	-	-
2030	180,000	24,375	204,375	-	-	-
2031	185,000	18,525	203,525	-	-	-
2032	190,000	12,513	202,513	-	-	-
2033	195,000	6,338	201,338	-	-	-
TOTALS	$ 2,025,000	$ 438,750	$ 2,463,750	$ 2,345,000	$ 114,013	$ 2,459,013

Fiscal Year Ending June 30th	$7,915,000 2016 Refunding of 2009 Serial Bonds Principal	Interest	Total
2022	$ 1,190,000	$ 84,900	$ 1,274,900
2023	1,210,000	61,100	1,271,100
2024	1,240,000	36,900	1,276,900
2025	605,000	12,100	617,100
TOTALS	$ 4,245,000	$ 195,000	$ 4,440,000

CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the District has agreed to provide, or cause to be provided,

(i) In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the District has agreed to provide, or cause to be provided, to the Electronic Municipal Market Access (“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, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Official Statement dated September 29, 2021 of the District relating to the Bonds under the headings “THE SCHOOL DISTRICT”, “TAX INFORMATION”, “STATUS OF INDEBTEDNESS”, “LITIGATION” and all Appendices (other than Appendix C & E and other than any Appendix related to bond insurance), and (ii) a copy of the audited financial statements, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2021; such information, data, and audit will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if the audited financial statements are not available at that time, within sixty days following receipt by the District of its audited financial statements for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year;

(ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:

(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 Bonds, 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 Bonds, or other material events affecting the tax status of the Bonds

(g) modifications to rights of bondholders, if material

(h) Bond calls, if material and tender offers

(i) defeasances

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

(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” of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect Bond holders, if material; and

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

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

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 Bonds.

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

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

The District may from time to time choose to provide notice of the occurrence of certain other events in addition to those listed above, if the District determines that any such other event is material with respect to the Bonds; 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.

(iii) in a timely manner to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The District reserves the right to terminate its obligations to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the District no longer remains an obligated person with respect to the Bonds 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 Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the District's obligations under its continuing disclosure undertaking and any failure by the District to comply with the provisions of the undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds 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, in consultation with nationally recognized bond counsel.

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing.

MASSENA CENTRAL SCHOOL DISTRICT

ST. LAWRENCE COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED JUNE 30, 2020

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 Preliminary Official Statement.

Massena Central School District
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Carl A. Seyfarth Jr. CPA
Ann E. Seyfarth CPA

Independent Auditor's Report

To the Board of Education
Massena Central School District

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Massena Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Massena Central School District's 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; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Massena Central School District as of June 30, 2020 and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 16 and the budgetary comparison and information on other post employment benefits, ERS and TRS pension plans on pages 57 through 63 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 auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Massena Central School District's basic financial statements. The accompanying information as contained in the Reference Manual for Audits of General Purpose Financial Statements of New York State School Districts and the combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

The accompanying information as contained in the Reference Manual for Audits of General Purpose Financial Statements of New York State School Districts, the combining and individual nonmajor fund financial statements 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 19, 2020 on our consideration of Massena Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Massena 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 Massena Central School District's internal control over financial reporting and compliance.

Seyfarth & Seyfarth CPAs, P.C.

Seyfarth & Seyfarth CPAs, P.C.
Malone, NY

October 19, 2020

Management's Discussion and Analysis

The following is a discussion and analysis of Massena Central School District's financial performance for the fiscal year ended June 30, 2020. 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 government-wide and fund-based financial statements. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section. Responsibility for completeness and fairness of the information contained rests with the School District.

OVERVIEW

The School District is governed by a nine-member Board of Education with each member elected to a five-year term.

The School District employs approximately 430 full and part time professional and support staff. The staff is made up of 15 administrators, 235 members of the Teachers' contract, and 180 Support staff positions. These employees are primarily organized into three collective bargaining units (teacher, support staff and administration). The Teachers' contract expires on June 30, 2020, the Support staff contract expires on June 30, 2020, and the Administrators' contract expires on June 30, 2020.

Massena Central School District is located in northern New York State on the Canadian border. The School District also borders the St. Regis Mohawk Territory; approximately 5.2% of our students reside on the Territory. The District saw a modest increase of enrollment in 2019-20 from 123 students to 137, which is an increase of 11.4%. Native Americans have a choice of school districts when the Territory borders more than one district. New York State pays tuition, under an approved formula, for these students to attend Massena Central Schools although they are not residents of the School District. New York State also pays 100% of the transportation costs for these students. The tuition and transportation fees paid to the District are approximately $1.5 million; these dollars represent the local taxpayer share of educating these students.

The School District has seven buildings. These buildings include:

- High School which houses grades 9 through 12, approximately 820 students;
- Leary Junior High School which houses grades 7 and 8, approximately 430 students;
- Jefferson, Madison and Nightengale Elementary Schools for grades Pre-K through 6 have approximately 450 students each;
- The District also provides an out of district education to 37 students with disabilities;
- The Central Administration and Maintenance Facility located at the High School complex;
- The Shared Fuel Facility houses the Transportation Department that includes a vehicle maintenance garage and is shared with the Village of Massena (This facility has a shared fueling station that is also being used by other Village Departments such as the police, highway and hospital);

District enrollment this year was up 0.9%. The average enrollment for 2019-20 was 2,618, compared to 2,595 in the prior year. We project the enrollment to be flat going into 2020-21.

FINANCIAL HIGHLIGHTS

Total net assets were -$123,783,270 at June 30, 2020. This was a decrease of 2.8% over the prior year of -$120,410,573. The major change is due to the GASB reporting, and changes to it, which are related to the cost of our retirees' health insurance and the new pension reporting requirements.

Overall revenues of $57, 747,803 exceeded expenses of $55,859,078 by $1,888,725. The surplus was mainly caused by favorable conditions in the District. We had a few revenue sources come in over budget and a few large expense categories were under budget due to COVID-19. This will be further explained on page 11.

At year-end, the fund balance in the General Fund down down from $27,600,851 in 2018-19 to $24,227,359 in 2019-20. A reduction in Fund Balance was budgeted, as we transferred $6,000,000 to the Capital Fund.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. 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 *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column. The District had three non-major funds at June 30, 2020.
- The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short term* as well as what remains for future spending.
- *Fiduciary funds* statements provide information about the financial relationships in which the School District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide data that are more detailed. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget and actual for the year.

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

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

District-Wide Statements

The district-wide 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 assets* 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 statements report the School District's *net assets* and how they have changed. Net assets, 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 assets are an indicator of whether its financial position is improving or deteriorating, respectively.

- To assess the School District's overall health, you need to consider additional non-financial factors, such as, changes in the School District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "major" funds - not 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:

- Some funds are required by State law and by bond covenants.

- The School District establishes other funds to control and manage money for particular purposes (such as, repaying its long-term debts) or to show that it is properly using certain revenues (such as, Federal grants).

The District has two kinds of funds:

1) **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 you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

2) **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Net assets may serve over time as a useful indicator of a government's financial position. In the case of the School District, assets exceeded liabilities at the close of the most recent fiscal year.

The net assets reflect mainly reserved and unreserved fund balance. The School District's net assets also reflect its investment in capital assets less any related debt used to acquire those assets that is still outstanding. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The debt is paid through a combination of state building aid and local property taxes. The remaining balance of unrestricted net assets may be used to meet the School District's ongoing activities. Currently, the District has recorded $7.86 million in its net assets, which represent the NYPA 50 year payment in current dollars. There are 34 years left for the $433,000 annual payment. The current assets are shifting from cash to capital assets. This also reflects the payments made for the capital projects in progress.

The District implemented GASB Statement #45 in the school year ended June 30, 2009. This required the District to record other post-employment benefits obligations at year-end. This post-employment benefit obligation is made up of Health insurance coverage offered to retired employees. This obligation increased from $180,661,254 in 2018-19 to $187,208,779 in 2019-20, mainly due to the rising cost of health insurance.

The following schedule summarizes the School District's net assets. The complete Statement of Net position can be found in the School District's basic financial statements on page 17.

Condensed Statement of Net Position

	June 30, 2019	June 30, 2020	Change
Assets			
Current and other assets	$ 40,839,024	$ 43,317,580	$ 2,478,556
Capital assets, net	34,286,966	32,857,047	(1,429,919)
Net pension asset	1,719,989	2,428,620	708,631
Total Assets	**76,845,979**	**78,603,247**	**1,757,268**
Deferred Outflow of Resources	**21,172,913**	**21,176,114**	**3,201**
Liabilities			
Current liabilities	4,413,128	4,444,471	31,343
Long-term liabilities	192,720,989	197,155,616	4,434,627
Net pension liability	1,317,537	5,012,748	3,695,211
Total liabilities	**198,451,654**	**206,612,835**	**8,161,181**
Deferred Inflow of Resources	**19,977,811**	**16,949,796**	**(3,028,015)**
Net Assets			
Invested in capital assets, net of debt	21,594,550	22,300,052	705,502
Restricted	23,627,488	17,940,325	(5,687,163)
Unrestricted	(165,632,611)	(164,023,647)	1,608,964
Total Net Assets	**$ (120,410,573)**	**$ (123,783,270)**	**$ (3,372,697)**

In total, net assets decreased $3,372,697, which is detailed on page 17 of the Basic Financial Statements.

In general, current assets are those assets that are available to satisfy current obligations and current liabilities are those liabilities that will be paid within one year. Current assets consist primarily of cash and cash equivalents of $28,950,652 and state and federal aid receivable of $5,006,955.

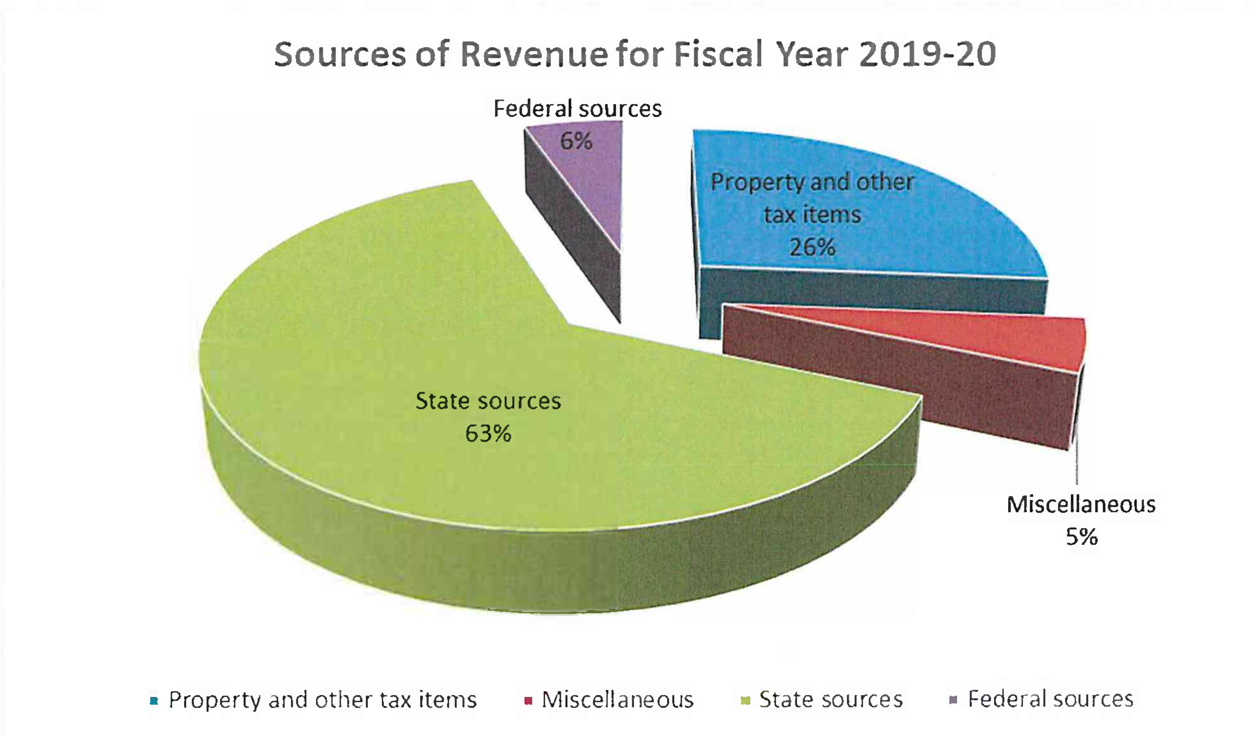
Current liabilities consist primarily of accounts payable and accrued expenses of $473,783, bonds payable of $2,220,000 and due to retirement systems of $1,716,974.

