

RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Trespasz & Marquardt, LLP, Bond Counsel to the District, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming, among other matters, compliance by the School District with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended. In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. See "TAX MATTERS" herein.

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

\$1,750,000

**NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT AT ELLENBURG
CLINTON COUNTY, NEW YORK**

GENERAL OBLIGATIONS

**\$1,750,000 Bond Anticipation Notes, 2021 (Renewals)
(the "Notes")**

Dated: May 25, 2021

Due: May 25, 2022

The Notes are general obligations of the Northern Adirondack Central School District at Ellenburg, Clinton County, New York (the "School District"). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "THE NOTES – Nature of the Obligations" and "TAX LEVY LIMITATION LAW" herein. The Notes are not subject to redemption prior to maturity.

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

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the School District. The Notes will be issued in denominations of \$5,000 or multiples thereof. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective approving legal opinions as to the validity of the Notes of Trespasz & Marquardt, LLP, Bond Counsel, Syracuse, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon on or about May 25, 2021.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on May 12, 2021 by no later than 11:00 A.M., Eastern Time, pursuant to the respective Notices of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the respective Notices of Sale.

May __, 2021

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

**NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT AT ELLENBURG
CLINTON COUNTY, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2020-2021 BOARD OF EDUCATION

PHALON MINER
President



BRYAN TROMBLEY
Vice President

MARK DECOSTE
STEVEN BARTLEMUS
TREVOR FINLEY
WILLIE VENNE

* * * * *

JAMES C. KNIGHT, JR.
Superintendent of Schools

BRIAN TOUSIGNANT
Business Administrator



HARRIS BEACH PLLC
School District Attorney



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor



TRESPASZ & MARQUARDT, LLP
BOND COUNSEL

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE NOTES.....	1	SPECIAL PROVISIONS AFFECTING	
Description of the Notes.....	1	REMEDIES UPON DEFAULT	26
Purpose of Issue	1	MARKET AND RISK FACTORS.....	27
Nature of the Obligations	2	Cybersecurity	28
BOOK-ENTRY-ONLY SYSTEM	3	COVID-19.....	28
Certificated Notes.....	4	CONTINUING DISCLOSURE.....	28
THE SCHOOL DISTRICT	5	Historical Continuing Disclosure Compliance	28
General Information.....	5	TAX MATTERS.....	29
District Population	5	LEGAL MATTERS	29
Selected Wealth and Income Indicators	5	LITIGATION.....	30
Unemployment Rate Statistics	6	RATINGS	30
Form of School Government.....	6	MUNICIPAL ADVISOR.....	30
Budgetary Procedures and Recent Budget Votes	6	CUSIP IDENTIFICATION NUMBERS	30
Investment Policy.....	7	MISCELLANEOUS.....	31
State Aid.....	7	APPENDIX - A	
State Aid Revenues	11	GENERAL FUND - Balance Sheets	
District Facilities	12	APPENDIX - A1	
Enrollment Trends.....	12	GENERAL FUND – Revenues, Expenditures and	
Employees.....	12	Changes in Fund Balance	
Status and Financing of Employee Pension Benefits	12	APPENDIX - A2	
Other Post-Employment Benefits.....	15	GENERAL FUND – Revenues, Expenditures and	
Financial Statements	16	Changes in Fund Balance - Budget and Actual	
State Comptroller Reports of Examination.....	16	APPENDIX – B	
The State Comptroller’s Fiscal Stress Monitoring System...	17	BONDED DEBT SERVICE	
Other Information.....	17	APPENDIX – B1	
TAX INFORMATION.....	18	CURRENT BONDS OUTSTANDING	
Taxable Assessed Valuations	18	APPENDIX - C	
Tax Rate Per \$1,000 (Assessed).....	18	MATERIAL EVENT NOTICES	
Tax Collection Procedure.....	19	APPENDIX – D	
Tax Levy and Tax Collection Record.....	19	FORM OF BOND COUNSEL’S OPINION	
Real Property Tax Revenues	19	APPENDIX - E	
Ten Largest Taxpayers – 2020-21 District Tax Roll	20	AUDITED FINANCIAL STATEMENTS –	
STAR - School Tax Exemption.....	20	Fiscal Year Ended June 30, 2020	
Additional Tax Information.....	21		
TAX LEVY LIMITATION LAW.....	21		
STATUS OF INDEBTEDNESS	22		
Constitutional Requirements	22		
Statutory Procedure.....	22		
Debt Outstanding End of Fiscal Year.....	23		
Details of Outstanding Indebtedness	23		
Debt Statement Summary.....	24		
Bonded Debt Service.....	24		
Cash Flow Borrowings.....	24		
Capital Project Plans	24		
Estimated Overlapping Indebtedness	25		
Debt Ratios.....	25		

PREPARED WITH THE ASSISTANCE OF



Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051
www.fiscaladvisors.com

OFFICIAL STATEMENT
of the
NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT AT ELLENBURG
CLINTON COUNTY, NEW YORK
Relating To
\$1,750,000 Bond Anticipation Notes, 2021 (Renewals)

This Official Statement, which includes the cover page, has been prepared by the Northern Adirondack Central School District at Ellenburg, Clinton County, New York (the “School District” or “District”, “County”, and “State”, respectively) in connection with the sale by the District of \$1,750,000 principal amount of Bond Anticipation Notes, 2021 (Renewals) (the “Notes”).

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

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

THE NOTES

Description of the Notes

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

The Notes are dated May 25, 2021 and mature, without option of prior redemption, on May 25, 2022. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. The Notes are not subject to redemption prior to maturity.

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

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and other proceedings and determinations relating thereto, including a bond resolution adopted by the Board of Education of the District on May 6, 2019 authorizing the issuance and sale of up to \$1,853,005 serial bonds to finance the District’s share of a project approved by the qualified voters of the Clinton-Essex-Warren-Washington Board of Cooperative Educational Services (the “CEWW BOCES”) at a special meeting held on December 11, 2018. The District is a component school district of the CEWW BOCES.

The proceeds of the Notes together with \$100,000 available funds of the District will be used to redeem \$1,850,000 bond anticipation notes maturing on May 26, 2021 and issued for the aforementioned purpose.

Nature of the Obligations

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

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

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

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

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

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

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

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

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

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes

may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The District encompasses approximately 450 square miles within the Towns of Altona, Beekmantown, Bellmont, Chazy, Clinton, Dannemora, Ellenburg, Mooers and Saranac in Clinton and Franklin Counties. The District is located in the northeastern corner of the Adirondack Park with the city of Plattsburgh approximately 25 miles to the southeast and the city of Saranac Lake approximately 40 miles to the south. The district is also within close proximity of the Canadian border which provides the community with easy access to the city of Montreal, Canada.

The District is served by a road network which includes the United States Route #11, State Route #190, Interstate Route #87, and a variety of local roadways.

New York State Electric & Gas provides electricity and gas service to residential, commercial and industrial users.

Fire protection is furnished throughout the District by volunteer fire companies and through fire protection districts. Police protection is provided by local police departments.

Commercial banks located within or in close proximity to the District include NBT Bank, N.A., TD Bank, N.A., Dannemora Federal Credit Union, and KeyBank, N.A.

Source: District officials.

District Population

The District has an estimated 2019 population of 6,067. (Source: U.S. Census Bureau, 2015-2019 American Community Survey 5-Year Estimates.)

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 and County is 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 is necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
Towns of:						
Altona	\$ 15,312	\$ 16,986	\$ 19,763	\$ 41,442	\$ 47,177	\$ 58,077
Beekmantown	18,792	27,800	43,652	45,915	76,055	75,862
Bellmont	16,542	23,945	36,287	35,852	52,344	69,327
Chazy	18,125	23,500	30,948	47,589	61,032	77,833
Clinton	11,787	17,578	30,209	34,375	56,000	88,036
Dannemora	18,614	8,828	8,942	43,850	51,563	75,625
Ellenburg	16,559	24,256	25,197	37,813	64,315	63,421
Mooers	15,645	19,090	27,411	41,908	50,982	60,714
Saranac	18,242	24,620	29,919	51,542	67,321	78,629
County of:						
Clinton	17,946	22,036	27,761	45,732	60,280	71,048
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 School District as such. The smallest area for which such statistics are available (which includes the School District) is the County of Clinton. The information set forth below with respect to the County is included for information purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County is necessarily representative of the School District, or vice versa.

	<u>Annual Average</u>							
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Clinton County	8.5%	6.7%	5.9%	5.5%	5.2%	4.4%	4.2%	8.0%
New York State	7.8%	6.3%	5.2%	4.9%	4.6%	4.1%	3.8%	10.0%

	<u>2020-21 Monthly Figures</u>											
	<u>2020</u>						<u>2021</u>					
	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
Clinton County	12.5%	10.4%	10.8%	7.7%	5.1%	5.0%	5.2%	6.1%	7.3%	7.0%	6.2%	N/A
New York State	15.7%	14.8%	14.8%	11.6%	9.9%	8.3%	8.3%	8.5%	9.4%	9.7%	8.5%	N/A

Note: Unemployment rates for the month of April 2021 are not available as of the date of this Official Statement. Unemployment rates spiked in April, 2020 as a result of the COVID-19 pandemic and the impact of the pandemic is expected to be felt for the foreseeable future.

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 seven members with overlapping five year terms. Each Board member must be a qualified voter of the School District and no Board member may hold certain other School District offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members. The President of the Board is the chief fiscal officer of the School District.

Budgetary Procedures and Recent Budget Votes

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

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

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

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

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

Recent Budget Votes

The budget for the 2019-2020 fiscal year was approved by the qualified voters on May 21, 2019 by a vote of 263 to 47. The District's adopted budget for 2019-2020 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011.

On May 18, 2020, the District Board of Education adopted a revised budget for the 2020-21 school year of \$23,758,650. This budget was revised from the proposal that was approved on April 20, 2020 in the amount of \$24,287,699 in an effort to absorb the potential State Aid reductions up to 20% of the overall Foundation Aid provided by the State. The approved budget was an increase of \$1,186,525 over the budget that was approved for the 2019-20 school year (\$22,572,125). The budget for the 2020-21 fiscal year was approved by the qualified voters on June 16, 2020 by a vote of 1,259 to 472. The District's adopted budget for 2020-21 exceeded the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget included a total tax levy increase of 49.27%, which was above the District tax levy limit of 3.60%.

The District's proposed budget for the 2021-22 fiscal year includes a 5.48% tax levy increase which is within a projected tax levy limit of 5.65% for the 2021-22 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) certificates of deposit or time deposit accounts that are fully secured as required by statute, (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, and (4) repurchase agreements involving the purchase and resale of obligations of the United States of America or obligations of agencies of the federal government, if principal and interest is guaranteed by the United States of America and the securities are registered in the name of the School District and held by a custodial bank in accordance with the policies established by the New York State Comptroller.