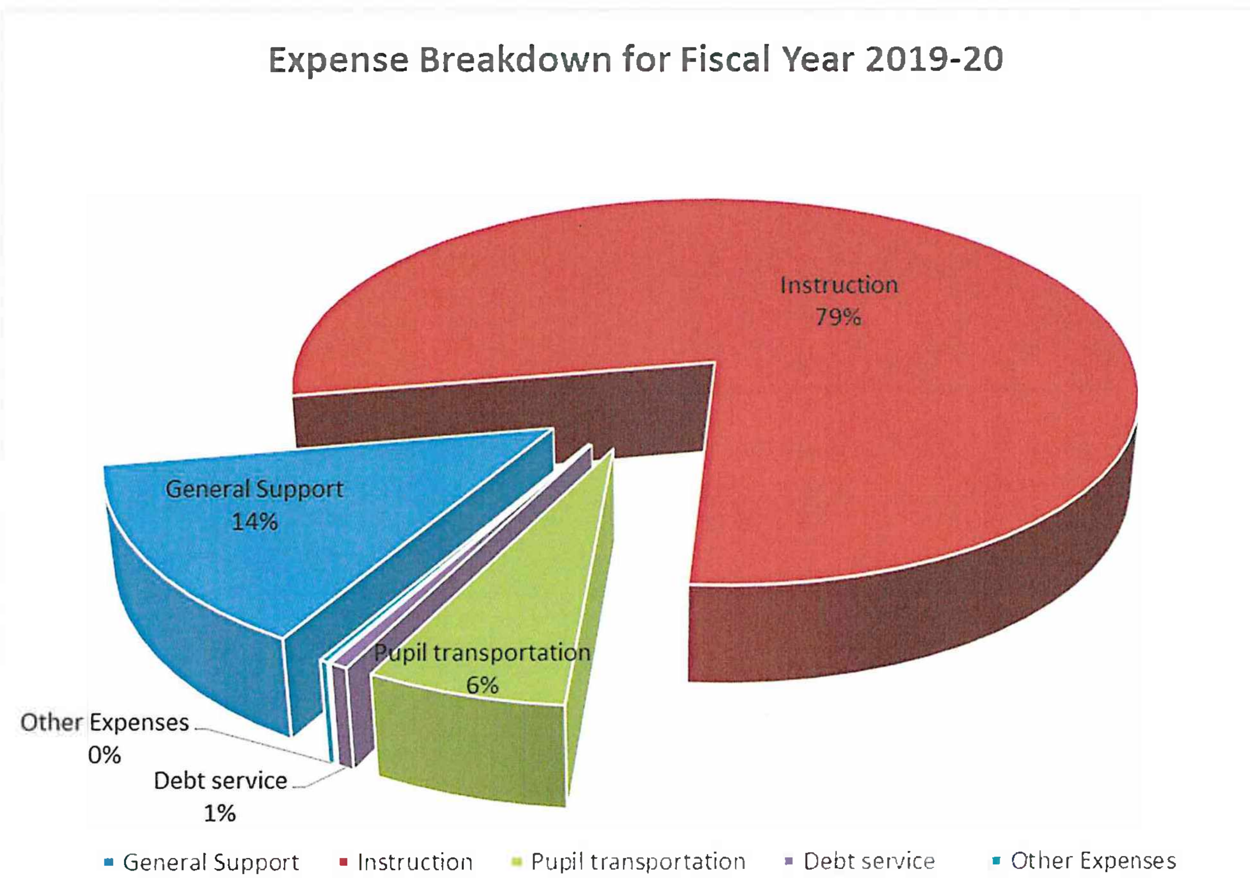
The Statement of Activities shows the cost of program services net of charges for services and grants offsetting those services. General revenues including tax revenue, investment earnings and unrestricted state and federal aid must support the net cost of the School District's programs.

The following schedule summarizes the School District's activities. Note: Instructional Expense line going up by $9,926,565 is caused by the GASB reporting changes referenced on page 4. The complete Statement of Activities can be found in the School District's basic financial statements on page 18.

Condensed Statement of Activities

	June 30,		
	2019	**2020**	**Change**
Revenues			
Property and other tax items	$ 14,862,283	$ 14,845,665	$ (16,618)
Use of money and property	581,632	415,240	(166,392)
Sale of property and comp for loss	137	-	(137)
Miscellaneous	1,695,197	1,777,945	82,748
Income from joint venture	359,782	700,938	341,156
State sources	34,289,358	35,608,447	1,319,089
Federal sources	2,907,259	3,063,242	155,983
Other	-	-	-
Total Revenues	54,695,648	56,411,477	1,715,829
Expenses			
General Support	6,731,423	8,422,369	1,690,946
Instruction	37,295,276	47,221,841	9,926,565
Pupil transportation	2,872,726	3,632,245	759,519
Debt service - Interest	387,604	346,227	(41,377)
Other Expenses	-	-	-
School lunch / School store	94,458	161,492	67,034
Total Expenses	47,381,487	59,784,174	12,402,687
Change in Net Position	7,314,161	(3,372,697)	(10,686,858)
Total Net Position - BOY	(127,724,734)	(120,410,573)	7,314,161
Prior Period Adj	-	-	-
Total Net Position - EOY	$ (120,410,573)	$ (123,783,270)	$ (3,372,697)


Sources of Revenue for Fiscal Year 2019-20
Federal sources
6%
Property and other
tax items
26%
State sources
63%
Miscellaneous
5%
Property and other tax items
Miscellaneous
State sources
Federal sources


Expense Breakdown for Fiscal Year 2019-20
Instruction
79%
General Support
14%
Pupil transportation
6%
Other Expenses
0%
Debt service
1%
General Support
Instruction
Pupil transportation
Debt service
Other Expenses

General Fund Budgetary Highlights

The General Fund revenues were budgeted at $53,369,378 and actual revenues totaled $53,281,850, which was $87,528 below budget. Revenues were up $408,847 vs the prior year.

The largest source of revenue was State Aid, which represents $34,529,848 or 64.8% of the total revenues. The second leading revenue property taxes, which represent $14,845,665 or 27.9% of the total revenue earned.

The largest positive variance was Miscellaneous revenues which came in $149,006 over budget, which was mainly caused by NYPA High flow monies that the district received for the third consecutive year. The next largest positive variance was the BOCES refund, which came in $127,058 over budget, due to BOCES reconciliation to actual costs.

The largest negative variance was State Aid, which came in $386,175 under budget. This is mostly caused by a change in special education and transportation costs. The second largest negative variance was Transfer from other funds. Since the District revenues exceeded the expenses we did not need to transfer the $100,000 that was budgeted to come from the Debt Service Fund.

During this fiscal year, the District received its fifteenth payment from the New York State Power Authority of $433,000. These monies are earmarked for tax relief, maintenance, capital equipment, and the local share of capital project(s). These funds are budgeted in their entirety and have become part of the long-range plan.

The table below compares the final budgeted revenues with actual revenues in seven general categories.

	Final Budget	Actual	Difference
State Sources	$ 34,916,023	$ 34,529,848	$ (386,175)
Federal Sources	125,000	54,880	(70,120)
Real Property and Other Tax Items	14,860,605	$ 14,845,665	(14,940)
Miscellaneous	1,511,500	1,798,657	287,157
Use of Money and Property	510,000	406,821	(103,179)
Charges for Services	1,332,250	1,618,401	286,151
Other	14,000	27,578	13,578
Transfer from other Funds	100,000	-	(100,000)
	$ 53,369,378	$ 53,281,850	$ (87,528)

The School District's adjusted appropriation budget for the 2019-20 school year was $60,936,721. Actual expenditures totaled $56,655,342 and $2,008 of encumbrances were carried forward into the 2020-21 year. This resulted in a positive amount of $4,279,371 under budget.

There were budget variances in several categories in 2019-20. The School District does not have the federal grant allocations when developing the budget. Therefore, the District has to conservatively budget for some federal salaries in the general budget and their corresponding employee benefits. Total employee benefits in the general fund budget came in $1,612,808 under budget, mostly due to negotiated contracts, a large drop in TRS contributions, and Federal &

Cafeteria Fund benefits allocations. On top of normal budgeting variances, the COVID-19 school closure resulted in significant savings in temporary/seasonal staffing and contractual needs related to student services.

The other major savings in the General Fund was the Special Education Budget. This year we had no children in residential care and we utilized significantly less BOCES services for special education students than anticipated. In total, the Special Education budget was under by $482,744.

Other areas of savings in the budget were through unfilled positions, natural gas, diesel, and legal services.

The table below summarizes in six general categories how the actual expenditures compare to budget amounts.

	Adopted Budget	Actual + Encumbrances	Difference
General Support	$ 5,705,930	$ 5,363,348	$ (342,582)
Instruction	27,389,324	25,237,344	(2,151,980)
Pupil Transportation	2,384,813	2,161,795	(223,018)
Employee Benefits	16,713,305	15,091,256	(1,622,049)
Debt Service	2,583,349	2,483,348	(100,001)
Interfund Transfers	160,000	6,318,251	6,158,251
	$ 54,936,721	$ 56,655,342	$ 1,718,621

ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

General Fund

The School District's General Fund had total expenditures (including transfers) of $56,655,342 and total revenues of $53,281,850, which resulted in a decrease of $3,373,492 in the fund balance.

The major portion of the General Fund expenditures goes directly to the instructional program- $25,237,344 (44.5%).

Other major categories in the General Fund are General Support - 5,363,348 (9.4%), Employee Benefits - $15,091,256 (26.6%), Debt Service Principal and Interest payments - $2,483,348 (4.4%), and Interfund Transfers - $6,318,251 (11.2%).

Debt service payments consisted of:

	Principal	Interest	Total
Bonds (buildings projects)	$ 2,180,000	$ 293,325	$ 2,473,325
Fitness Center Equipment	8,897	1,126	10,023
RAN	-	-	-
	$ 2,188,897	$ 294,451	$ 2,483,348

Special Aid Fund

The District receives State and Federal grants that fund specific academic activities. These grants are written for specific purposes and include reading improvement, staff development, technology improvements and needs related to students with disabilities.