The School District does not invest in so-called "derivatives" including reverse purchase agreements, which are not authorized investments for municipalities and school districts in the State.

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the School Districts can be paid only if the State has such monies available for such payment. In its adopted budget for the 2020-21 fiscal year, approximately 63.0% 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 amount of State aid to school districts is dependent in part upon the financial condition of the State. Due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken and continues to take steps designed to mitigate the spread and impacts of COVID-19. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue 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. It was anticipated that the State would be required to take certain gap-closing actions, including, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. However, based on published reports of the State 2021-22 Enacted Budget, it appears that the State will not delay or reduce payments of State aid to school districts, including the School District.

The State's 2020-2021 Enacted Budget authorizes the State's Budget Director to make periodic adjustments to nearly all State spending, including State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. Specifically, the legislation provides that the State Budget Director will determine whether the State's 2020-2021 budget is balanced during three "measurement periods": April 1 to April 30, May 1 to June 30, and July 1 to Dec. 31. According to the legislation, if "a General Fund imbalance has occurred during any Measurement Period," the State's Budget Director will be empowered to "adjust or reduce any general fund and/or state special revenue fund appropriation ... and related cash disbursement by any amount needed to maintain a balanced budget," and "such adjustments or reductions shall be done uniformly across the board to the extent practicably or by specific appropriations as needed." The legislation further provides that prior to making any adjustments or reductions, the State's Budget Director must notify the Legislature in writing and the Legislature has 10 days following receipt of such notice to prepare and approve its own plan. If the Legislature fails to approve its own plan, the Budget Director's reductions take effect automatically. (See "*State Aid History*" herein).

On October 30, 2020, the New York State Division of the Budget ("DOB") released the fiscal year ending 2021 First Quarterly State Budget Financial Plan Update, which projects a \$14.9 billion General Fund revenue decline and a 15.3% decline in tax receipts from prior budget forecasts. The State further projects a total revenue loss of \$63 billion through the State's fiscal year ending 2024 as a direct consequence of the COVID-19 pandemic. The State has announced that in the absence of Federal funding to offset this revenue loss, the State has 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. According to the State, all or a portion of such temporary reductions in aid payments may be converted to permanent reductions, depending on the size and timing of any new Federal aid. Such reductions or delays in the payment of State aid could adversely affect the financial condition of municipalities and school districts in the State.

As of February 1, 2021, the State Education Department has advised school districts that DOB will, at some point, be providing approval for State Education Department to make the payments for State aid and other pre-K – 12 grant programs that had been subject to the above-referenced 20% withholding. As of the date of this Official Statement the District has received all previously withheld State aid.

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.

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.

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*" herein).

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, 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 the event a mid-year reduction in State aid, a deficiency note may be issued in a restricted amount.

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 88.9% of debt service on State Education Department approved expenditures from July 1, 2004 to the present. (See also "*State Aid*" herein).

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

State aid history:

School district fiscal year (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.

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.

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

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these federal funds, State aid in the school district fiscal year 2020-2021 was expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid is continued under existing aid formulas. Out-year growth in School Aid reflected current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% percent of estimates or if actual disbursements exceed 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget.

School district fiscal year (2021-2022): The State's 2021-22 Budget 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. Under the budget, local governments are to receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and will receive a full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

Federal aid received by the State

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

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 District has been allocated and expects to receive \$2,740,000 of American Rescue Plan funding. As of the date of this Official Statement it is not possible to predict the long-term impacts that the American Rescue Plan will have on the finances of the State.

Although the American Rescue Plan provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction 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.

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.

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 new figures comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2015-2016	\$ 20,190,567	\$ 14,199,555	70.33%
2016-2017	20,559,521	14,395,473	69.88
2017-2018	20,988,525	14,842,110	70.72
2018-2019	21,563,835	15,208,833	70.53
2019-2020	21,764,375	15,488,373	71.16
2020-2021 (Budgeted)	23,758,650	14,960,000	62.97
2021-2022 (Proposed)	24,737,225	15,627,225	63.17

Source: Audited financial statements for the 2015-16 through 2019-20 fiscal years, adopted budget for the 2020-21 fiscal year and proposed budget for the 2021-22 fiscal year. This table is not audited.

Note: 2021-22 proposed budget figures are preliminary, and subject to change prior to budget adoption.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Elementary School	Pre-K – 5	700	1939, 56
Jr./Sr. High School	6-12	700	1970, 2012
Bus Maintenance	---	N/A	1983

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2015-16	845	2020-21	850
2016-17	860	2021-22	850
2017-18	869	2022-23	850
2018-19	837	2023-24	850
2019-20	825 ⁽¹⁾	2024-25	850

⁽¹⁾ Enrollment figures reflect no Pre-K students due to COVID-19.

Source: District officials.

Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expiration of the various collective bargaining agreements are as follows:

<u>Employees</u>	<u>Unit</u>	<u>Contract Expiration Date</u>
92	New York State United Teachers	June 30, 2021 ⁽¹⁾
74	Civil Service Employees' Association	June 30, 2020 ⁽¹⁾
3	School Administrators' Association of New York State	June 30, 2020 ⁽¹⁾
7	Administration/Management Confidential	Various

⁽¹⁾ Currently under negotiations.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally 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, budgeted figures for the 2020-21 fiscal year and proposed figures for 2021-22 are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2015-2016	\$ 301,968	\$ 848,621
2016-2017	301,554	773,239
2017-2018	297,701	673,450
2018-2019	293,708	714,977
2019-2020	296,882	608,619
2020-2021 (Budgeted)	300,000	676,800
2021-2022 (Proposed)	310,500	700,500

Note: 2021-22 proposed budget figures are preliminary, and subject to change prior to budget adoption.

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 currently does not have early retirement incentive programs for its employees.

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

A chart of average ERS and TRS rates as a percent of payroll (2015-16 to 2020-21) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2015-16	18.2%	13.26%
2016-17	15.5	11.72
2017-18	15.3	9.80
2018-19	14.9	10.62
2019-20	14.6	8.86
2020-21	14.6	9.53

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

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

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

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

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

The 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. As of the date of this Official Statement, the District has not yet determined whether it will establish such a fund.

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

Other Post-Employment Benefits

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

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

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

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

The District contracted with an actuarial firm to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2019 and 2020 fiscal years, by source.

	Balance beginning at:	July 1, 2018	July 1, 2019
		\$ 40,710,794	\$ 46,189,667
<u>Changes for the year:</u>			
Service cost		1,258,104	1,594,266
Interest on total OPEB liability		1,491,092	1,824,537
Changes in Benefit Terms		29,867	-
Differences between expected and actual experience		5,593,186	-
Changes in Assumptions or other inputs		(1,793,983)	1,159,100
Benefit payments		(1,099,393)	(1,276,547)
Net Changes		\$ 5,478,873	\$ 3,301,356
	Balance ending at:	June 30, 2019	June 30, 2020
		<u>\$ 46,189,667</u>	<u>\$ 49,491,023</u>

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

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

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

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

Financial Statements

The School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2020 and has been filed with the Electronic Municipal Market Access (“EMMA”) website. It is also attached hereto as “APPENDIX-E” to this Official Statement. Certain financial information of the School District can also be found attached as Appendices to the Official Statement.

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

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

New York State Comptroller Reports of Examination

The New York State Comptroller’s office released an audit report of the District most recently on September 25, 2020. The purpose of the audit was to determine whether the Board and District officials effectively manage the District’s financial condition for the period July 1, 2016 through December 31, 2019.

Key Findings:

- Expenditures have exceeded appropriations by a total \$626,000 in 2017-18 and 2018-19. Additionally, the budgets are not structurally balanced and have used \$1.5 million in appropriated fund balance to fund operations.
- Because of the District’s ongoing reliance on fund balance to finance expenditures, the total fund balance has declined from about \$2.5 million at the beginning of 2017-18 to about \$1 million at the end of 2018-19.
- The Board has not adopted a multiyear financial plan or a plan to address the declining fund balance.

Key Recommendations:

- Adopt realistic and structurally balanced budgets.
- Continue to monitor the budget and make modifications as needed.
- Develop a comprehensive multiyear financial plan that addresses the declining fund balance.

The District provided a complete response to the State Comptroller’s office on June 19, 2020. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

The New York State Comptroller’s office released an additional audit report of the District on September 25, 2020. The purpose of the audit was to determine whether the District accurately maintains employee leave records for the period July 1, 2017 through October 31, 2019.

Key Findings

- Employees are allowed to earn vacation leave accruals that exceed the amount allowed in Board-approved contracts.
- Errors occurred in the leave records maintained for 24 of the 33 (73 percent) employees tested.
- The District overpaid seven employees \$29,686 for unused leave accruals.

Key Recommendations

- Ensure employees do not use leave time they are not entitled to.
- Update accrual balances to reflect Board-approved contracts.
- Discuss overpayments with the District’s legal counsel and take appropriate action to recover funds.

The District provided a complete response to the State Comptroller’s office on June 19, 2020. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

A copy of the complete reports can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the 2015 through 2020 fiscal years of the District are as follows:

<u>Fiscal Year Ending</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2020	Significant ⁽¹⁾	83.3
2019	Significant ⁽¹⁾	66.7
2018	No Designation	18.3
2017	No Designation	3.3
2016	No Designation	3.3
2015	No Designation	21.7

- ⁽¹⁾ Recent fiscal stress scores and stress designations have reflected scoring based on the District's ongoing reliance on fund balance to finance expenditures. The District has taken steps to address the declining fund balance including multi-year financial forecasting and aggressive budget planning. (See also "New York State Comptroller Reports of Examination" herein for additional information).

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.

Other Information

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

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

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

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

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

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Towns of:					
Altona	\$ 100,810,548	\$ 101,179,070	\$ 102,248,501	\$ 103,074,694	\$ 104,493,528
Beekmantown	4,387,270	4,380,802	4,701,411	4,757,039	5,351,414
Bellmont	7,398,981	7,397,614	7,397,756	7,417,227	7,453,234
Chazy	663,167	666,740	653,089	690,847	673,210
Clinton	33,345,281	33,410,267	33,917,013	34,279,429	34,915,983
Dannemora	107,840,867	109,526,531	111,931,480	113,110,910	117,657,108
Ellenburg	117,945,820	118,528,123	121,371,894	122,210,419	126,161,901
Mooers	17,265,444	17,352,354	17,816,834	17,766,864	19,220,253
Saranac	3,019,915	3,033,343	2,926,468	2,916,995	3,010,167
Total Assessed Values	<u>\$ 392,677,293</u>	<u>\$ 395,474,844</u>	<u>\$ 402,964,446</u>	<u>\$ 406,224,424</u>	<u>\$ 418,936,798</u>

State Equalization Rates

Towns of:					
Altona	100.00%	100.00%	100.00%	100.00%	100.00%
Beekmantown	100.00%	100.00%	100.00%	100.00%	100.00%
Bellmont	104.00%	104.00%	100.00%	100.00%	100.00%
Chazy	100.00%	100.00%	100.00%	100.00%	100.00%
Clinton	100.00%	100.00%	100.00%	100.00%	100.00%
Dannemora	100.00%	100.00%	100.00%	100.00%	100.00%
Ellenburg	100.00%	100.00%	100.00%	100.00%	100.00%
Mooers	100.00%	100.00%	100.00%	100.00%	100.00%
Saranac	100.00%	100.00%	100.00%	100.00%	100.00%
Total Taxable Full Valuation	<u>\$ 392,392,717</u>	<u>\$ 395,190,320</u>	<u>\$ 402,964,446</u>	<u>\$ 406,224,424</u>	<u>\$ 418,936,798</u>

Source: School District officials.