It is important to note that most of these grants have a fiscal year that runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30. Therefore, funds will be carried forward into the District's next fiscal year to be spent over the summer.

The allocations for federal and state grants have increased. The chart below shows the original award allocations for each grant. The total increase is $297,397, primarily due to an increase Title I funds, as it is directly tied to poverty rates, but partially offset by reduced services/enrollment in the Summer 4408 program. Carryover funds are not included.

	2019	2020	Change
Title I	$ 922,831	$ 1,198,700	$ 275,869
Title I School Improvement	-	-	-
Title IIA	154,838	162,803	7,965
Title IID	-	-	-
Title IV	64,098	68,639	4,541
Title VB	47,244	49,350	2,106
Title VI	110,423	112,227	1,804
Pre-K	207,006	207,006	-
Section 611	721,441	718,081	(3,360)
Section 619	19,471	20,030	559
Summer Handicapped (4408)	204,376	148,681	(55,695)
My Brother's Keeper	-	63,608	63,608
ARRA (IDEA, Jobs, RttT)	-	-	-
	$ 2,451,728	$ 2,749,125	$ 297,397

The table below shows the actual revenues and expenditures recorded in the Special Aid Fund.

	2020
Revenues:	
State Sources	$ 328,451
Federal Sources	2,217,320
Miscellaneus	-
Interfund Transfer In	29,736
Total Revenues:	$ 2,575,507
Expenses:	
Instruction	$ 2,555,081
Pupil Transportation	20,426
Total Expenses:	$ 2,575,507

School Lunch Fund

The School Food Service Department had an operating deficit in the 2019-20 school year. Overall, expenditures of $1,270,070 exceeded revenues of $1,085,239. This resulted in a deficit of $184,831 for the year. This is a $132,682 larger deficit than last year, mainly due to declining revenues. The fund equity of this department as of June 30, 2020 was $73,139, which is made up of food and supplies inventory.

The District has lost money in the School Lunch fund for the past few years due to the items listed below, but 2019-20 losses increased considerably due to the school closure caused by the COVID-19 pandemic. The new healthy school initiative has negatively impacted the school lunch budget. The District has experienced a decrease in reimbursable meals sold, as well as an increase in food costs. On top of the reduced lunch counts, benefits costs have risen significantly as a share of expenses.

Capital Projects Fund

A total of $1,622,344 was expended for all capital projects during the 2019-20 year. These costs are associated with the commencement of the $49.69M Capital Improvement project approved on December 12th, 2019, Two Smart Schools Bond Act projects, and a Capital Outlay Project.

The $49.69M Capital Improvement Project includes significant infrastructure upgrades including roofs and heating system upgrades in nearly all buildings, auditorium upgrades, traffic flow redesigns, security enhancements, and playgrounds at the elementary schools. In 2019-20 $807,209 was spend on this project.

The Smart Schools Bond Act projects were both for instructional classroom technology such as Chromebooks and Interactive Display Boards. In 2019-20 $720,565 was spent on these projects.

The Capital Outlay project involved replacing some infrastructure at the Fuel Depot and the project totaled $94,570.

CAPITAL ASSETS AND DEBT ADMINISTRATION

The statement below shows the Net Capital Assets of the School District as of June 30, 2020 of $32,857,047, a change of $1,429,919 year-over-year.

	Balance 6/30/19	Additions	Retirements	Balance 6/30/20
Land	$ 64,795	$ -	$ -	$ 64,795
Construction-in-progress	-	901,779	(94,198)	$ 807,581
Buildings	73,714,662	-	94,198	$ 73,808,860
Furniture and equipment	6,288,186	1,206,334	(469,234)	$ 7,025,286
Less - accumulated depreciation	(45,780,677)	(3,538,032)	469,234	$ (48,849,475)
	34,286,966	(1,429,919)	-	32,857,047

Long-Term Debt

At year-end, the District had $12,166,837 in long-term debt, consisting of general obligation bonds, installment purchase debt and compensated absences, as shown below. The balance in Serial Bonds represents three total borrowings: $3.1 million shared fuel facility project in 2003 that was refunded in 2012, and two borrowings for the $29 million project which were refunded in 2015 and 2016 respectively.

	Balance 6/30/19	Additions	Reductions	Balance 6/30/20
Serial Bonds	$ 13,015,000	$ -	$ 2,180,000	$ 10,835,000
Installment Purchase Debt	10,021	-	10,021	-
Compensated Absences	1,224,735	107,102	-	1,331,837
	14,249,756	107,102	2,190,021	12,166,837

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

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

- Increases on health insurance premiums will continue to rise. The District is a member of a health care consortium with other school districts. The consortium is growing its fund balance to comply with mandates and smooth increases in future years. The premium increase for 2020-21 is expected to be around 2.65%. Health insurance accounts for 22.2% of the general budget. To help stabilize future premium increases, the consortium has implemented new riders and signed a contract at the beginning of 2019-20 to have the claims managed by Excellus Blue Cross Blue Shield going forward.
- The District has entered into shorter range labor contracts with two units over the last two years to explore different health insurance options. The groups ultimately concluded that staying with the same plan is the most prudent course of action. Their current contracts along with a third unit all expired in June, 2020. The District will be challenged to ensure that negotiations for all of the District's labor groups in the midst of the COVID-19 Pandemic does not negatively impact future fiscal health.
- Due to the regulations and funding surrounding the education of special education students there is uncertainty in special education costs each year. Students tend to move in and out of the district throughout the year and the state does not fully reimburse costs incurred for educating these students.
- The School District is anticipating that it will receive more assessment challenges on commercial properties. Although the District has $1.0 million in a Tax Certiorari Reserve, it is unknown what impact future assessment challenges will have on the budget.
- The School District received flat State Aid from the state for the 2020-21 School year and also faces a looming 20% cut in aid from the state due to the COVID-19 pandemic. Currently, a number of the aids have only been paid at 80% with the expectation that the District will receive the full reimbursement in the future, but that is subject to change based on whether a Federal Stimulus package goes through for State and Local governments.

- The School District is limited on the money that it can raise through taxes due to the Tax Levy cap that was made permanent in the 2019 Legislative session. The Consumer Price Index is limited to a 2% increase in the formula which could lessen the District's ability to raise new revenue vs rising costs.
- The School District has ample reserves to navigate into the future. We were able to re-align and diversity our Reserves to withstand future fiscal challenges.
- The implementation of the Regents Reform Plan such as the Common Core Curriculum and Annual Professional Performance Reviews will continue to consume significant time and resources. The purchasing of textbooks and materials, provision of professional development, and redirection of administrative time are a few areas which face particular impact.
- The District is in Phase I construction of the $49.69M Capital Improvement Project that was approved on December 12th, 2019. The District moved Capital Reserve fund in the amount of $6.0 million to aid in financing this project and off-set any local tax increase.
- The District's student enrollment is gradually declining, and at the same time our students living in poverty, as defined by eligibility for free and reduced meals, has risen from 49% in 2011 to 61% in 2020. Such trends could result in less available revenue for the District while increasing the need for additional services for students living in poverty.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the business manager at the following address: Massena Central School District, 84 Nightengale Avenue, Massena, NY 13662.

Massena Central School District
Statement of Net Position
June 30, 2020

ASSETS	
Cash	
Unrestricted	$ 11,010,327
Restricted	17,940,325
Receivables	
State and Federal aid	5,006,955
Other	7,962,144
Due from fiduciary fund	-
Inventories	73,139
Prepaid expenditures	-
Investment in joint venture	1,324,690
Capital assets, net	32,857,047
Net pension asset-proportionate share	2,428,620
Total Assets	78,603,247
DEFERRED OUTFLOWS OF RESOURCES	
Deferred gain on advance refunding of debt	605,656
Pensions	11,017,535
Other post employment benefits	9,552,923
Total Deferred Outflows of Resources	21,176,114
LIABILITIES	
Payables	
Accounts payable	398,703
Accrued liabilities	75,080
Due to other governments	1,694
Accrued interest payable	7,815
Due to Teachers' Retirement System	1,477,391
Due to Employees' Retirement System	239,583
Unearned credits	19,780
Overpayments and collections in advance	4,425
Long-term liabilities	
Due and payable within one year	
Bonds payable	2,220,000
Compensated absences payable	-
Due and payable after one year	
Bonds payable	8,615,000
Compensated absences payable	1,331,837
Other post employment benefits	187,208,779
Net pension liability-proportionate share	5,012,748
Total Liabilities	206,612,835
DEFERRED INFLOWS OF RESOURCES	
Deferred premiums on debt issuance	327,651
Pensions	3,430,358
Other post employment benefits	13,191,787
Total Deferred Inflows of Resources	16,949,796
NET POSITION	
Investment in capital assets net of related debt	22,300,052
Restricted	17,940,325
Unrestricted	(164,023,647)
Total Net Position	$ (123,783,270)

See accompanying notes to financial statements.

Massena Central School District

Statement of Activities and Changes in Net Position

For the Year Ended June 30, 2020

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net Expense (Revenue) and Change in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 8,454,537	$ 32,168	$ -	$ 8,422,369
Instruction	48,364,159	1,142,318	-	47,221,841
Pupil transportation	4,127,867	495,622	-	3,632,245
Debt service - interest	346,227	-	-	346,227
School Store	-	-	-	-
School lunch program	414,477	170,031	82,954	161,492
Total Functions and Programs	61,707,267	1,840,139	82,954	59,784,174
GENERAL REVENUES				
Real property taxes				11,824,390
Other tax items				3,021,275
Use of money and property				415,240
Sale of property and compensation for loss				-
Income from joint venture				700,938
Miscellaneous				1,777,945
State sources				35,608,447
Federal sources				3,063,242
Total General Revenues				56,411,477
Change in Net Position				(3,372,697)
Total Net Position - Beginning of Year				(120,410,573)
Total Net Position - End of Year				$ (123,783,270)

Massena Central School District

Balance Sheet - Governmental Funds

June 30, 2020

	General	Special Aid	Capital Project HS I	SSBA SSIP2	Non-Major	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 5,618,856	$ -	$ 5,286,586	$ -	$ 104,885	$ 11,010,327
Restricted	15,623,836	-	-	-	2,316,489	17,940,325
Receivables						
Accounts receivable	100,372	-	-	-	212	100,584
State and Federal aid	3,046,480	1,169,765	-	435,609	355,101	5,006,955
Due from other funds	1,928,431	-	-	-	-	1,928,431
Inventories	-	-	-	-	73,139	73,139
Prepaid expenditures	-	-	-	-	-	-
Total Assets	$ 26,317,975	$ 1,169,765	$ 5,286,586	$ 435,609	$ 2,849,826	$ 36,059,761
LIABILITIES						
Payables						
Accounts payable	$ 300,562	$ 3,860	$ -	$ -	$ 94,281	$ 398,703
Accrued liabilities	73,080	2,000	-	-	-	75,080
Due to other funds	-	1,144,125	-	435,609	348,697	1,928,431
Due to other governments	-	-	-	-	1,694	1,694
Due to Teachers' Retirement System	1,477,391	-	-	-	-	1,477,391
Due to Employees' Retirement System	239,583	-	-	-	-	239,583
Unearned credits			-	-		
Unrearned revenues	-	19,780	-	-		19,780
Overpayment and collections in advance			-	-	4,425	4,425
Total Liabilities	2,090,616	1,169,765	-	435,609	449,097	4,145,087
FUND BALANCES						
Nonspendable	-	-	-	-	73,139	73,139
Restricted	15,623,836	-	-	-	2,316,489	17,940,325
Assigned	2,258,881	-	5,286,586	-	104,896	7,650,363
Unassigned	6,344,642	-	-	-	(93,795)	6,250,847
Total Fund Balances	24,227,359	-	5,286,586	-	2,400,729	31,914,674
Total Liabilities and Fund Balances	$ 26,317,975	$ 1,169,765	$ 5,286,586	$ 435,609	$ 2,849,826	$ 36,059,761

Massena Central School District

Statement of Revenues, Expenditures and Changes in Fund Balances- Governmental Funds
For the Year Ended June 30, 2020

	General	Special Aid	Capital Project HS I	SSBA SSIP2	Non-Major	Total Funds
REVENUES						
Real property taxes	$ 11,824,390	$ -	$ -	$ -	$ -	$ 11,824,390
Other tax items	3,021,275	-	-	-	-	3,021,275
Charges for services	1,618,401	-	-	-	-	1,618,401
Use of money and property	406,821	-	-	-	32,548	439,369
Sale of property and compensation for loss	27,578	-	-	-	-	27,578
State sources	34,529,848	328,451	-	435,609	314,539	35,608,447
Medicaid reimbursement	54,880	-	-	-	-	54,880
Federal sources	-	2,217,320	-	-	791,042	3,008,362
Surplus food	-	-	-	-	82,954	82,954
Sales - school lunch and store	-	-	-	-	170,031	170,031
Interfund revenue	-	-	-	-	-	-
Miscellaneous	1,798,657	-	-	-	93,459	1,892,116
Total Revenues	53,281,850	2,545,771	-	435,609	1,484,573	57,747,803
EXPENDITURES						
General support	5,363,348	-	-	-	545,956	5,909,304
Instruction	25,237,344	1,959,622	-	-	53,510	27,250,476
Pupil transportation	2,161,795	20,426	-	-	-	2,182,221
Employee benefits	15,091,256	595,459	-	-	363,703	16,050,418
Debt service						
Principal	2,190,021	-	-	-	-	2,190,021
Interest	293,327	-	-	-	-	293,327
Cost of sales	-	-	-	-	414,477	414,477
Capital outlay	-	-	543,467	435,609	589,758	1,568,834
Total Expenditures	50,337,091	2,575,507	543,467	435,609	1,967,404	55,859,078
Excess (Deficiency) of Revenues Over Expenditures	2,944,759	(29,736)	(543,467)	-	(482,831)	1,888,725
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	-	-	-	-	-	-
Operating transfers in		29,736	5,830,053	-	458,462	6,318,251
Operating transfers (out)	(6,318,251)	-	-	-	-	(6,318,251)
Total Other Sources (Uses)	(6,318,251)	29,736	5,830,053	-	458,462	-
Excess (Deficiency) of Revenues Over Expenditures and Other Financing Sources (Uses)	(3,373,492)	-	5,286,586	-	(24,369)	1,888,725
Fund Balances - Beginning of year	27,600,851	-	-	-	2,425,098	30,025,949
Fund Balances - End of year	$ 24,227,359	$ -	$ 5,286,586	$ -	$ 2,400,729	$ 31,914,674

Massena Central School District

Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2020

	Agency	Private Purpose Trusts
ASSETS		
Cash	$ 168,429	$ 147,247
Other receivables	-	-
Total Assets	$ 168,429	$ 147,247
LIABILITIES		
Extraclassroom activity balances	$ 168,201	$ -
Due to other funds	-	-
Other liabilities	228	
Total Liabilities	$ 168,429	$ -
NET POSITION		
Reserved for scholarships		$ 147,247

Statement of Changes in Fiduciary Net Position - Fiduciary Funds
For the Year Ended June 30, 2020

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	$ 5,900
Interest earnings	2,789
Total Additions	8,689
DEDUCTIONS	
Scholarships and awards	(100)
Change in Net Position	8,789
Net Position - Beginning of year	138,458
Net Position - End of year	$ 147,247

See accompanying notes to financial statements.

Massena Central School District

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

June 30, 2020

Fund Balances - total government funds		$ 31,914,674
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Governmental capital assets	81,706,522	
Less: accumulated depreciation	(48,849,475)	32,857,047
Other assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		
Investment in joint venture		1,324,690
Other receivable - NYPA		7,861,560
Net pension asset		2,428,620
Interest payable used in governmental activities is not payable from current resources and therefore not reported in the governmental funds		(7,815)
Long-term liabilities are not due and payable in the current period and, therefore are not reported in the governmental funds		
Bonds payable		(10,835,000)
Compensated absences		(1,331,837)
Other post employment benefits		(187,208,779)
Net pension liability		(5,012,748)
Deferred outflows and inflows of resources related to debt are applicable to future periods and therefore are not reported in the governmental funds		
Deferred gain on advance refunding of debt	605,656	
Deferred premiums on debt issuance	(327,651)	278,005
Deferred outflows and inflows of resources related to pensions and OPEB are applicable to future periods and therefore are not reported in the governmental funds		
Deferred outflows of resources related to pensions	11,017,535	
Deferred outflows of resources related to OPEB	9,552,923	
Deferred inflows of resources related to pensions	(3,430,358)	
Deferred inflows of resources related to OPEB	(13,191,787)	3,948,313
Net Position of Governmental Activities		$ (123,783,270)

See accompanying notes to financial statements.

Massena Central School District

Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position

June 30, 2020

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Assets Totals
ASSETS				
Cash	$ 28,950,652	$ -	$ -	$ 28,950,652
Due from other funds	1,928,431	-	(1,928,431)	-
State and Federal aid	5,006,955	-	-	5,006,955
Other receivable	100,584	7,861,560	-	7,962,144
Inventories	73,139	-	-	73,139
Prepaid expenditures	-		-	-
Investment in joint venture	-	1,324,690	-	1,324,690
Capital assets, net	-	32,857,047	-	32,857,047
Net pension asset-proportionate share	-	2,428,620	-	2,428,620
Total Assets	36,059,761	44,471,917	(1,928,431)	78,603,247
DEFERRED OUTFLOWS OF RESOURCES	-	21,176,114	-	21,176,114
Total Assets and Deferred Outflows of resources	$ 36,059,761	$ 65,648,031	$ (1,928,431)	$ 99,779,361
LIABILITIES				
Accounts payable	398,703	-	-	398,703
Accrued liabilities	75,080	-	-	75,080
Due to other funds	1,928,431	-	(1,928,431)	-
Due to other governments	1,694	-	-	1,694
Accrued interest payable	-	7,815	-	7,815
Unearned revenues	19,780	-	-	19,780
Overpayment and collections in advance	4,425	-	-	4,425
Due to Teachers' Retirement System	1,477,391	-	-	1,477,391
Due to Employees' Retirement System	239,583	-	-	239,583
Bonds payable	-	10,835,000	-	10,835,000
Compensated absences payable	-	1,331,837	-	1,331,837
Other post employment benefits	-	187,208,779	-	187,208,779
Net pension liability-proportionate share	-	5,012,748	-	5,012,748
Total Liabilities	4,145,087	204,396,179	(1,928,431)	206,612,835
DEFERRED INFLOWS OF RESOURCES	-	16,949,796	-	16,949,796
FUND BALANCES/NET POSITION	31,914,674	(155,697,944)		(123,783,270)
Total Liabilities, Deferred Inflows of Resources and Fund Balances/Net Position	$ 36,059,761	$ 65,648,031	$ (1,928,431)	$ 99,779,361

See accompanying notes to financial statements.

Massena Central School District

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

For the Year Ended June 30, 2020

Net changes in fund balance - total governmental funds		$ 1,888,725
Amounts reported for governmental activities in the Statement of Activities are different because:		
Certain revenue recognized in the Statement of Activities does not meet the revenue recognition criteria under the modified accrual basis of accounting and is not recognized in the governmental funds		
Income from Joint Venture	700,938	
Collection on NYPA receivable	(114,171)	586,767
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of these assets is depreciated over their estimated useful lives		
Expenditures for capital assets	2,108,113	
Less: current year depreciation	(3,538,032)	(1,429,919)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Other items associated with bond refunding are deferred and amortized on the Statement of Net Position		
Repayment of bonds		2,190,021
Interest expense reported in the Statement of Activities does not require the use of current resources and is therefore not reported as expenditures in the governmental funds		(52,900)
Some expenses reported in the Statement of Activities do not require the use of current resources and therefore are not reported as expenditures in the governmental funds		
Compensated absences	(107,102)	
Other post employment benefits	(3,900,250)	(4,007,352)
Government funds report pension contributions as expenditures; however, in the Statement of Activities the cost of pension benefits earned net of employee contributions is reported as pension expense		
Pension contribution expenditures	2,176,684	
Cost of benefits earned net of employee contributions	(4,724,723)	(2,548,039)
Change in Net Position - Governmental Funds		$ (3,372,697)

See accompanying notes to financial statements.

Massena Central School District

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

For the Year Ended June 30, 2020

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Activities Totals
REVENUES				
Real property taxes	$ 11,824,390	$ -	$ -	$ 11,824,390
Other tax items	3,021,275	-	-	3,021,275
Charges for services	1,618,401	-	-	1,618,401
Use of money and property	439,369	-	-	439,369
Sale of property and compensation for loss	27,578	-	-	27,578
Miscellaneous	1,892,116	(114,171)	-	1,777,945
Interfund revenue	-	-	-	-
Income from joint venture	-	700,938	-	700,938
State sources	35,608,447	-	-	35,608,447
Federal sources	3,063,242		-	3,063,242
Surplus food	82,954	-	-	82,954
Sales-school lunch and store	170,031	-	-	170,031
Total revenues	57,747,803	586,767	-	58,334,570
EXPENDITURES				
General support	5,909,304	66,851	2,478,382	8,454,537
Instruction	27,250,476	2,466,359	18,647,324	48,364,159
Pupil transportation	2,182,221	572,645	1,373,001	4,127,867
Employee benefits	16,050,418	6,448,289	(22,498,707)	-
Debt service	2,483,348	(2,137,121)	-	346,227
Cost of sales	414,477	-	-	414,477
Capital outlay	1,568,834	(1,568,834)	-	-
Total expenditures	55,859,078	5,848,189	-	61,707,267
Excess (Deficiency) of Revenues Over Expenditures	1,888,725	(5,261,422)	-	(3,372,697)
OTHER SOURCES AND USES				
Proceeds from debt	-	-	-	-
Operating transfers in	6,318,251	-	(6,318,251)	-
Operating transfers out	(6,318,251)	-	6,318,251	-
Total Other Sources and Uses	-	-	-	-
Net Change for the year	$ 1,888,725	$ (5,261,422)	$ -	$ (3,372,697)

See accompanying notes to financial statements.

Note 1 – Summary of certain significant accounting policies:

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

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

A. Reporting entity:

The Massena 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 9 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. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

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.

B. Joint venture:

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

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

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

During the year, the District was billed $10,081,282 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District did not issue serial bonds on behalf of BOCES. On October 9, 2018, a $43.5 million capital project was approved by the voters of the St. Lawrence-Lewis BOCES component districts. Financing will be provided through bonds issued by DASNY with an expected repayment term of 30 years. The component districts will share the cost of the project based on BOCES aid ratios, and will receive BOCES aid reimbursements. The net annual cost to the District is projected to be approximately $38,000.