Tax Rates Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>
Towns of:					
Altona	\$ 11.76	\$ 11.79	\$ 11.72	\$ 12.03	\$ 17.42
Beekmantown	11.76	11.79	11.72	12.03	17.42
Bellmont	11.31	11.34	11.72	12.03	17.42
Chazy	11.76	11.79	11.72	12.03	17.42
Clinton	11.76	11.79	11.72	12.03	17.42
Dannemora	11.76	11.79	11.72	12.03	17.42
Ellenburg	11.76	11.79	11.72	12.03	17.42
Mooers	11.76	11.79	11.72	12.03	17.42
Saranac	11.76	11.79	11.72	12.03	17.42

Source: School District officials.

Tax Collection Procedure

Property taxes for the District are levied by the District and are collected by the District tax receiver. Such taxes are due and payable on September 1 but may be paid without penalty by September 30. Penalties on unpaid taxes are 2% from October 1 through October 31.

On or about November 15, the tax receiver files a report of any uncollected school taxes with the County. The County thereafter on or about April 1 pays to the District the amount of its uncollected taxes. Thus, the District receives its full levy prior to the end of its fiscal year. Tax sales are held annually by the County.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2020</u>
Total Tax Levy	\$ 3,928,256	\$ 3,973,538	\$ 4,054,840	\$ 4,238,263	\$ 6,647,611
Amount Uncollected * ⁽¹⁾	599,612	606,280	633,673	566,401	894,398
% Uncollected	15.26%	15.26%	15.63%	13.36%	13.45%

* Includes State Owned Lands.

⁽¹⁾ The School District is assured 100% collections. See "Tax Collections Procedure" herein.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax & Other Tax Items</u>
2015-2016	\$ 20,190,567	\$ 5,594,200	27.71%
2016-2017	20,599,521	5,754,291	27.93
2017-2018	20,988,525	5,708,322	27.20
2018-2019	21,563,835	5,790,353	26.85
2019-2020	21,764,375	5,970,441	27.43
2020-2021 (Budgeted)	23,758,650	8,407,650	35.39
2021-2022 (Proposed)	24,737,225	8,807,650	35.60

Source: Audited financial statements for the 2015-16 through 2019-20 fiscal years, adopted budget for the 2020-21 fiscal year and proposed budget for the 2021-22 fiscal year. This table is not audited.

Note: 2021-22 proposed budget figures are preliminary, and subject to change prior to budget adoption.

Ten Largest Taxpayers - 2020 Assessment Roll for 2020-21 School District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
New York State	State Owned Lands	\$ 18,861,619
NYSEG Corp.	Utility	12,983,530
Adventure Bound Camps	Summer Camp	2,154,500
Chateaugay Woodlands, LLC	Commercial/Forestry	1,464,853
WI Clinton County NY LLC	Government	1,378,658
Harrigan Brothers Dairy Farm	Commercial/Agricultural	1,365,120
Sample Family Holding, LLC	Special Event Host Facility	1,284,000
State of New York	Government	1,244,689
SLIC Network Solutions Inc.	Commercial	1,237,192
Verizon NY, Inc.	Utility	1,062,757

The ten larger taxpayers listed above have a total taxable assessed valuation of \$43,036,918 which represents 10.27% of the tax base of the District.

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

Source: District officials.

STAR – School Tax Exemption

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

STAR – School Tax Exemption. The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$88,050 or less in 2020, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$68,700 for the 2019-20 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 2021-22 Executive Budget includes a provision that would transition all homeowners with incomes above \$200,000 from the basic exemption benefit program to the advance credit program. As of the date of this Official Statement, it is not known if this provision will be included in the final 2021-22 State Budget.

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

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Altona	\$ 69,800	\$ 30,000	4/10/2020
Beekmantown	77,780	33,430	4/10/2020
Bellmont	69,800	30,000	4/10/2020
Chazy	70,780	30,910	4/10/2020
Clinton	69,800	30,000	4/10/2020
Dannemora	69,800	30,000	4/10/2020
Ellenburg	69,800	30,000	4/10/2020
Mooers	69,800	30,000	4/10/2020
Saranac	69,800	30,000	4/10/2020

\$652,388 of the District's \$7,296,534 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.

The District expects a similar amount to be exempted by the STAR Program for 2021-22.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$1,960 including County, Town or Village, School District (assumes basic STAR exemption applied) and Fire District taxes.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Debt Limit. Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any School 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 constitutional and 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 ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

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. No down payment is required in connection with the issuance of District obligations.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

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 School 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.

The District has complied with this estoppel procedure in connection with the Notes.

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending June 30th:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 24,683,288	\$ 22,778,834	\$ 20,832,559	\$ 18,833,650	\$ 16,799,956
Bond Anticipation Notes	0	0	0	0	1,850,000
Revenue Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>300,000</u>
Total Debt Outstanding	<u>\$ 24,683,288</u>	<u>\$ 22,778,834</u>	<u>\$ 20,832,559</u>	<u>\$ 18,833,650</u>	<u>\$ 18,949,956</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of May 4, 2021:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2021-2027	\$ 16,490,000
<u>Bond Anticipation Notes</u>		
BOCES Project	May 26, 2021	1,850,000 ⁽¹⁾
<u>Revenue Anticipation Notes</u>	--	<u>0</u>
Total Indebtedness:		<u>\$ 18,340,000</u>

⁽¹⁾ To be redeemed at maturity with proceeds of the Notes and \$100,000 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 4, 2021:

Full Valuation of Taxable Real Property	\$ 418,936,798
Debt Limit 10% thereof	41,893,679

Inclusions:

Bonds.....	\$ 16,490,000	
Bond Anticipation Notes	<u>1,850,000</u>	
Total Inclusions.....		\$ 18,340,000

Exclusions:

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

Total Net Indebtedness	\$ <u>18,340,000</u>
------------------------------	----------------------

Net Debt-Contracting Margin.....	\$ <u>23,553,679</u>
----------------------------------	----------------------

The percent of debt contracting power exhausted is.....	43.78%
---	--------

- ⁽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 Preliminary Building Aid Ratios, the School District anticipates State building aid of 88.9% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the School District will receive in relation to its capital project indebtedness.

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

Bonded Debt Service

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

Cash Flow Borrowings

The District issued a revenue anticipation note (“RAN”) in August 2019 in the amount of \$750,000 that was repaid at maturity on November 19, 2019. The District issued a RAN in July 2019 in the amount of \$300,000 to cover purchases under the Smart Schools Bond Act, which was repaid in July 2020. On December 23, 2019, the District issued a RAN in the amount of \$750,000 in anticipation of State aid for the 2019-2020 fiscal year. The RAN was repaid at maturity on March 20, 2020. The District issued \$1,000,000 revenue anticipation notes in July 2020 to meet summer cash flow needs in anticipation of the receipt of State aid and school taxes. The RAN was repaid at maturity on October 10, 2020.

The District historically does not issue tax anticipation notes.

Capital Project Plans

The District has no significant capital projects authorized or contemplated at this time.

On December 11, 2018, the qualified voters of the Clinton-Essex-Warren-Washington Counties Board of Educational Cooperative Services (the “CEWW BOCES”) approved a capital project for the CEWW BOCES at a maximum cost of \$29,850,000. On May 26, 2020, the District issued \$1,850,000 bond anticipation notes for its share of the project. Proceeds of the Notes along with \$100,000 budgeted principal reduction will be used to renew a \$1,750,000 portion of the outstanding bond anticipation notes through May 25, 2022.

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Clinton	12/31/2018	\$ 61,698,294	\$ 6,116,129	\$ 55,582,165	7.99%	\$ 4,441,015
Franklin	12/31/2018	2,233,441	1,570,604	662,837	0.20%	1,326
Town of:						
Altona	12/31/2018	-	-	-	91.78%	-
Beekmantown	12/31/2018	2,659,006	200,509	2,458,497	1.23%	30,240
Bellmont	12/31/2018	3,472,151	148,151	3,324,000	4.21%	139,940
Chazy	12/31/2018	698,936	-	698,936	0.25%	1,747
Clinton	12/31/2018	-	-	-	4.40%	-
Dannemora	12/31/2018	1,443,809	118,859	1,324,950	71.36%	945,484
Ellenburg	12/31/2018	245,700	-	245,700	95.34%	234,250
Mooers	12/31/2018	257,986	128,086	129,900	10.76%	13,977
Saranac	12/31/2018	222,000	222,000	-	1.27%	-
					Total:	<u>\$ 5,807,980</u>

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

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

Source: State Comptroller's reports for fiscal year ending 2019 for counties and towns. Figures for 2020 are not available at this time.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 4, 2021:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 18,340,000	\$ 3,022.91	4.38%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	24,147,980	3,980.22	5.76%

(a) The 2019 estimated population of the District is 6,067. (See "THE SCHOOL DISTRICT – District Population" herein.)

(b) The District's full value of taxable real estate for 2020-21 is \$418,936,798. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$5,807,980. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the State's ability to borrow funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the impact to the State's economy and financial condition due to the novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid. (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.

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

Cybersecurity

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

COVID-19

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 also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. Schools and non-essential businesses have been allowed to reopen under guidelines issued by the State. 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 intends to 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).

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, the forms of which is attached hereto as “APPENDIX – C, MATERIAL EVENT NOTICES”.

Historical Continuing Disclosure Compliance

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

The District failed to file an event notice related to the incurrence of a financial obligation in a timely manner. On July 10, 2020 the District issued \$1,000,000 revenue anticipation notes. The District did not file notice of the incurrence of such financial obligation until November 2, 2020. The District additionally filed notice of its failure to file such event notice on November 2, 2020.

TAX MATTERS

In the opinion of Trespasz & Marquardt, LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”) and is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – D” hereto.

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

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

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

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

LEGAL MATTERS

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

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

LITIGATION

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

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

RATINGS

The Notes are NOT rated.