The District's share of BOCES aid amounted to $3,426,520.

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 nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

ii) Fund financial statements:

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

The District reports the following 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.

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

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of 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.

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 in which principal and income benefits annual third party awards and scholarships for students. 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.

Agency funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

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. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

E. Property taxes:

Real property taxes are levied annually by the Board of Education no later than September 1, and became a lien on August 15, 2019. Taxes were collected during the period September 1, 2019 to November 1, 2019.

Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County 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 is 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.

G. Interfund transactions:

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

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

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

Refer to Note 8 for a detailed disclosure by individual fund for interfund 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 and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

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.

J. Accounts receivable:

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

K. Inventories and prepaid items:

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

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

A portion of the fund balance in the amount of the inventory has been identified as not available for other subsequent expenditures.

L. Capital assets:

Capital assets are reported at historical cost if actual historical cost is available or estimated historical cost if actual historical cost is not available. Donated assets are reported at estimated fair market value at the time received.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	$ 5,000	Straight-line	25-50 years
Machinery and equipment	$ 5,000	Straight-line	5-20 years

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three 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 last item is the District contributions to the pension systems (TRS and ERS systems) and OPEB subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. First arises from a premium on refunded debt. The second item is related to pensions reported in the district-wide Statement of Net Position.

This represents the net difference between projected and actual earnings on ERS and TRS pension plan investments, and the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension system. The last 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.

Pension Obligations

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

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

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

The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

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

At June 30, 2020, 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, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Net pension asset/(liability)	$ (5,012,748)	$ 2,428,620
District's portion of the Plan's total net pension asset/(liability)	0.0189299%	0.093480%

For the year ended June 30, 2020, the District recognized pension expense of $1,723,238 for ERS and pension expense of $3,001,485 for TRS.

At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Difference between expected and actual experience	$ 295,021	$ 1,645,814	$ -	$ 180,597
Change of assumptions	100,933	4,587,987	87,154	1,118,682
Net difference between projected and actual investment earnings	2,569,779	-	-	1,947,628
Changes in proportion and difference between the District's contributions and proportionate share of contributions	61,337	118,532	601	95,696
District's contributions subsequent to the measurement date	239,583	1,398,549	-	-
Total	$ 3,266,653	$ 7,750,882	$ 87,755	$ 3,342,603

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended:

	ERS	TRS
2020		$ 1,096,821
2021	$ 501,199	67,797
2022	740,627	1,092,838
2023	940,974	726,952
2024	756,513	88,343
Thereafter		(63,020)

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.8%	7.10%
Salary scale	4.2%	1.90%-4.72%
Decrement tables	April 1, 2010 - March 31, 2015 System Experience	July 1, 2009- June 30, 2014 System Experience
Inflation rate	2.5%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014, applied on a generational basis.

For ERS, the actuarial assumptions used in the April 1, 2019 valuation are based on the results of an actuarial experience study for the period April 1, 2010 – March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2018 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

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

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Asset Type:		
Domestic Equity	4.05%	6.3%
International Equity	6.15%	7.8%
Global Equity	0.0%	7.2%
Private Equity	6.75%	9.9%
Real Estate	4.95%	4.6%
Domestic Fixed Income Securities	0.0%	1.3%
Global Fixed Income Securities	0.0%	0.9%
High-yield Fixed Income Securities	0.0%	3.6%
Bonds and Mortgages	0.75%	0.0%
Private Debt	0.0%	6.5%
Real Estate Debt	0.0%	2.9%
Cash Equivalents	0.0%	0.3%
Absolute return strategies	3.25%	0.0%
Opportunistic Portfolio	4.65%	0.0%
Real Assets	5.95%	0.0%
Cash	0.00%	0.0%
Inflation-Indexed Bonds	0.50%	0.0%

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% 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. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

The following presents the district's proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.8% for ERS and 7.1% 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 (5.8% for ERS and 6.1% for TRS) or 1-percentage-point higher (7.8% for ERS and 8.1% for TRS) than the current rate:

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
ERS			
Employer's proportionate share of the net pension asset (liability)	$ (9,199,809)	$ (5,012,748)	$ (1,156,448)

	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
TRS			
Employer's proportionate share of the net pension asset (liability)	$ (10,962,537)	$ 2,428,620	$ 13,662,290

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset/(liability) of the employers as of the respective valuation dates, were as follows:

	(Dollars in Thousands) ERS	TRS
Valuation date	March 31, 2020	June 30, 2019
Employers' Total Pension Asset/(Liability)	$ (194,596,261)	$ (119,879,474)
Plan Net Position	168,115,682	122,477,481
Employers' Net Pension Asset/(Liability)	$ (26,480,579)	$ 2,598,007
Ratio of the Plan Net Position to the Employers' total pension asset/(liability)	86.39%	102.20%

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, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to $ 239,583.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 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, 2020 amounted to $1,477,391.

N. Unearned revenue:

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

O. Vested employee benefits:

Compensated absences

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

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. 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 funds statements only the amount of the matured liabilities is accrued within the General Fund based upon expendable and available future resources. These amounts are expensed on a pay-as-you go basis.

P. Other benefits:

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

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Q. Short-term debt:

The District may issue Revenue Anticipation Notes and Tax Anticipation Notes, 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 an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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

R. Accrued liabilities and long-term obligations:

Payables, accrued liabilities and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the 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.

S. Equity classifications:

District-wide statements:

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

Invested in capital assets, net of related debt – 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 are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

Fund statements:

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

Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact

Restricted fund balance – amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government), through constitutional provisions, or by enabling legislation

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Committed fund balance – amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority; to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government delegates authority.

Unassigned fund balance – amounts that are available for any purpose; positive amounts are reported only in the general fund.

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

Following is a breakdown of fund balances reported on the balance sheet:

	General	Capital Projects	Misc Spec Revenue	School Lunch	Debt Service
Nonspendable:					
Inventory	$ -	$ -	$ -	$ 73,139	$ -
Restricted:					
Unemployment Insurance	377,180	-	-	-	-
Tax Certiorari	1,000,000	-	-	-	-
Employee Benefits and Accrued Liab.	8,300,560	-	-	-	-
Retirement ERS	4,006,465	-	-	-	-
Retirement TRS	621,941	-			
Workers' Compensation	1,289,705	-	-	-	-
Capital	27,985	-	-	-	-
Debt Service	-	-	-	-	2,316,489
Assigned:					
Assigned Appropriated	2,256,873	-	-	-	-
Instruction	2,008	-	-	-	-
Misc. Special Revenue	-	-	104,896	-	-
Major Capital Projects		5,286,586			
Unassigned	6,344,642	(93,795)	-	-	-
Total Fund Balance	$ 24,227,359	$ 5,192,791	$ 104,896	$ 73,139	$ 2,316,489

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

Unemployment Insurance
Unemployment Insurance Reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve 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.

Reserve for Debt Service
Mandatory Reserve for Debt Service (GML §6-l) is used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. The reserve is accounted for in the Debt Service Fund.

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

Tax Certiorari Reserve
Tax Certiorari Reserve (Education Law § 3651.1-a) is 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 which 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. The reserve is accounted for in the General fund.

Retirement Contribution Reserve
Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

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

Capital
According to Education Law §3651, 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 voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form of 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 under Restricted Fund Balance.

T. New Accounting Standards

GASB Statement No. 83, *Certain Asset Retirement Obligations*, became effective for the year ending June 30, 2020. GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, effective for the year ending June 30, 2020. The District will adopt and implement these standards when applicable.

U. Future Changes in Accounting Standards

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2021 and Statement No. 87, *Leases*, effective for the year ending June 30, 2022. The District will evaluate the impact these pronouncements may have on its financial statements and will implement them as applicable and when material.

Note 2 – Explanation of certain differences between 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 Statement of Activities, 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 differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets.

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

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

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the governmental 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 governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

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 – Stewardship, compliance and accountability:

Budgetary procedures and budgetary accounting:

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) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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 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. No supplemental appropriations occurred during the year.

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.

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 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. Encumbrances are classified as restricted or assigned fund balance based on the source and strength of constraints placed on them.

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year.

Note 4 – Custodial credit and concentration of credit:

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 included balances not covered by depository insurance at year end. All balances were collateralized with securities held by the pledging financial institutions, but not in the District's name. Bank balances totaled approximately $3,475,000.

Note 5 – Investment pool:

The District participates in a multi-municipal cooperative investment pool agreement with NYCLASS pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. The District's total NYCLASS balance at June 30, 2020 was approximately $29,046,000.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash equivalents held with NYCLASS at year end were approximately $15,624,000 in the general fund and approximately $2,316,000 in the debt service fund.

The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative can be obtained from the New York Cooperative Liquid Assets Securities System (NYCLASS).

Note 6 – Capital assets:

Capital asset balances and activity were as follows:

	Beginning Balance	Additions	Retirements/ Reclassific.	Ending Balance
ıpital assets that are not depreciated:				
Land	$ 64,795	$ -	$ -	$ 64,795
Construction in progress	-	901,779	(94,198)	807,581
Total nondepreciable	64,795	901,779	(94,198)	872,376
ıpital assets that are depreciated:				
Buildings	73,714,662	-	94,198	73,808,860
Machinery and equipment	6,288,186	1,206,334	(469,234)	7,025,286
Total depreciated assets	80,002,848	1,206,334	(375,036)	80,834,146
Less accumulated depreciation:				
Buildings	42,037,685	2,708,370	-	44,746,055
Machinery and equipment	3,742,992	829,662	(469,234)	4,103,420
Total accumulated depreciation	45,780,677	3,538,032	(469,234)	48,849,475
Total depreciated assets, net	$ 34,286,966	$ (1,429,919)	$ -	$ 32,857,047

Depreciation expense was charged to governmental functions as follows:

Administrative services	$ 141,521
Regular instruction	2,405,862
Pupil transportation	990,649
	$ 3,538,032

Note 7 – Long-term debt:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government activities:					
Serial Bonds 2013	$ 2,305,000	$ -	$ 140,000	$ 2,165,000	$ 140,000
Serial Bonds 2015	4,160,000	-	900,000	3,260,000	915,000
Serial Bonds 2016	6,550,000	-	1,140,000	5,410,000	1,165,000
Lease Purchase Oblig. 2015	10,021	-	10,021	-	-
Total bonds payable	13,025,021	-	2,190,021	10,835,000	2,220,000
Other liabilities:					
Compensated absences	1,224,735	107,102	-	1,331,837	-
Total long-term liabilities	$ 14,249,756	$ 107,102	$ 2,190,021	$ 12,166,837	$ 2,220,000

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

Existing serial and statutory bond obligations:

Description of issue	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2020
Serial Bonds	2013	2033	2.00%	$ 2,165,000
Serial Bonds	2015	2025	2.00%	3,260,000
Serial Bonds	2016	2024	2.00%	5,410,000
				$ 10,835,000

Massena Central School District
Notes to Financial Statements
June 30, 2020

The following is a summary of debt service requirements:

	Serial Bonds	
	Principal	Interest
Fiscal Year ended June 30,		
2021	$ 2,220,000	$ 249,725
2022	2,270,000	205,225
2023	2,310,000	158,568
2024	1,855,000	101,401
2025	760,000	60,769
2026-2030	850,000	163,313
2031-2033	570,000	28,113
	$ 10,835,000	$ 967,114

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. $8,670,000 of bonds outstanding are considered defeased.