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their underlying rating of "A-" with a Stable outlook to the District's outstanding general obligation bonds. This rating reflects only the view of S&P and an explanation of the significance of such rating may be obtained from Standard & Poor's Credit Market Services, 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 outstanding bonds may have an adverse effect on the market price of the outstanding bonds and the Notes.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

The Municipal Advisor intends to provide the purchaser of the issue with CUSIP identification numbers, in compliance with MSRB Rule G-34, (a)(i) (A)-(H). As is further discussed in Rule G-34 the purchaser, as the "dealer who acquires" the issue, is responsible for the registration fee to the CUSIP Bureau for this service. It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District; provided, however, the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The School District's contact information is as follows: Mr. Brian Tousignant, Business Manager, Northern Adirondack Central School District at Ellenburg, 5572 Route 11, Ellenburg, New York 12933, Phone: (518) 594-3986, Telefax: (518) 594-7255, Email: btousignant@nacs1.org.

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

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT AT ELLENBURG

Dated: May 6, 2021

PHALON MINER
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 1,610,185	\$ 1,614,630	\$ 1,344,178	\$ 101,694	\$ 550,558
Restricted Cash	106,223	23,973	-	-	-
Due from Other Funds	553,561	604,771	501,766	666,701	637,744
State and Federal Aid Receivable	733,357	755,404	837,019	882,390	736,498
Accounts Receivable	629,569	661,760	576,786	582,723	566,976
Deposit, Electric Reserve	18,808	17,945	18,222	16,030	18,551
Due from Other Governments	-	-	-	-	-
Prepaid	-	-	-	-	48,040
Deferred Expenditures	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ 3,651,703</u></u>	<u><u>\$ 3,678,483</u></u>	<u><u>\$ 3,277,971</u></u>	<u><u>\$ 2,249,538</u></u>	<u><u>\$ 2,558,367</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 97,528	\$ 125,395	\$ 326,427	\$ 281,310	\$ 1,138,811
Accrued Liabilities	60,735	63,042	97,848	96,159	21,107
Due to Other Funds	-	-	-	-	-
Due to Teachers' Retirement System	885,265	809,877	710,552	751,477	639,884
Due to Employees' Retirement System	85,255	85,584	83,407	84,762	81,310
Other Liabilities	-	-	-	-	-
Compensated absences	139,776	131,100	130,100	49,100	54,700
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	<u>1,268,559</u>	<u>1,214,998</u>	<u>1,348,334</u>	<u>1,262,808</u>	<u>1,935,812</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ 241,101	\$ 241,101
Restricted	106,223	23,973	-	-	-
Assigned	283,144	279,104	562,208	357,298	79,887
Unassigned	<u>1,993,777</u>	<u>2,160,408</u>	<u>1,367,429</u>	<u>388,331</u>	<u>301,567</u>
TOTAL FUND EQUITY	<u>2,383,144</u>	<u>2,463,485</u>	<u>1,929,637</u>	<u>986,730</u>	<u>622,555</u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>\$ 3,651,703</u></u>	<u><u>\$ 3,678,483</u></u>	<u><u>\$ 3,277,971</u></u>	<u><u>\$ 2,249,538</u></u>	<u><u>\$ 2,558,367</u></u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
REVENUES					
Real Property Taxes	\$ 5,594,200	\$ 5,754,291	\$ 5,708,322	\$ 5,790,353	\$ 5,970,441
Real Property Tax Items	-	-	-	-	-
Charges for Services	14,787	13,747	11,661	10,650	12,073
Use of Money & Property	-	-	-	3,501	5,748
Sale of Property and Compensation for Loss	-	-	-	-	-
Miscellaneous	301,901	379,997	339,157	386,481	207,479
Revenues from State Sources	14,199,555	14,395,473	14,842,110	15,208,833	15,488,373
Revenues from Federal Sources	80,124	56,013	87,275	164,017	80,261
Total Revenues	<u>\$ 20,190,567</u>	<u>\$ 20,599,521</u>	<u>\$ 20,988,525</u>	<u>\$ 21,563,835</u>	<u>\$ 21,764,375</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>20,190,567</u>	<u>20,599,521</u>	<u>20,988,525</u>	<u>21,563,835</u>	<u>21,764,375</u>
EXPENDITURES					
General Support	\$ 2,248,244	\$ 2,206,126	\$ 2,179,738	\$ 2,287,310	\$ 2,349,894
Instruction	9,431,967	9,808,887	10,421,699	10,608,285	9,708,443
Pupil Transportation	844,224	857,190	886,664	971,005	855,421
Community Services	1,432	1,363	645	-	-
Employee Benefits	4,828,530	4,914,509	5,194,500	5,877,866	6,432,880
Debt Service	2,373,105	2,713,095	2,721,002	2,741,010	2,758,411
Total Expenditures	<u>\$ 19,727,502</u>	<u>\$ 20,501,170</u>	<u>\$ 21,404,248</u>	<u>\$ 22,485,476</u>	<u>\$ 22,105,049</u>
Other Uses:					
Interfund Transfers	<u>110,779</u>	<u>18,010</u>	<u>108,633</u>	<u>21,266</u>	<u>23,501</u>
Total Expenditures and Other Uses	<u>19,838,281</u>	<u>20,519,180</u>	<u>21,512,881</u>	<u>22,506,742</u>	<u>22,128,550</u>
Excess (Deficit) Revenues Over Expenditures	<u>352,286</u>	<u>80,341</u>	<u>(524,356)</u>	<u>(942,907)</u>	<u>(364,175)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	2,030,858	2,383,144	2,453,993 ⁽¹⁾	1,929,637	986,730
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 2,383,144</u>	<u>\$ 2,463,485</u>	<u>\$ 1,929,637</u>	<u>\$ 986,730</u>	<u>\$ 622,555</u>

⁽¹⁾ Restated.

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			2021	2022*
	Adopted Budget	Final Budget	Audited Actual	Adopted Budget	Proposed Budget
<u>REVENUES</u>					
Real Property Taxes	\$ 5,982,813	\$ 5,982,813	\$ 5,970,441	\$ 8,407,650	\$ 8,807,650
Real Property Tax Items	-	-	-	-	-
Charges for Services	17,500	17,500	12,073	15,000	15,000
Use of Money & Property	4,000	4,000	5,748	2,500	2,500
Sale of Property and Compensation for Loss	-	-	-	6,000	6,000
Miscellaneous	265,490	265,490	207,479	280,000	191,350
Revenues from State Sources	15,902,322	15,902,322	15,488,373	14,960,000	15,627,225
Revenues from Federal Sources	75,000	75,000	80,261	87,500	87,500
Total Revenues	<u>\$ 22,247,125</u>	<u>\$ 22,247,125</u>	<u>\$ 21,764,375</u>	<u>\$ 23,758,650</u>	<u>\$ 24,737,225</u>
Other Sources:					
Appropriated Reserves	<u>-</u>	<u>32,297</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>22,247,125</u>	<u>22,279,422</u>	<u>21,764,375</u>	<u>23,758,650</u>	<u>24,737,225</u>
<u>EXPENDITURES</u>					
General Support	\$ 2,449,041	\$ 2,492,411	\$ 2,349,894	\$ 2,523,889	\$ 2,553,097
Instruction	10,178,634	9,999,361	9,708,443	10,654,164	11,037,050
Pupil Transportation	886,175	884,375	855,421	983,915	946,837
Community Services	1,700	-	-	1,700	1,700
Employee Benefits	6,301,825	6,445,825	6,432,880	6,665,200	6,830,030
Debt Service	2,754,750	2,758,450	2,758,411	2,929,782	3,268,511
Total Expenditures	<u>\$ 22,572,125</u>	<u>\$ 22,580,422</u>	<u>\$ 22,105,049</u>	<u>\$ 23,758,650</u>	<u>\$ 24,637,225</u>
Other Uses:					
Interfund Transfers	<u>-</u>	<u>24,000</u>	<u>23,501</u>	<u>-</u>	<u>100,000</u>
Total Expenditures and Other Uses	<u>22,572,125</u>	<u>22,604,422</u>	<u>22,128,550</u>	<u>23,758,650</u>	<u>24,737,225</u>
Excess (Deficit) Revenues Over Expenditures	<u>(325,000)</u>	<u>(325,000)</u>	<u>(364,175)</u>	<u>-</u>	<u>-</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	986,730	986,730	986,730	-	-
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 661,730</u>	<u>\$ 661,730</u>	<u>\$ 622,555</u>	<u>\$ -</u>	<u>\$ -</u>

* Fiscal year 2021-22 proposed budget figures are preliminary, and subject to change prior to budget adoption.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2021	\$ 2,439,956	\$ 340,325	\$ 2,780,281
2022	2,435,000	288,511	2,723,511
2023	2,415,000	239,393	2,654,393
2024	2,400,000	190,550	2,590,550
2025	2,370,000	141,675	2,511,675
2026	2,345,000	94,800	2,439,800
2027	2,395,000	47,900	2,442,900
TOTALS	\$ 16,799,956	\$ 1,343,153	\$ 18,143,109

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2015 Buses			2016 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 55,000	\$ 1,095	\$ 56,095	\$ 65,000	\$ 2,834	\$ 67,834
2022	-	-	-	65,000	1,417	66,417
TOTALS	\$ 55,000	\$ 1,095	\$ 56,095	\$ 130,000	\$ 4,251	\$ 134,251

Fiscal Year Ending June 30th	2016 Reconstruction of District Buildings			2017 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 2,130,000	\$ 316,400	\$ 2,446,400	\$ 65,000	\$ 4,388	\$ 69,388
2022	2,175,000	273,800	2,448,800	65,000	2,925	67,925
2023	2,215,000	230,300	2,445,300	65,000	1,463	66,463
2024	2,260,000	186,000	2,446,000	-	-	-
2025	2,300,000	140,800	2,440,800	-	-	-
2026	2,345,000	94,800	2,439,800	-	-	-
2027	2,395,000	47,900	2,442,900	-	-	-
TOTALS	\$ 15,820,000	\$ 1,290,000	\$ 17,110,000	\$ 195,000	\$ 8,775	\$ 203,775

Fiscal Year Ending June 30th	2019 Buses			2019 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2021	\$ 59,956	\$ 7,659	\$ 67,615	\$ 65,000	\$ 7,950	\$ 72,950
2022	65,000	4,369	69,369	65,000	6,000	71,000
2023	70,000	3,581	73,581	65,000	4,050	69,050
2024	70,000	2,450	72,450	70,000	2,100	72,100
2025	70,000	875	70,875	-	-	-
TOTALS	\$ 334,956	\$ 18,933	\$ 353,889	\$ 265,000	\$ 20,100	\$ 285,100

MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

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

FORM OF OPINION OF BOND COUNSEL

May 25, 2021

Northern Adirondack Central School District at Ellenburg
County of Clinton,
State of New York

Re: Northern Adirondack Central School District at Ellenburg, Clinton, New York
\$1,750,000 Bond Anticipation Notes, 2021 (Renewals)

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$1,750,000 Bond Anticipation Notes, 2021 (Renewals) (referred to herein as the "Notes"), of the Northern Adirondack Central School District at Ellenburg, Clinton County, State of New York (the "District"). The Notes are dated May 25, 2021 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, a resolution of the District in respect of the Notes and a Certificate of Determination dated on or before May 25, 2021 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

In our opinion, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

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

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

Very truly yours,

Trespasz & Marquardt, LLP

**NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT AT ELLENBURG
CLINTON COUNTY, NEW YORK**

AUDITED FINANCIAL STATEMENTS

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 Official Statement.

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

Contents

INDEPENDENT AUDITOR'S REPORT	1-3
Management's Discussion and Analysis	4-9
Statements of Net Position	10
Statement of Activities	11
Balance Sheet - Governmental Funds	12
Combined Statement of Revenues, Expenditures and Changes in Fund Balance	13-14
Statement of Fiduciary Net Position	15
Statements of Changes in Fiduciary Net Position	16
Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position	17
Reconciliation of Governmental Funds - Revenues, Expenditures and Changes in Fund Balance to Statement of Activities	18
Notes to Financial Statements	19-46
SUPPLEMENTARY INFORMATION	
Special Revenue Funds:	
Combining Balance Sheets - Special Revenue Funds	47
Combining Statements of Revenues and Expenditures - Special Revenue Funds	48
General Fund:	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	49
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	50-51
Schedule of Project Expenditures - Capital Projects Fund	52
Net Investment in Capital Assets	53
Schedule of Changes in the District's Total OPEB Liability & Related Ratios	54
Schedule of District's Proportionate Share of the Net Pension Liability - NYSERS	55
Schedule of the District's Contributions - NYSERS	56
Schedule of District's Proportionate Share of the Net Pension Liability - NYSTRS	57
Schedule of the District's Contributions - NYSTRS	58
Schedule of Expenditures of Federal Awards	59
Notes to Schedule of Expenditures of Federal Awards	60
Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with Government Auditing Standards	61-62
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance	63-64
Schedule of Findings and Questioned Costs	65-66
Extraclassroom Activity Fund:	
Independent Auditor's Report	67-68
Statement of Assets, Liabilities and Fund Balance - Cash Basis	69
Statement of Cash Receipts, Disbursements and Ending Balances - Cash Basis	70
Notes to Financial Statements	71

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the Board of Education
Northern Adirondack Central School District
Ellenburg Depot, New York

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 Northern Adirondack 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 basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; 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 of 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 the Northern Adirondack Central School District, as of June 30, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 4 through 9), budgetary comparison information (pages 50 & 51), Schedule of Changes in the District's Total OPEB Liability & Related Ratios (page 54) and Schedules of District's Proportionate Share of the Net Pension Liability – ERS and TRS, and Schedules of the District's Contributions – ERS and TRS (pages 55-58) 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.

Our Audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Northern Adirondack Central School District's basic financial statements as a whole. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, and Net Investment in Capital Assets, are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements of Northern Adirondack Central School District. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit, Schedule of Project Expenditures, Net Investment in Capital Assets, and the Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic

financial statements taken as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 22, 2020, on our consideration of the Northern Adirondack 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 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 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 Northern Adirondack Central School District's internal control over financial reporting and compliance.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
October 22, 2020

**Northern Adirondack Central School District
Management's Discussion & Analysis
For the Fiscal Year Ended June 30, 2020**

Our discussion and analysis of the District's financial performance provides an overview of the District's financial activities for the fiscal year ended June 30, 2020.

Financial Highlights

Revenues totaled \$23.4 million. Program revenues accounted for \$1.6 million or 6.6% of total revenues, and general revenues accounted for \$21.8 million or 93.0%.

The District's net position was approximately negative \$32 million.

Overview of the Financial Statements

This annual report consists of three parts: management's discussion and analysis (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 district:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the district's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the district, reporting the district's operations in more detail than the district-wide statements.
- 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 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 more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the district's budget for the year.

District-wide Statements

The district-wide statements report information about the district as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the 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 district's net position and changes in it. The change in net position provides the reader a tool to assist in determining whether the district's financial health is improving or deteriorating. The reader will need to consider other non-financial factors such as property tax base, current property tax laws, student enrollment growth, and facility conditions in arriving at their conclusion regarding the overall health of the District.

Fund Financial Statements

The fund financial statements provide more detailed information about the most significant funds – not the District as a whole. Some funds are required to be established by State statute, while many other funds are established by the District to help manage money for particular purposes and compliance with various grant provisions.

The District has two kinds of funds:

- **Governmental Funds:** Most of the District's activities are reported in governmental funds, which focus on how money flows into and out of those funds and the balances left at year-end available for spending in future periods. These funds are reported using an accounting method called modified accrual accounting, which measures cash and other financial assets that can readily be converted to cash. The governmental fund statements provide a detailed short-term view of the District's general government operations and the basic services it provides. Governmental fund information helps you determine whether there are more or less financial resources available to spend in the near future to finance the District's programs. The relationship (or differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds is reconciled in the notes to the financial statements.
- **Fiduciary funds:** The District is the trustee, or fiduciary, for its scholarship program and student activities funds. The 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 District excludes these activities from the district-wide financial statements because the assets cannot be utilized by the District to finance its operations.

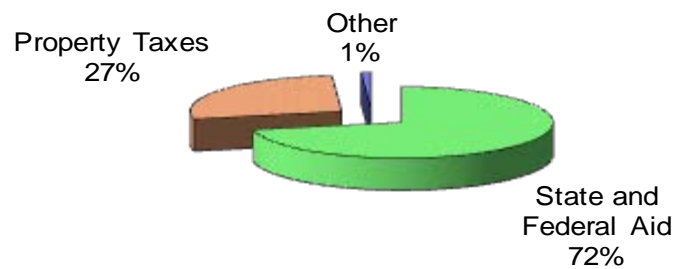
Financial Analysis of the District as a Whole

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT CONDENSED STATEMENT OF NET POSITION

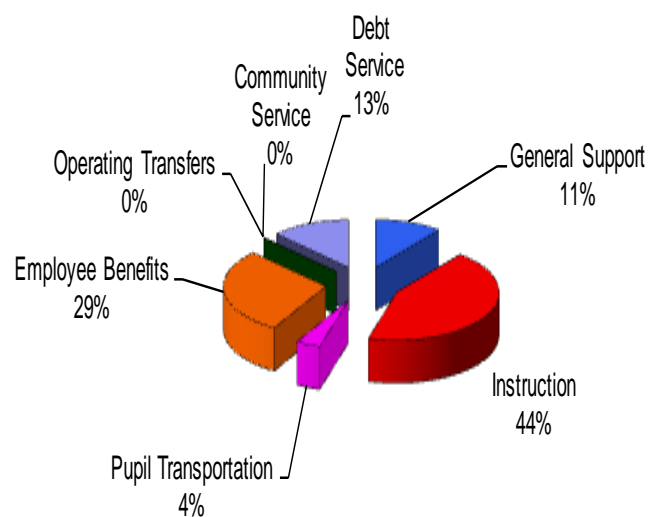
	6/30/2020	6/30/2019
ASSETS		
Current and other assets	\$ 3,643,771	\$ 2,831,326
Capital assets, net	32,017,011	32,872,024
Total Assets	<u>35,660,782</u>	<u>35,703,350</u>
DEFERRED OUTFLOWS OF RESOURCES		
OPEB (GASB 75)	6,028,310	5,946,765
Pensions	4,658,339	4,379,316
Total Deferred Outflows of Resources	<u>10,686,649</u>	<u>10,326,081</u>
Total Assets and Deferred Outflows of Resources	<u>\$ 46,347,431</u>	<u>\$ 46,029,431</u>
LIABILITIES		
Long-term liabilities	\$ 68,831,736	\$ 66,226,369
Other liabilities	4,174,912	1,417,843
Total Liabilities	<u>73,006,648</u>	<u>67,644,212</u>
DEFERRED INFLOWS OF RESOURCES		
OPEB (GASB 75)	3,859,783	5,105,060
Pensions	1,505,116	1,185,997
Total Deferred Inflows of Resources	<u>5,364,899</u>	<u>6,291,057</u>
NET POSITION		
Net investment in capital assets	15,217,055	14,038,374
Restricted	27,821	9,360
Unrestricted	(47,268,992)	(41,953,572)
Total Net Position	<u>(32,024,116)</u>	<u>(27,905,838)</u>
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 46,347,431</u>	<u>\$ 46,029,431</u>
CHANGES IN NET POSITION FROM OPERATING RESULTS		
REVENUES		
Program Revenues:		
Charges for services	\$ 31,425	\$ 51,872
Operating grants	1,607,574	1,468,685
General Revenues:		
Real property taxes	5,970,441	5,790,353
Charges for services	12,073	10,650
Use of money and property	5,748	3,501
Miscellaneous	207,479	386,481
State Sources	15,488,373	15,208,833
Federal Sources	80,261	164,017
Total Revenues	<u>23,403,374</u>	<u>23,084,392</u>
EXPENSES		
General support	2,657,478	2,582,384
Instruction	11,508,739	12,136,247
Pupil transportation	1,077,582	859,957
Community service	-	-
Employee benefits	9,722,950	7,289,335
Debt service - interest	388,501	416,423
Capital outlay	1,850,000	447,250
School lunch program	316,402	253,236
Total Expenses	<u>27,521,652</u>	<u>23,984,832</u>
Increase (Decrease) in Net Position	<u>\$ (4,118,278)</u>	<u>\$ (900,440)</u>

The graphs below illustrate the allocation of general fund revenues and expenditures.

Allocation of General Fund Revenue Sources - Fiscal Year 2020



Allocation of General Fund Expenditures - Fiscal Year 2020



Financial Analysis of the District's Funds – Fund Balances

The District's governmental funds (as presented on the balance sheet on page 12) reported a combined fund balance of \$(1,564,097), which is down from last year's total of \$ 675,665. These figures represent all of the District's governmental funds, which include the General, Special Revenue, Capital Project, and Debt Service Funds. The General Fund fund balance figures below reflect Unassigned, Appropriated Fund Balance, as well as the District's strategic reserves.

	Current Year	Prior Year	Change	Percent Change
General Fund	\$ 622,555	\$ 986,730	\$ (364,175)	-36.91%
Special Revenue Fund	\$ 166,640	\$ 53,636	\$ 113,004	210.69%
Capital Fund	\$ (2,353,292)	\$ (364,701)	\$ (1,988,591)	-545.27%

General Fund Budgetary Highlights

The District's budget is prepared in accordance with New York law and is based on the cash basis of accounting, utilizing cash receipts, disbursements and encumbrances. The most significant budgeted fund is the General Fund.