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

Interest paid	$ 293,327
Less: interest accrued in prior year	(9,515)
amortization of bond premium	(57,347)
Plus: interest accrued in the current year	7,815
amortization of escrow costs	111,947
Total expense	$ 346,227

Note 8 - Interfund balances and activity:

	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General Fund	$ 1,928,431	$ -	$ -	$ -
Special Aid Fund	-	1,144,125	-	-
School Lunch Fund	-	63,741	-	-
Capital Projects Fund-Major	-	435,609	-	-
Capital Projects Fund-Non-Major	-	284,956	-	-
Debt Service Fund	-	-	-	-
Totals	$ 1,928,431	$ 1,928,431	$ -	$ -

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

Note 9 – Pension plans:

General information:

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

Provisions and administration:

The New York State Teachers' Retirement Board administers NYSTRS. The System provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. NYSTRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

NYSERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law govern obligations of employers and employees to contribute and benefits to employees. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Governor Alfred E. Smith State Office Building, Albany, New York 12244.

Funding policies:

The Systems are noncontributory for employees who joined prior to July 27, 1976. For employees who joined the Systems after July 27, 1976, and prior to January 1, 2010, employees contribute 3% to 3.5% of their salary. With the exception of ERS Tier V and VI employees, employees in the system more than ten years are no longer required to contribute. In addition, employee contributions under ERS Tier VI vary based on a sliding scale. For NYSERS, the Comptroller certifies the rates expressed as proportions of members' payroll annually, which are used in computing the contributions required to be made by employers to the pension accumulation fund. Pursuant to Article 11 of the Education Law, the New York State Teachers' Retirement Board establishes rates annually for NYSTRS.

The District is required to contribute at an actuarially determined rate. The District contributions made to the Systems were equal to 100% of the contributions required for each year.

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

	NYSERS	NYSTRS
June 30, 2020	$ 767,048	$ 1,731,838
June 30, 2019	736,909	1,595,934
June 30, 2018	730,614	1,813,355

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17-year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability. The Massena Central School District elected to make the full payment on December 15, 1989.

The State Legislature authorized local governments to make available retirement incentive programs. Nothing was charged to expenditures in the Governmental Funds in the current fiscal year.

Note 10 – Risk management:

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

The District participates in the St. Lawrence-Lewis BOCES Health Insurance Consortium, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 19 individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to $100,000 per insured event. The pool obtains independent coverage for insured events in excess of the $100,000 limit, and the District has essentially transferred all related risk to the pool.

The District participates in the St. Lawrence-Lewis BOCES Workers' Compensation Insurance Consortium, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The District has no liability as of June 30, 2020.

Note 11– Contingencies and commitments:

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 upon prior audits, the District's administration believes disallowances, if any, will be immaterial.

Note 12 – Post-employment (health insurance) benefits:

A. General information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At June 30, 2020, the following employees were covered by the benefit terms:

Retirees and survivors	344
Terminated vested employees	-
Actives	349
Total	693

B. Total OPEB Liability

The District's total OPEB liability of $187,208,779 was measured as of July 1, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2019 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.2%
Salary Scale	3.0%
Discount Rate	3.50%
Healthcare Cost Trend Rates	7.5% , decreasing to an ultimate rate of 3.94%
Retirees' Share of Benefit-Related Costs	Teachers contribute 10%, support staff $600 prior to 7/1/17 and 4-6.5% of premium after 7/1/17 administration no contribution after 15 yrs service

The discount rate was based on Bond Buyer Weekly 20-Bond GO index.

Mortality rates for active employees were based on the RPH-2014 Mortality Tables for employees, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2018. Mortality rates for retirees were based on the RPH-2014 Mortality Table for Healthy Annuitants, sex distinct, with generational mortality adjusted to 2006 using scale MP-2014, and projected forward with scale MP-2018.

The actuarial assumptions used in the July 1, 2019 valuation were based on the results of an actuarial experience study for the period July 1, 2017 to July 1, 2018.

C. Changes in the Total OPEB Liability

Balance at July 1, 2018	$ 180,661,254
Service cost	5,334,152
Interest	7,107,542
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions and other inputs	(1,218,126)
Benefit payments	(4,676,043)
Net changes	6,547,525
Balance at July 1, 2019	$ 187,208,779

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% on July 1, 2018 to 3.50% on July 1, 2019, and updated trend assumptions.

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 (2.5%) or 1 percentage point higher (4.5%) than using the current discount rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	$ 222,170,530	$ 187,208,779	$ 159,478,552

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	$ 155,044,905	$ 187,208,779	$ 229,317,362

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

For the year ended June 30, 2020 the District recognized OPEB expense of $8,795,269. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 706,489
Change of assumptions or other inputs	4,657,904	12,485,298
Employer contributions subsequent to the measurement date	4,895,019	-
Total	$ 9,552,923	$ 13,191,787

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

Year Ended June 30,	
2021	$ (3,646,425)
2022	(3,646,425)
2023	(1,566,658)
2024	460,011
2025 and Thereafter	(134,386)
	$ (8,533,883)

Note 13 – Investment in joint venture:

The District is a member of the St. Lawrence-Lewis Counties School District Employees Medical Plan Consortium and Employees Workers Compensation Plan Consortium. The Consortium's deficit or surplus is allocated back to the member school districts based upon an actuarial calculation of Consortium liabilities and its net asset levels. As of June 30, 2020, the District's share of the surplus in the Medical Plan consortium was $1,020,976 and of the surplus in the Workers Compensation consortium was $303,714.

Note 14 – NYPA receivable:

As part of an agreement with the New York Power Authority (NYPA), the District is to receive 50 annual payments of $433,200 for the years 2004 to 2053. A receivable has been recorded on the entity wide financial statements to reflect the net present value of these payments.

Note 15 – Tax abatements:

The District's property tax revenue was reduced by approximately $84,000 as a result of property tax abatement programs for the purpose of economic development. The District received Payment in Lieu of Tax (PILOT) payments totaling approximately $297,000.

Note 16 – Subsequent events:

Subsequent events have been evaluated through October 19, 2020, which is the date the financial statements were available to be issued.

The United States is presently in the midst of a national health emergency related to the COVID-19 virus. The overall consequences of COVID-19 on a national, regional and local level are unknown, but has the potential to result in a significant economic impact. The impact of this situation on the District and its future results and financial position is not presently determinable.

Massena Central School District

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

For the Year Ended June 30, 2020

	Original Budget	Revised Budget	Actual	Over / (Under) Revised Budget
REVENUES				
Local Sources				
Real property taxes	$ 11,658,655	$ 11,658,655	$ 11,824,390	$ 165,735
Other tax items	3,201,950	3,201,950	3,021,275	(180,675)
Charges for services	1,332,250	1,332,250	1,618,401	286,151
Use of money and property	510,000	510,000	406,821	(103,179)
Forfeitures	-	-	-	-
Sale of property and compensation for loss	14,000	14,000	27,578	13,578
Miscellaneous	1,511,500	1,511,500	1,798,657	287,157
Sales-school store	-	-	-	-
Interfund revenues	-	-	-	-
Total Local Sources	18,228,355	18,228,355	18,697,122	468,767
State sources	34,916,023	34,916,023	34,529,848	(386,175)
Medicaid reimbursement	125,000	125,000	54,880	(70,120)
Total Revenues	53,269,378	53,269,378	53,281,850	12,472
OTHER FINANCING SOURCES				
Proceeds from debt	-	-	-	-
Transfers from other funds	100,000	100,000	-	(100,000)
Total Revenues and Other Financing Sources	53,369,378	53,369,378	53,281,850	(87,528)

See paragraph on required supplementary information included in auditor's report.

Massena Central School District

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

For the Year Ended June 30, 2020

	Original Budget	Revised Budget	Actual	Year-end Encumbrances	Variance With Actual and Encumbrances
EXPENDITURES					
General Support					
Board of education	$ 62,690	$ 66,690	$ 56,603	$ -	$ 10,087
Central administration	215,212	217,112	208,238	-	8,874
Finance	382,641	408,328	390,115	-	18,213
Staff	114,231	115,066	105,411	-	9,655
Central services	3,064,241	3,086,191	2,779,266	-	306,925
Special items	1,866,915	1,852,118	1,823,715	-	28,403
Total General Support	5,705,930	5,745,505	5,363,348	-	382,157
Instruction					
Administration and improvement	1,592,355	1,443,172	1,381,845	-	61,327
Teaching - regular school	11,813,223	11,737,926	10,655,705	-	1,082,221
Programs for students with disabilities	8,835,898	8,977,644	8,353,154	-	624,490
Occupational education	1,696,211	1,645,766	1,618,943	-	26,823
Teaching - special school	139,388	49,388	45,962	-	3,426
Instructional media	1,446,704	1,663,934	1,531,338	2,008	130,588
Pupil services	1,865,545	1,865,545	1,650,397	-	215,148
Total Instruction	27,389,324	27,383,375	25,237,344	2,008	2,144,023
Other					
Pupil Transportation	2,384,813	2,449,464	2,161,795	-	287,669
Employee Benefits	16,713,305	16,434,972	15,091,256	-	1,343,716
Debt Service	2,583,349	2,583,349	2,483,348	-	100,001
Total Other	21,681,467	21,467,785	19,736,399	-	1,731,386
Total Expenditures	54,776,721	54,596,665	50,337,091	2,008	4,257,566
OTHER FINANCING USES					
Transfers to other funds	160,000	6,340,056	6,318,251	-	21,805
Total Expenditures and Other Uses	54,936,721	60,936,721	56,655,342	2,008	4,279,371
Net change in fund balances	(1,567,343)	(7,567,343)	(3,373,492)		
Fund balance - beginning			27,600,851		
Fund balance - ending			$ 24,227,359		

See paragragh on required supplementary information included in auditor's report.

Massena Central School District
Required Supplementary Information
Schedule of Change in Net
Other Post Employment Benefit Liability
For the Year Ended June 30, 2020

Measurement Date	7/1/17	7/1/18	7/1/19
Service cost	$ 6,267,741	$ 4,941,249	$ 5,334,152
Interest	5,604,569	6,404,981	7,107,542
Changes in benefit terms	-	(7,663,260)	-
Differences between expected and actual experience	-	(1,096,813)	-
Changes in assumptions and other inputs	(25,047,607)	7,231,332	(1,218,126)
Benefit payments	(4,204,947)	(4,262,254)	(4,676,043)
Net changes in total OPEB liability	(17,380,244)	5,555,235	6,547,525
Total OPEB Liability-beginning	192,486,263	175,106,019	180,661,254
Total OPEB Liability-ending	$ 175,106,019	$ 180,661,254	$ 187,208,779
Covered payroll	$ 18,909,789	$ 20,204,004	$ 20,008,908
Total OPEB as a percentage of covered payroll	926%	894%	936%

Massena Central School Distict

Required Supplementary Information

Proportionate Share of Net Pension Asset (Liability)-TRS

June 30, 2020

Measurement Date	6/30/14	6/30/15	6/30/16	6/30/17	6/30/18	6/30/19
District's prop.of the net pension asset (liability)	.093731%	.093093%	.093258%	.093600%	.095118%	.093480%
District's prop.share of the net pension asset (liability)	$ 10,441,012	$ 9,669,400	$ (998,832)	$ 711,456	$ 1,719,989	$ 2,428,620
District's covered payroll (thousands)	$ 14,107	$ 13,846	$ 13,984	$ 14,391	$ 14,832	$ 15,603
District's prop.share of the net pension asset (liability) as a percentage of its covered employee payroll	74.01%	69.84%	7.14%	4.94%	11.59%	15.56%
Plan fiduciary net position as a percentage of the total pension asset (liability)	111.48%	110.46%	99.01%	100.66%	101.53%	102.20%

See paragraph on required supplementary information included in auditor's report.