Over the course of the year, the District utilized fund balance of \$364,175. The District under spent its budget by \$395,985 and received \$482,750 less in revenue. Overall, the District continues to have a positive fund balance of \$622,555.

Capital Assets

The District has \$32,017,011 invested in capital assets net of depreciation in a broad range of capital assets, including major reconstruction to the District's school buildings, athletic facilities, and technology equipment, and administrative offices.

Long-Term Debt

At June 30, 2020, the District had \$16,799,956 in outstanding bonds payable as compared to \$18,833,650 at June 30, 2019. During the year the District paid \$2,368,650 in principal and \$381,100 in interest.

Post-Employment Benefits

The District implemented GASB 75 which requires the district to calculate and report the present value of the future liability for retiree health insurance costs. The District hired an actuary to calculate the liability which is reported in the Statement of Net Position at \$49,491,023.

Factors Bearing on the District's Future

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

- As mentioned in the "Notes To Financial Statements" section of this Report (See Note 17), the District is operating under the uncertainty (operational as well as fiscal) caused by the ongoing COVID-19 Pandemic. The status of Federal and NYS funding for education is in a period of tremendous flux with uncertainty expected for both the immediate and near term periods. In addition to revenue pressure caused by the Pandemic, the District has incurred significant additional operating costs related to staff and students' health and safety as well as remote learning measures. The District is not able to reasonably project the full financial impact of the Pandemic at this time. However, various contingency measures are under consideration on an ongoing basis in an attempt to mitigate damage to the District's financial position.
- Outside of the Pandemic's effect, the District continues to have certain cost factors trend higher than the State and National averages. These are primarily in the areas of Special Education and the cost of providing health insurance benefits to District employees. Ongoing cost containment efforts in these areas, both by the District and the CEWW BOCES Health Insurance Consortium have helped to lower the trend of cost escalation for FY 19-20 and moving forward. However, these areas remain a highly volatile portion of the District's overall budget.
- Effective for FY 20-21 the District proposed, and the voters approved, a Spending Plan that was funded in part by a significant Tax Levy increase. In addition to providing an increase in resources to fund the educational program, the partial shifting of the fiscal burden from the State to the local community will help reduce the District's fiscal dependence on State support. This shift in support may be extremely important during a period of possible reduction in State funding for education.

Contacting the District's Financial Management

This financial report is designated to provide the District's citizens, taxpayers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact the Superintendent, Northern Adirondack Central School District, PO Box 164, Ellenburg Depot, NY 12935.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

EXHIBIT 1

STATEMENTS OF NET POSITION

June 30, 2020 and 2019

	June 30, 2020	June 30, 2019
ASSETS		
Cash:		
Unrestricted	\$ 550,558	\$ 118,275
Restricted Cash	40,126	2,319
Receivables:		
Accounts receivable	566,976	582,723
Utility deposit	18,551	16,030
Prepays	48,040	-
State and federal aid receivable	1,350,644	1,342,718
Inventories	12,129	6,392
Capital assets, net	32,017,011	32,872,024
Net pension asset-proportionate share	1,056,747	762,869
Total Assets	35,660,782	35,703,350
DEFERRED OUTFLOWS OF RESOURCES		
OPEB (GASB 75)	6,028,310	5,946,765
Pensions	4,658,339	4,379,316
Total Deferred Outflows of Resources	10,686,649	10,326,081
Total Assets and Deferred Outflows of Resources	\$ 46,347,431	\$ 46,029,431
LIABILITIES		
Payables:		
Accounts payable	\$ 1,204,085	\$ 405,918
Accrued liability	44,898	126,454
Revenue anticipation note payable	300,000	-
Bond anticipation note payable	1,850,000	-
Due to other governments	35	132
Vacation accrual	54,700	49,100
Due to teacher's retirement system	639,884	751,477
Due to employee's retirement system	81,310	84,762
Long-term liabilities		
Due and payable within one year:		
Bonds payable-current	2,439,956	2,368,650
Due and payable after one year		
Bonds payable - non-current	14,360,000	16,465,000
Compensated absences payable	779,519	724,497
Other post employment benefits	49,491,023	46,189,667
Net pension liability-proportionate share	1,761,238	478,555
Total Liabilities	73,006,648	67,644,212
DEFERRED INFLOWS OF RESOURCES		
OPEB (GASB 75)	3,859,783	5,105,060
Pensions	1,505,116	1,185,997
Total Deferred Inflows of Resources	5,364,899	6,291,057
NET POSITION		
Net investment in capital assets	15,217,055	14,038,374
Restricted	27,821	9,360
Unrestricted (deficit)	(47,268,992)	(41,953,572)
Total Net Position	(32,024,116)	(27,905,838)
Total Liabilities, Deferred Inflows and Net Position	\$ 46,347,431	\$ 46,029,431

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

EXHIBIT 2

STATEMENT OF ACTIVITIES

Years Ended June 30, 2020 and 2019

FUNCTIONS/ PROGRAMS	June 30, 2020			June 30, 2019
	PROGRAM REVENUES		NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION	NET (EXPENSE) REVENUE AND CHANGES IN NET POSITION
	EXPENSES	CHARGES FOR SERVICES	OPERATING GRANTS	
General support	\$ (2,657,478)	\$ -	\$ -	\$ (2,657,478)
Instruction	(11,508,739)	-	952,909	(11,555,830)
Pupil transportation	(1,077,582)	-	-	(1,077,582)
Employee benefits	(9,722,950)	-	-	(9,722,950)
Debt service - interest	(388,501)	-	-	(388,501)
Capital outlay	(1,850,000)	-	-	(1,850,000)
School lunch program	(316,402)	31,425	654,665	369,688
Total Functions and Programs	\$ (27,521,652)	\$ 31,425	\$ 1,607,574	(25,882,653)
GENERAL REVENUES				
Real property taxes			5,970,441	5,790,353
Charges for services			12,073	10,650
Use of money and property			5,748	3,501
Miscellaneous			207,479	386,481
State Sources			15,488,373	15,208,833
Federal Sources			80,261	164,017
Total General Revenues			21,764,375	21,563,835
Change in Net Position			(4,118,278)	(900,440)
Total Net Position - Beginning of Year			(27,905,838)	(27,005,398)
Total Net Position - End of Year			\$ (32,024,116)	\$ (27,905,838)

See notes to the financial statements.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

EXHIBIT 3

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2020 and 2019

	GENERAL FUND	SPECIAL REVENUE	CAPITAL PROJECTS	6/30/2020 TOTAL	6/30/2019 TOTAL
ASSETS					
Unrestricted cash	\$ 550,558	\$ -	\$ -	\$ 550,558	\$ 118,275
Restricted cash	-	-	40,126	40,126	2,319
Due from other funds	637,744	-	-	637,744	666,702
Accounts receivable	566,976	-	-	566,976	582,723
Deposit, electric reserve	18,551	-	-	18,551	16,030
Prepaid	48,040	-	-	48,040	-
State and federal aid receivable	736,498	614,146	-	1,350,644	1,342,718
Inventories	-	12,129	-	12,129	6,392
Total Assets	<u>\$ 2,558,367</u>	<u>\$ 626,275</u>	<u>\$ 40,126</u>	<u>\$ 3,224,768</u>	<u>\$ 2,735,159</u>
LIABILITIES					
Accounts payable	\$ 1,138,811	\$ 65,274	\$ -	\$ 1,204,085	\$ 405,918
Accrued liability	21,107	-	-	21,107	101,403
Revenue anticipation notes payable	-	-	300,000	300,000	-
Bond anticipation notes payable	-	-	1,850,000	1,850,000	-
Due to other governments	-	35	-	35	132
Due to other funds	-	394,326	243,418	637,744	666,702
Vacation accrual	54,700	-	-	54,700	49,100
Due to teachers' retirement system	639,884	-	-	639,884	751,477
Due to employees' retirement system	81,310	-	-	81,310	84,762
Total Liabilities	<u>1,935,812</u>	<u>459,635</u>	<u>2,393,418</u>	<u>4,788,865</u>	<u>2,059,494</u>
FUND BALANCES					
Nonspendable					
Inventory	-	12,129	-	12,129	6,392
Long-term receivable	241,101	-	-	241,101	243,420
Restricted					
Special Aid	-	27,821	-	27,821	9,360
Assigned					
Appropriated Fund Balance	-	-	-	-	325,000
School Lunch	-	126,690	-	126,690	37,884
Encumbrances (Note 10)	79,887	-	-	79,887	32,298
Unassigned	301,567	-	(2,353,292)	(2,051,725)	21,311
Total Fund Balances	<u>622,555</u>	<u>166,640</u>	<u>(2,353,292)</u>	<u>(1,564,097)</u>	<u>675,665</u>
Total Liabilities and Fund Balances	<u>\$ 2,558,367</u>	<u>\$ 626,275</u>	<u>\$ 40,126</u>	<u>\$ 3,224,768</u>	<u>\$ 2,735,159</u>

See notes to the financial statements.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

EXHIBIT 4

COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
Years Ended June 30, 2020 and 2019

				6/30/2020	6/30/2019
	General	Special Revenue	Capital Projects	TOTAL	TOTAL
REVENUES					
Real property taxes	\$ 5,970,441	\$ -	\$ -	\$ 5,970,441	\$ 5,790,353
Charges for services	12,073	-	-	12,073	10,650
Use of money and property	5,748	-	-	5,748	3,501
Miscellaneous	207,479	-	-	207,479	386,481
State sources	15,488,373	431,941	-	15,920,314	15,582,920
Federal sources	80,261	1,175,633	-	1,255,894	1,258,615
Sales	-	31,425	-	31,425	51,872
Total Revenues	21,764,375	1,638,999	-	23,403,374	23,084,392
EXPENDITURES					
General support	2,349,894	172,475	-	2,522,369	2,452,463
Instruction	9,708,443	809,506	-	10,517,949	11,363,331
Pupil transportation	855,421	19,500	-	874,921	988,724
Employee benefits	6,432,880	231,613	-	6,664,493	6,216,507
Debt service	2,758,411	-	-	2,758,411	2,741,010
Capital outlay	-	-	2,323,547	2,323,547	447,250
Cost of sales	-	316,402	-	316,402	253,236
Total Expenditures	22,105,049	1,549,496	2,323,547	25,978,092	24,462,521
Excess (Deficit) of Revenues over Expenditures	(340,674)	89,503	(2,323,547)	(2,574,718)	(1,378,129)

OTHER SOURCES AND USES

Proceeds from Long-term Debt	-	-	334,956	334,956	323,650
Operating Transfers In	-	23,501	-	23,501	21,266
Operating Transfers (Out)	<u>(23,501)</u>	<u>-</u>	<u>-</u>	<u>(23,501)</u>	<u>(21,266)</u>
Total Other Sources and Uses	<u>(23,501)</u>	<u>23,501</u>	<u>334,956</u>	<u>334,956</u>	<u>323,650</u>
Excess (Deficiency) Revenues and Other Sources over Expenditures and Other Uses	(364,175)	113,004	(1,988,591)	(2,239,762)	(1,054,479)
Fund Balances, Beginning of Year	<u>986,730</u>	<u>53,636</u>	<u>(364,701)</u>	<u>675,665</u>	<u>1,730,144</u>
Fund Balances, End of Year	<u><u>\$ 622,555</u></u>	<u><u>\$ 166,640</u></u>	<u><u>\$ (2,353,292)</u></u>	<u><u>\$ (1,564,097)</u></u>	<u><u>\$ 675,665</u></u>

See notes to the financial statements.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

EXHIBIT 5

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2020 and 2019

	Private Purpose Trust	Agency	6/30/2020 Total	6/30/2019 Total
ASSETS				
Cash	\$ 143,188	\$ 111,116	\$ 254,304	\$ 230,821
Total Assets	<u>\$ 143,188</u>	<u>\$ 111,116</u>	<u>\$ 254,304</u>	<u>\$ 230,821</u>
LIABILITIES				
Extra classroom activity balances	\$ -	\$ 89,687	\$ 89,687	\$ 78,732
Other liabilities	-	21,429	21,429	8,098
Total Liabilities	<u>-</u>	<u>111,116</u>	<u>111,116</u>	<u>86,830</u>
NET POSITION				
Reserved for scholarships	143,188	-	143,188	143,991
Total Net Position	<u>143,188</u>	<u>-</u>	<u>143,188</u>	<u>143,991</u>
Total Liabilities and Net Position	<u>\$ 143,188</u>	<u>\$ 111,116</u>	<u>\$ 254,304</u>	<u>\$ 230,821</u>

See notes to the financial statements.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

EXHIBIT 6

STATEMENTS OF CHANGES IN FIDUCIARY NET POSITION
Years Ended June 30, 2020 and 2019

	<u>6/30/2020</u>	<u>6/30/2019</u>
	<u>Private Purpose Trust</u>	<u>Private Purpose Trust</u>
ADDITIONS		
Gifts and contributions	\$ 8,000	\$ 2,300
Investment earnings	447	248
Total Additions	8,447	2,548
DEDUCTIONS		
Scholarships and awards	<u>9,250</u>	<u>9,000</u>
Changes in Net Position	(803)	(6,452)
Net Position, Beginning of Year	<u>143,991</u>	<u>150,443</u>
Net Position, End of Year	<u><u>\$ 143,188</u></u>	<u><u>\$ 143,991</u></u>

See notes to the financial statements.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

EXHIBIT 7

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
YEAR ENDED JUNE 30, 2020

	TOTAL GOVERNMENT FUNDS	LONG-TERM ASSETS, LIABILITIES	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF NET POSITION TOTALS
ASSETS				
Unrestricted cash	\$ 550,558	\$ -	\$ -	\$ 550,558
Restricted cash	40,126	-	-	40,126
Due from other funds	637,744	-	(637,744)	-
Accounts receivable	566,976	-	-	566,976
Deposit, electric reserve	18,551	-	-	18,551
Prepays	48,040	-	-	48,040
State and federal aid receivable	1,350,644	-	-	1,350,644
Inventories	12,129	-	-	12,129
Fixed assets	-	32,017,011	-	32,017,011
Net pension asset-proportionate share	-	1,056,747	-	1,056,747
Total Assets	3,224,768	33,073,758	(637,744)	35,660,782
DEFERRED OUTFLOWS OF RESOURCES				
OPEB (GASB 75)	-	6,028,310	-	6,028,310
Pensions	-	4,658,339	-	4,658,339
Total Assets and Deferred Outflows of Resources	\$ 3,224,768	\$ 43,760,407	\$ (637,744)	\$ 46,347,431
LIABILITIES				
Accounts payable	\$ 1,204,085	\$ -	\$ -	\$ 1,204,085
Accrued liability	21,107	23,791	-	44,898
Revenue anticipation notes payable	300,000	-	-	300,000
Bond anticipation notes payable	1,850,000	-	-	1,850,000
Due to other funds	637,744	-	(637,744)	-
Vacation accrual	54,700	-	-	54,700
Due to other governments	35	-	-	35
Due to teachers' retirement system	639,884	-	-	639,884
Due to employees' retirement system	81,310	-	-	81,310
Bonds payable	-	16,799,956	-	16,799,956
Compensated absences	-	779,519	-	779,519
Other post employment benefits	-	49,491,023	-	49,491,023
Net pension liability- proportionate share	-	1,761,238	-	1,761,238
Total Liabilities	4,788,865	68,855,527	(637,744)	73,006,648
DEFERRED INFLOWS OF RESOURCES				
OPEB (GASB 75)	-	3,859,783	-	3,859,783
Pensions	-	1,505,116	-	1,505,116
Total Deferred Inflows of Resources	-	5,364,899	-	5,364,899
FUND BALANCE/NET POSITION				
Total Fund Balance/ Net Position	(1,564,097)	(30,460,019)	-	(32,024,116)
Total Liabilities, Deferred Inflows, and Fund Balance / Net Position	\$ 3,224,768	\$ 43,760,407	\$ (637,744)	\$ 46,347,431

See notes to the financial statements.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

EXHIBIT 8

RECONCILIATION OF GOVERNMENTAL FUNDS-REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO STATEMENT OF ACTIVITIES
YEAR ENDED JUNE 30, 2020

	TOTAL GOVERNMENT FUNDS	LONG-TERM REVENUE EXPENSES	CAPITAL RELATED ITEMS	LONG-TERM DEBT TRANSACTION	RECLASSIFICATION AND ELIMINATIONS	STATEMENT OF ACTIVITIES TOTALS
REVENUES						
Real property taxes	\$ 5,970,441	\$ -	\$ -	\$ -	\$ -	\$ 5,970,441
Charges for services	12,073	-	-	-	-	12,073
Use of money and property	5,748	-	-	-	-	5,748
Miscellaneous	207,479	-	-	-	-	207,479
State sources	15,920,314	-	-	-	-	15,920,314
Federal sources	1,255,894	-	-	-	-	1,255,894
Sales	31,425	-	-	-	-	31,425
Total Revenues	23,403,374	-	-	-	-	23,403,374
EXPENDITURES						
General support	2,522,369	-	135,109	-	-	2,657,478
Instruction	10,517,949	-	990,790	-	-	11,508,739
Pupil transportation	874,921	-	202,661	-	-	1,077,582
Employee benefits	6,664,493	3,058,457	-	-	-	9,722,950
Debt service	2,758,411	-	-	(2,369,910)	-	388,501
Capital outlay	2,323,547	-	(473,547)	-	-	1,850,000
Cost of sales	316,402	-	-	-	-	316,402
Total Expenditures	25,978,092	3,058,457	855,013	(2,369,910)	-	27,521,652
Excess (Deficit) of Revenues over Expenditures	(2,574,718)	(3,058,457)	(855,013)	2,369,910	-	(4,118,278)
OTHER SOURCES AND USES						
Proceeds from Long-term Debt	334,956	-	-	(334,956)	-	-
Operating Transfers In	23,501	-	-	-	(23,501)	-
Operating Transfers Out	(23,501)	-	-	-	23,501	-
Total Other Sources and Uses	334,956	-	-	(334,956)	-	-
Net Change for the Year	\$ (2,239,762)	\$ (3,058,457)	\$ (855,013)	\$ 2,034,954	\$ -	\$ (4,118,278)

See notes to the financial statements.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies

- A. Reporting entity: The Northern Adirondack Central School District (District) is governed by the Education Law and other general laws of the State of New York. The governing body is the Board of Education of Northern Adirondack Central School (Board). The Board is the basic level of government, which has oversight responsibilities and control over all activities related to the public school education in the region of Northern Adirondack Central School District. The Board receives funding from local, state and federal government sources and must comply with the concomitant requirements of these funding source entities. However, the District is not included in any other governmental "reporting entity" as defined in GASB pronouncements, since Board members are elected by the public and have decision making authority, the power to designate management, the ability to significantly influence operations and primary accountability for fiscal matters.

Extraclassroom Activity Funds: The Extraclassroom activity funds of the Northern Adirondack Central School 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. The cash and investment balances are reported in the Trust and Agency Funds of the District.

B. Basis of presentation

1. 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.

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. Program revenues include charges paid by the recipients of good or services offered by the programs, and grants and contributions that are restricted to meeting the operations or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Fund Functional Statements

The fund statements provide information about the District's funds, including fiduciary

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

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. Non-major funds are aggregated and presented in a single column. The District elects to report all governmental funds as major funds.

The District reports the following major governmental funds:

General Fund - the general fund is the principal operating fund of the District and is used to account for all financial resources, except those accounted for in another fund.

Special Revenue Funds - special revenue funds are used to account for the proceeds of specific revenue sources (other than expendable trusts, or major capital projects) that are legally restricted to expenditure for specified purposes. school lunch operations, and other activities whose funds are restricted as to use. Special revenue funds include the following:

- School Lunch Fund- used to account for transactions for the School District lunch and milk programs.
- Special Aid Fund- used to account for special operating projects or programs supported in whole, or in part, with federal funds or state grants.

Capital Projects Fund - the capital projects funds are to account for and report financial resources to be used for the acquisition, or construction or renovation of major capital facilities, or equipment.

Debt Service- the debt service funds are to account for the accumulation of resources and the payment of general long-term debt principal and interest.

Fiduciary Fund - the fiduciary funds consist of private purpose trust funds and agency funds that are used to account for and report assets held by the District in a trustee capacity or as an agent for individuals, private organizations, other governments and/or funds. Private purpose trust funds include scholarship funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Assets are held by the District as agent for various student groups or extra-classroom activity funds and for payroll or employee withholding. 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.

C. Measurement Focus and Basis of Accounting

The District-wide and fiduciary fund financial statements are reported using 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,

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

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 a modified accrual basis, revenue from property taxes is recognized by estimating how much will be collected during the ensuing fiscal year. Revenue from grants and donations is 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. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year (60 days for property taxes).

Expenditures are recorded when the related fund liability is incurred except for:

- a. Prepaids and inventory-type items are recognized at the time of purchase.
 - b. Principal and interest on indebtedness are not recognized as an expenditure until due.
 - c. Compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.
 - d. Pension costs are recognized as an expenditure when billed by the state.
 - e. The School District recognizes the cost of providing post-retirement health insurance coverage and survivor benefits by recording its share of insurance premiums as an expenditure in the year paid.
- D. Inventories: Inventories of food and supplies 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 supplies in other funds are recorded as expenditures at the time of purchase, and year-end inventory balances are not maintained.
- E. Capital assets: Capital assets are reported in the applicable governmental activities column in the district-wide financial statements. Capital assets are defined by the District as assets with an initial cost of \$5,000 or more and an estimated useful life in excess of one year. Acquisitions of equipment and capital facilities are treated as expenditures in the various funds of the School District, and are also reflected in the general fixed asset group of accounts. The assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at estimated fair market value at the date of donation.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

Capital assets are depreciated using the straight line method over the following estimated useful lives:

	<u>Estimated Useful Life</u>
Land Improvements	
Construction	10 - 20 years
Machinery & Equipment	20 - 40 years
Vehicles	5 - 8 years
	5 - 8 years

F. Retirement plan: The School District provides retirement benefits for substantially all of its regular full-time employees through contributions to the New York State Teachers' Retirement System and the New York State Employees' Retirement System. These systems provide various plans and options, some of which require employee contributions.