Massena Central School District
Required Supplementary Information
Proportionate Share of Net Pension Liability-ERS
June 30, 2020

Measurement Date	3/31/15	3/31/16	3/31/17	3/31/18	3/31/19	3/31/20
District's proportion of the net pension liability	0.0181134%	0.0180466%	0.0179982%	0.0184120%	0.0185954%	0.0189299%
District's proportionate share of the net pension liability	$ 611,916	$ 2,896,523	$ 1,691,150	$ 594,238	$ 1,317,537	$ 5,012,748
District's covered payroll	$ 4,420,000	$ 4,431,000	$ 4,687,000	$ 4,943,000	$ 5,149,000	$ 5,250,000
District's proportionate share of the net pension liability as a percentage of its covered employee payroll	13.84%	65.37%	36.08%	12.02%	25.59%	95.48%
Plan fiduciary net position as a percentage of the total pension liability	97.90%	90.70%	94.70%	98.24%	96.27%	86.39%

See paragraph on required supplementary information included in auditor's report.

Massena Central School District
Required Supplementary Information
Schedule of District Contributions
TRS Pension Plan
Last 10 Years
For the Year Ended June 30, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution (thousands)	$ 1,024	$ 1,495	$ 1,609	$ 1,775	$ 2,328	$ 2,523	$ 1,967	$ 1,813	$ 1,596	$ 1,732
Contribution in relation to contractually required contribution	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll (thousands)	14,708	13,901	13,452	14,107	13,846	13,984	14,391	14,832	15,603	15,785
Contrib.as a % of covered employee payroll	6.19%	8.62%	11.11%	11.84%	16.25%	17.53%	13.26%	11.72%	9.80%	10.62%

Massena Central School District
Required Supplementary Information
Schedule of District Contributions
ERS Pension Plan
Last 10 Years
For the Year Ended June 30, 2020

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution (thousands)	$ 498	$ 791	$ 819	$ 877	$ 835	$ 801	$ 710	$ 731	$ 737	$ 767
Contribution in relation to contractually required contribution	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll (thousands)	4,244	4,195	4,419	4,427	4,420	4,431	4,687	4,943	5,149	5,250
Contributions as a % of covered employee payroll	11.73%	18.86%	18.53%	19.81%	18.89%	18.08%	15.15%	14.79%	14.31%	14.60%

See paragraph on required supplementary information included in auditor's report.

Massena Central School District
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit - General Fund
For the Year Ended June 30, 2020

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted Budget	$ 54,442,331
Add: Prior year's encumbrances	17,998
Original Budget	54,460,329
Budget revisions	-
Final Budget	$ 54,460,329

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter approved expenditure budget	$ 56,665,033
Maximum allowed 4%	2,266,601

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

Unrestricted Fund Balance	
Assigned Fund Balance	$ 2,258,881
Unassigned Fund Balance	6,344,642
	8,603,523
Less	
Appropriated Fund Balance	2,256,873
Encumbrances	2,008
Total adjustments	2,258,881
General Fund Balance Subject to Section 1318 of Real Property Tax Law	$ 6,344,642
Actual Percentage	11.20%

Massena Central School District

Schedule of Project Expenditures - Capital Projects Fund

For the Year Ended June 30, 2020

Project Title	Original Appropriation	Revised Appropriation	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Unexpended Balance	Methods of Financing Proceeds of Obligations	Methods of Financing State Aid	Methods of Financing Local Sources	Methods of Financing Total	Fund Balance June 30, 2020
SSBA II	$ 450,932	$ 435,609	$ -	$ 435,609	$ 435,609	$ -	$ -	$ 435,609	$ -	$ 435,609	-
SSBA III	299,212	284,956	-	284,956	284,956	-	-	284,956	-	284,956	-
Fuel Island	100,000	94,570	-	94,570	94,570	-			94,570	94,570	-
HS I	9,075,000	9,075,000	-	543,467	543,467	8,531,533			5,830,053	5,830,053	5,286,586
JH I	6,120,000	6,120,000	-	169,947	169,947	5,950,053			169,947	169,947	-
NG I	4,255,000	4,255,000	-	93,795	93,795	4,161,205			-	-	(93,795)
MD I	4,262,000	4,262,000	-	-	-	4,262,000				-	-
JF I	4,042,000	4,042,000	-	-	-	4,042,000				-	-
CAB I	452,000	452,000	-	-	-	452,000				-	-
Trans I	700,000	700,000	-	-	-	700,000				-	-
Totals	$ 29,756,144	$ 29,721,135	$ -	$ 1,622,344	$ 1,622,344	$ 28,098,791	$ -	$ 720,565	$ 6,094,570	$ 6,815,135	$ 5,192,791

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

Massena Central School District
Combined Balance Sheet - Non - Major Governmental Funds
June 30, 2020

	Debt Service	Non-Major Capital Projects	School Food Service	Misc. Special Revenues	Total Non-Major Funds
ASSETS					
Cash					
Unrestricted	$ -	$ -	$ 201	$ 104,684	$ 104,885
Restricted	2,316,489	-	-	-	2,316,489
Receivables					
Accounts receivable	-	-	-	212	212
State and Federal aid	-	284,956	70,145	-	355,101
Due from other funds	-	-	-	-	-
Inventories	-	-	73,139	-	73,139
Prepaid expenditures	-	-	-	-	-
Total Assets	$2,316,489	$ 284,956	$ 143,485	$ 104,896	$2,849,826
LIABILITIES					
Payables					
Accounts payable	$ -	$ 93,795	$ 486	$ -	$ 94,281
Accrued liabilities	-	-	-	-	-
Due to other funds	-	284,956	63,741	-	348,697
Due to other governments	-	-	1,694	-	1,694
Unearned credits					
Overpay. and collections in advance	-	-	4,425	-	4,425
Total Liabilities	-	378,751	70,346	-	449,097
FUND BALANCES					
Nonspendable	-	-	73,139	-	73,139
Restricted	2,316,489	-	-	-	2,316,489
Assigned	-		-	104,896	104,896
Unassigned	-	(93,795)	-	-	(93,795)
Total Fund Balances	2,316,489	(93,795)	73,139	104,896	2,400,729
Total Liabilities and Fund Balances	$2,316,489	$ 284,956	$ 143,485	$ 104,896	$2,849,826

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

Massena Central School District

Combined Statement of Revenues, Expenditures and Changes in Fund Equity - Non-Major Governmental Funds

For the Year Ended June 30, 2020

	Debt Service	Non-Major Capital Projects	School Food Service	Misc Special Revenues	Total Non-Major Funds
REVENUES					
Use of money and property	$ 32,548	$ -	$ -	$ -	$ 32,548
Miscellaneous	-	-	11,629	81,830	93,459
State sources	-	284,956	29,583	-	314,539
Federal sources	-	-	791,042	-	791,042
Surplus food	-	-	82,954	-	82,954
Sales-school lunch and store	-	-	170,031	-	170,031
Total revenues	32,548	284,956	1,085,239	81,830	1,484,573
EXPENDITURES					
General support	-	-	491,890	54,066	545,956
Instruction	-	53,510	-	-	53,510
Employee benefits	-	-	363,703	-	363,703
Cost of sales	-	-	414,477	-	414,477
Capital outlay	-	589,758	-	-	589,758
Total expenditures	-	643,268	1,270,070	54,066	1,967,404
Excess (Deficiency) of Revenues Over Expenditures	32,548	(358,312)	(184,831)	27,764	(482,831)
OTHER FINANCING SOURCES AND USES					
Operating transfers in	-	264,517	193,945	-	458,462
Operating transfers out	-	-	-	-	-
Total Other Sources and Uses	-	264,517	193,945	-	458,462
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	32,548	(93,795)	9,114	27,764	(24,369)
Fund Balances-Beginning of year	2,283,941	-	64,025	77,132	2,425,098
Fund Balances-End of year	$ 2,316,489	$ (93,795)	$ 73,139	$ 104,896	$ 2,400,729

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

Massena Central School District
Investment in Capital Assets, Net of Related Debt
For the Year Ended June 30, 2020

Capital Assets, Net		$ 32,857,047
Add:		
Unamortized excess paid to escrow agent for refinancing		605,656
Deduct:		
Unamortized bond premium from refinancing	327,651	
Short-term portion of bonds payable	2,220,000	
Long-term portion of bonds payable	8,615,000	
Total Deductions		11,162,651
Investment in Capital Assets, Net of Related Debt		$ 22,300,052

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

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564 East Main Street
Malone, NY 12953
(518) 483-0880

Carl A. Seyfarth Jr. CPA
Ann E. Seyfarth CPA

Independent Auditor's Report on the Extraclassroom Activity Fund

To the Board of Education
Massena Central School District

We were engaged to audit the accompanying Statement of Assets and Liabilities Arising From Cash Transactions of the Extraclassroom Activity Fund of Massena Central School District as of June 30, 2020 and the related notes.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on conducting the audit in accordance with auditing standards generally accepted in the United States of America and the Minimum Program for Audits of Financial Records of New York State School Districts. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for our audit opinion.

Basis for Disclaimer of Opinion

We were unable to obtain access to sufficient student activity records or perform interviews due to the COVID 19 national health emergency.

Disclaimer of Opinion

Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on this financial statement.

Basis of Accounting

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

Report on Supplementary Information

We were engaged for the purpose of forming an opinion on the Statement of Assets and Liabilities Arising From Cash Transactions. The accompanying Schedule of Extraclassroom Activity Fund Cash Receipts, Disbursements and Ending Balances is presented for purposes of additional analysis and is not a required part of the Statement of Assets and Liabilities Arising From Cash Transactions. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraph it is inappropriate to and we do not express an opinion on the supplementary information referred to above.

Seyfarth & Seyfarth CPAs, P.C.

Seyfarth & Seyfarth CPAs, P.C.
Malone, NY

October 19, 2020

Massena Central School District

Statement of Assets and Liabilities Arising From Cash Transactions

June 30, 2020

Assets	
Cash	$ 168,201
Liabilities	
Extraclassroom activity balances	$ 168,201

See notes to financial statements - extra-classroom activity fund.