G. General long-term debt: Bonds, capital notes and bond anticipation notes issued for capital projects are recognized when issued.

H. Budgetary Procedures and Budgetary Accounting

1) General

The School District's policy relating to budgetary information as shown in the accompanying financial statements is as follows:

A public hearing is held upon completion and filing of the tentative budget. Subsequent to such public hearing, the budget is adopted by the Board of Education. The budget is then approved by the voters within the School District. Appropriations established by adoption of the budget constitute limitations on expenditures (and encumbrances) which may be incurred. The New York Uniform System of Accounts requires that fixed budgetary control be used for all governmental fund types. Budget appropriations lapse at year-end.

2) Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of monies are recorded in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

Open encumbrances are reported as part of assigned fund balance and such commitments will be honored through budget appropriations in the subsequent year. Encumbrances do not constitute expenditures or liabilities.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

I. Equity Classifications:

District- wide statements:

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

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

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

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

Fund statements:

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

Non-spendable fund balance – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$12,129. It also includes a long-term amount due from the Capital Projects Fund of \$241,101.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General fund are classified as restricted fund balance. The District has established the following restricted fund balances:

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

Committed – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2020.

Assigned – Includes amounts that are constrained by the school district's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$79,887.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

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. Assignments of fund balance cannot cause a negative unassigned fund balance.

- J. Reclassifications: Certain amounts in the 2019 financial statements may have been reclassified to conform to the 2020 presentation.
- K. Events Occurring After Reporting Date: The District has evaluated events and transactions that occurred between June 30, 2020 and October 22, 2020, which is the date the financial statements were available to be issued, for possible disclosure and recognition in the financial statements.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 1. Summary of Significant Accounting Policies (continued)

- L. 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.
- 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. The first 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, the difference between actual and expected experience and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension system not included in pension expense and changes in assumptions. The second item is the District's contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item relates to OPEB reporting in the district-wide Statement of Net Position. This amount represents the effect of the net change in the actual and expected experience and employer contributions made 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 two items that qualify for reporting in this category. The first relates 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 liability and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in the pension expense. The second 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.

N. New Accounting Standards:

The District has adopted and implemented all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2020.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

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 differences result primarily from the economic focus of the Statement of Activities, compared with the current financial resources 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.

The costs of building and acquiring capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the Balance Sheet. However, the Statement of Net Position includes those capital assets among the assets of the District as a whole, with their original costs capitalized and depreciation expensed annually over their useful lives.

Because the governmental funds focus on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by deferred revenue in governmental funds, and thus are not included in the fund balance. They are, however, included in the net position of the governmental activities. As of June 30, 2020 the District did not have any assets unavailable to pay for current-period expenditures.

Long-term liabilities are reported in the Statements of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year-end were:

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Explanation of Differences Between Governmental Fund Balances and District Wide Net Assets

Ending fund balance reported on Balance Sheet - Governmental Funds (Exhibit 3)	\$ (1,564,097)
Capital assets net of related depreciation	32,017,011
Net pension asset	1,056,747
Deferred outflows:	
Pensions - TRS	3,480,612
Pensions - ERS	1,177,727
Other post employment benefits	6,028,310
Accrued interest	(23,791)
Liabilities, long term	
Bonds payable and other long term debt	(16,799,956)
Other post employment benefits	(49,491,023)
Compensated absences	(779,519)
Net pension liability	(1,761,238)
Deferred inflows:	
Pensions - TRS	(1,447,336)
Pensions - ERS	(57,780)
Other post employment benefits	(3,859,783)
Ending net position reported on Statement of Net Position (Exhibit 1)	<u>\$ (32,024,116)</u>

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 three broad categories. The amounts shown below represent:

1. 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.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

2. 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.

3. 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.

4. Other Post-Employment Benefits Differences

Other post-employment benefits occur because retiree health insurance premiums are paid and recorded as expenditures in the governmental fund statements as incurred. GASB 75 requires an actuarial calculation of the future liability and to record the Net OPEB Obligation in the Statement of Net Position.

5. 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.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Explanation of Differences Between Governmental Funds Operating Statement and the Statement of Activities

Total Revenues and other Funding Sources

Total revenues and other funding sources of governmental funds (Exhibit 4)	\$ 23,403,374
No current year adjustments	-
Total revenues of governmental activities in the Statement of Activities (Exhibit 8)	<u>\$ 23,403,374</u>

Total Expenditures/Expenses

Total expenditures reported in governmental funds (Exhibit 4)	\$ 25,978,092
In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). Compensated absences earned during the year exceeded the amount paid.	55,022
When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense exceeded capital expenditures in the current year.	855,013
Repayment of bond principal is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not effect the Statement of Activities,	(2,368,650)
Accrued interest on bonds and BANs payable are not calculated for the Governmental funds, but is included in the District-wide statements.	(1,260)
OPEB differences occur as a result of changes in the District's to OPEB liability and differences between the District's contributions and OPEB expense.	1,974,534
(Increases) decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds.	
Teachers' Retirement System	723,947
Employees' Retirement System	<u>304,954</u>
Total expenses of governmental activities in the Statement of Activities (Exhibit 2)	<u>\$ 27,521,652</u>

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 2. Explanation of Certain Differences Between Governmental Fund Statements and District-wide Statements (continued)

Other Sources & Uses:

Total other sources and uses in governmental funds (Exhibit 4)	\$ 334,956
Receipt of bond proceeds is revenue in the Capital Projects Fund. A reclassifying entry to offset these amounts reduces the other source of income in the Statement of Activities (Exhibit 8)	<u>(334,956)</u>
Total other sources and uses in Statement of Activities (Exhibit 8)	<u>\$ -</u>

Note 3. Cash and Investments

According to the New York State Education Law, the Board may invest the District's money in special time-deposit accounts or certificates of deposit; however, such time-deposit accounts or certificates of deposit must be made in the name of the district and payable in time for the proceeds to be available to meet expenditures for which the money was obtained. Furthermore, the time-deposit account or certificates of deposit must be secured "by a pledge of obligations of the United States of America... or obligations of the State of New York or obligations of any municipal corporation, district or district corporation of the State of New York".

Investments also may be made in obligations of the United States of America or in obligations of New York State or, with the approval of the state comptroller, in certain obligations of municipalities, school districts or district corporations other than the one investing the money.

The District may make a variety of short-term investments that include the purchase of United States Treasury bills, United States Treasury certificates of indebtedness or United States Treasury notes and bonds. In addition, it may invest in negotiable certificates of deposit.

All bank balances of deposits as of the balance sheet date are entirely insured or collateralized with securities held by financial institutions in the School's name.

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 at June 30, 2020 was \$40,126.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 4. Interfund Balances and Activity

Interfund balances and activity at June 30, 2020 and for the fiscal year then ended, were as follows:

Fund Type	Interfund Receivable	Interfund Payable	Interfund Revenues	Interfund Expenditures
General	\$ 637,744	\$ -	\$ -	\$ 23,501
Capital projects	-	243,418	-	-
Special revenue:				
School Lunch	-	51,796	-	-
Special aid	-	342,530	23,501	-
Total	<u>\$ 637,744</u>	<u>\$ 637,744</u>	<u>\$ 23,501</u>	<u>\$ 23,501</u>

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The School District typically advances money from the General Fund to the Special Aid Fund to meet the obligations before the drawdowns are received.

The School District typically advances funds to the School Lunch Fund to cover the cash flow needs until the State Aid is received for the free and reduced meals and the cost of inventory.

The School District typically transfers money from the General Fund to the Special Aid Fund to cover the District's share of the Summer School program.

All interfund payables are expected to be repaid within one year, except for amounts due from the Capital Project Fund to the General Fund for the purchase of buses in a prior year. The District continues to try and collect State Aid on bus purchases totaling \$241,101.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 5. Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital assets that are not depreciated:				
Land	\$ 35,013	\$ -	\$ -	\$ 35,013
Construction in progress	-	-	-	-
	<u>35,013</u>	<u>-</u>	<u>-</u>	<u>35,013</u>
Capital assets that are depreciated:				
Buildings& other improvements	44,922,160	-	-	44,922,160
Machinery & Equipment	4,413,795	496,072	(294,559)	4,615,308
Total depreciable historical cost	<u>49,335,955</u>	<u>496,072</u>	<u>(294,559)</u>	<u>49,537,468</u>
Less accumulated depreciation:				
Buildings	13,669,363	989,328	-	14,658,691
Machinery & Equipment	2,829,581	361,757	(294,559)	2,896,779
Total accumulated depreciation	<u>16,498,944</u>	<u>1,351,085</u>	<u>(294,559)</u>	<u>17,555,470</u>
Total depreciable historical cost, net	<u>32,837,011</u>	<u>(855,013)</u>	<u>-</u>	<u>31,981,998</u>
Total Capital Assets	<u>\$ 32,872,024</u>	<u>\$ (855,013)</u>	<u>\$ -</u>	<u>\$ 32,017,011</u>

Depreciation was charged to governmental functions as follows:

	<u>6/30/2020</u>
General	\$ 135,109
Instruction	1,013,314
Transportation	<u>202,662</u>
	<u>\$ 1,351,085</u>

Note 6. Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave and vacation time. Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave. District employees are granted vacation in varying amounts, based primarily on length of service and service position.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 6. Compensated Absences (continued)

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

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

Note 7. Indebtedness

Bond Anticipation Notes – Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance-sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. During the year, the School District had one BAN as described above. The interest rate on the BAN was 2.00%. The BAN had an outstanding balance of \$1,850,000 at June 30, 2020.

Revenue Anticipation Notes – Notes issued in anticipation of receipts of revenue other than taxes, such as state aid are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. At June 30, 2020, the District had an outstanding Revenue Anticipation Notes of \$300,000.

Short-Term Debt : The following is a summary of short-term debt:

	Fund	6/30/2019	Additions	Deletions	6/30/2020
Revenue Anticipation Notes	Capital Project	\$ -	300,000	-	\$ 300,000
Bond Anticipation Notes	Capital Project	-	1,850,000	-	1,850,000
Revenue Anticipation Notes	General Fund	-	750,000	750,000	-
Revenue