Massena Central School District

Schedule of Receipts, Disbursements and Ending Balances - Extra-classroom Activity Fund

For the Year Ended June 30, 2020

Activity	Beginning Balance 7/1/19	Receipts	Expenditures	Ending Balance 6/30/20
Lego Robotics Club	$ 5,524	$ 3,350	$ 1,068	$ 7,806
JH Field Experience	12,013	61,946	47,204	26,755
JH Ski Club	239	-	-	239
JH Student Council	4,550	12,998	9,024	8,524
HS Art Club	328	196	65	459
Band Club	8,540	3,663	3,114	9,089
Mixed Choir	4,374	7,071	6,017	5,428
Orchestra Club	114	-	-	114
Yearbook Club	9,757	2,752	10,191	2,318
Spanish Honor Society Club	780	1,788	1,240	1,328
HS French Club	882	2,473	1,867	1,488
Spanish Club	3,553	568	571	3,550
Thespian Club	21,532	6,984	12,966	15,550
National Honor Society Club	744	-	555	189
HS Student Council	3,804	4,462	1,851	6,415
Native American Club	2,060	-	-	2,060
Athletic Club	50,277	69,435	78,506	41,206
Interact Club	605	100	200	505
Chess Club	1,189	639	620	1,208
HS Life Skills Club	40	-	-	40
Class of 2017	66	-	-	66
Class of 2018	52	-	-	52
Class of 2019	964	147	1,111	-
Class of 2020	6,088	31,838	33,174	4,752
Class of 2021	1,074	-	-	1,074
Class of 2022	3,874	464	468	3,870
Class of 2023	-	3,724	2,516	1,208
Community Based Work Program	1,325	206	387	1,144
Environmental Science Club	-	1,000	26	974
HS Café	5,790	16,960	14,663	8,087
French Honor Society	918	989	693	1,214
Jefferson Student Council	3,603	-	-	3,603
Madison Student Council	2,887	3,143	2,585	3,445
Nightengale Student Council	691	5,791	2,041	4,441
	$ 158,237	$ 242,687	$ 232,723	$ 168,201

See notes to financial statements - extra-classroom activity fund.

Massena Central School District
Notes to Financial Statements – Extraclassroom Activity Fund
June 30, 2020

Note 1 - Summary of Significant Accounting Policies

The transactions of the Extraclassroom Activity Funds are not considered part of the reporting entity of the Massena Central School District. Consequently, such transactions are not included in the combined financial statements of the School District.

The books and records of the Massena Central School District's Extraclassroom Activities Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Massena Central School District
Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2020

Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Provided to Subrecipients	Expenditures
US Department of Agriculture				
Passed through NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (food distribution)				
National School Lunch Program	10.555			$ 82,954
Non-cash assistance subtotal				82,954
Cash Assistance				
National School Lunch	10.555			445,224
Summer Food Service Program	10.559			168,773
National School Breakfast	10.553			177,046
Cash assistance subtotal				791,043
Total US Department of Agriculture Child Nutrition Cluster Passed-through NYS Education Department			-	873,997
US Department of Education				
Passed through NYS Education Department:				
Special Education Cluster:				
Special Education- Grants to States	84.027	0032-20-0795		698,574
Special Education- Preschool Grants	84.173	0033-20-0795		13,721
Total Special Education Cluster				712,295
Title I Grants to LEAS	84.010	0021-20-2630		1,141,488
Title I Grants to LEAS	84.010	0021-19-2630		15,522
Title I Grants to LEAS	84.010	0011-20-3088		2,000
Total Title I				1,159,010 *
Title IIA	84.367	0147-20-2630		147,358
Title IIA	84.367	0147-19-2630		940
Title IV Part A	84.424	0204-20-2630		77,884
Title V Part B	84.358	0006-20-2630		46,555
Title VI	84.060	S060A172282		73,278
Total U.S. Department of Education Passed-through NYS Education Department			-	2,217,320
Total Federal Awards Expended			$ -	$ 3,091,317

* Major Program

Note 1 – Basis of Presentation:

The accompanying schedule of expenditures of federal awards (the Schedule) presents the activity of federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, for the year ended June 30, 2020. Federal awards that are included in the schedule may be received directly from federal agencies, as well as federal awards that are passed through from other government agencies. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of 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.

Note 2 – Summary of Significant Accounting Policies:

Expenditures reported on the Schedule are reported using the modified accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

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 a rate established by New York State. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

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 and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

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Carl A. Seyfarth Jr. CPA
Ann E. Seyfarth 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 Auditor's Report

To the Board of Education
Massena Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Massena Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Massena Central School District's basic financial statements and have issued our report thereon dated October 19, 2020.

Internal Control Over Financial Reporting

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Massena Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as items 2020-001 and 2020-002.

Massena Central School District's Response to Findings

Massena Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Massena Central School District's response was not subjected to the auditing procedures applied in the audit of the financial statements, and, accordingly, we express no opinion on it.

Purpose of This Report

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

Seyfarth & Seyfarth CPAs, P.C.
Seyfarth & Seyfarth CPAs, P.C.
Malone, NY

October 19, 2020

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564 East Main Street
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Carl A. Seyfarth Jr. CPA
Ann E. Seyfarth CPA

Report on Compliance For Each Major Federal Program; Report on Internal Control Over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

To the Board of Education
Massena Central School District

Report on Compliance for Each Major Federal Program

We have audited Massena 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 Massena Central school District's major federal programs for the year ended June 30, 2020. Massena 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.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Massena 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 Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the 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 Massena 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 of Massena Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Massena 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, 2020.

Report on Internal Control Over Compliance

Management of Massena 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 Massena 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 the 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 Massena Central School 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 Massena Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Massena Central School District's basic financial statements. We issued our report thereon dated October 19, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements the 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 and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Seyfarth & Seyfarth CPAs, P.C.

Seyfarth & Seyfarth CPAs, P.C.
Malone, NY

October 19, 2020

Massena Central School District
Schedule of Findings and Questioned Costs
June 30, 2020

Section I-Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	Unmodified			
Internal Control over financial reporting: Material weakness identified?		Yes	x	No
Significant deficiencies identified?		Yes	x	None reported
Noncompliance material to financial statements noted?		Yes	x	No

Federal Awards

Internal control over major programs: Material weakness identified?		Yes	x	No
Significant deficiencies identified?		Yes	x	None reported
Type of auditors' report issued on compliance for major programs	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR-200.516(a)		Yes	x	No

Identification of major programs:

CFDA Numbers	Name of Federal Program or Cluster
84.010	Title I Grants to LEAS

Dollar Threshhold used to distinguish between type A and type B programs	$ 750,000			
Auditee qualified as low-risk auditee?	x	Yes		No

Massena Central School District
Schedule of Findings and Questioned Costs
June 30, 2020

Section II – Financial Statement Findings

2020-001 Reserves

Criteria: According to GML Section 6-p, the employee benefit accrued liability reserve is used to reserve funds for payments of accrued employee benefits due upon termination of service.

Condition: During our review of the District's fund balance reservations, we noted that the employee benefit accrued liability reserve appears to be too high. The balance exceeds the amounts currently accrued for future employee benefits by approximately $6.97 million.

Context: This is a situation that originated many years ago. The District obtained permission from the NYS Comptroller to utilize a portion of the reserve in fiscal years ended June 30, 2012 and 2013.

Effect: Overstatement of this reserve could result in an understatement of unrestricted fund balance. Unrestricted fund balance is limited under New York State Real Property Tax law.

Recommendation: We recommend that the District review its employee benefit accrued liability reserve for compliance with state regulations.

Management's Response: See attached

Massena Central School District
Schedule of Findings and Questioned Costs
June 30, 2020

2020-002 Fund Balance

Criteria: New York State Real Property Tax Law requires school districts to maintain their unrestricted fund balance at or below 4 percent of the ensuing year's appropriations.

Condition: The portion of the District's fund balance subject to the New York State Real Property Tax Law limit exceeded the amount allowable.

Context: Last year, the unrestricted fund balance was approximately 8.5%, $2.5 million over the limit. There has been excess fund balance in several of the prior years. The unrestricted fund balance at June 30, 2020 is approximately 11.2%, $4.08 million over the limit.

Effect: Excess funds were not used to for such purposes as increasing legally adopted reserves, paying off debt and/or reducing property taxes.

Cause: The District adopted budgets with appropriations which exceeded the actual amounts needed.

Recommendation: We recommend that the District keep in mind the 4% rule when preparing future budgets.

Management's Response: See attached

NICKOLAS BROUILLETTE
Business Manager

MALLORY OLSON
District Treasurer

SAMANTHA KORMANYOS
Payroll/Account Clerk

JULIE LOCEY
Accounts Payable Clerk

MASSENA CENTRAL SCHOOL DISTRICT
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PATRICK H. BRADY
Superintendent of Schools

10/5/2020

To: Seyfarth & Seyfarth,

Management Response to Fund Balance:

The District will review the Fund Balance with the Finance Committee and establish a long-term financial plan to comply with NYS Real Property Law Section 1318. The District has worked diligently to reduce the percentage of undesignated funds through establishing new reserves, such as the Capital Reserve and Teachers' Retirement Contribution Reserve. By creating these reserves the district has better prepared itself for the future, as we do not know what State Aid will be from year to year. The district also appropriates a portion of Fund Balance to support the General Fund budget and keep tax levy increases at bay. The district went out with a zero percent tax levy increase for the 2016-17 fiscal year, less than one percent increase for the 2017-18 & 2018-19 years, zero percent for 2019-20 and under two percent for 2020-21 even with flat State Aid, which are all considerably below the tax levy limit. Additionally the District transferred the $6M in Capital Reserves to aid in the financing of the $49.6M Capital Improvement Project passed by the voters on December 12th, 2019. The district expects to resolve this in the 2020-21 fiscal year.

Management Response to EBLAR:

The district is working on a plan to redistribute the excess funds within the Employee Benefit Accrued Liability Reserve, but it is currently regulated by the State Comptroller's Office and is a rather intricate process. The district was allowed to use the excess balance of the reserve to fund its' budget deficit up to the GAP Elimination Adjustment. Now that the adjustment is gone, the district is only able to use the reserve for its' intended purpose: to pay employees for their unused and accumulated sick days at retirement. We are currently evaluating other reserve options for this money, including Retirement Reserve Accounts and the Capital Reserve. The district expects to resolve this in the 2020-21 fiscal year.

Respectfully,

Nickolas Brouillette

Nickolas Brouillette

Section III-Federal Award Findings and Questioned Costs

Nothing reported for 2020

Massena Central School District
Schedule of Prior Year Findings
June 30, 2020

2019-001 Reserves
Status: Not Corrected. See 2020-001

2019-002 Fund Balance
Status: Not Corrected. See 2020-002

FORM OF BOND COUNSEL'S OPINION

October 20, 2021

Massena Central School District,
County of St. Lawrence,
State of New York

Re: Massena Central School District, St. Lawrence County, New York
$1,760,000* School District Refunding (Serial) Bonds, 2021

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $1,760,000* School District Refunding (Serial) Bonds, 2021 (the "Obligations"), of the Massena Central School District, St. Lawrence County, State of New York (the "Obligor"), dated ________________________, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ____ hundredths per centum (_____%) per annum as to bonds maturing in _____, payable on January 15, 2022, July 15, 2022, and semi-annually thereafter on January 15 and July 15, and maturing in the amount of $_________ on January 15, 2022, $_________ on January 15, 2023, $_________ on January 15, 2024, $_________ on January 15, 2025, $_________ on January 15, 2026, $___________ on January 15, 2027, $________________ on January 15, 2028, $_________ on January 15, 2029, $____________ on January 15, 2030, $____________ on January 15, 2031, $____________ on January 15, 2032 and $____________ on January 15, 2033.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

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* Preliminary, subject to change.

In our opinion:

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

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

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 Obligations) 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 Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP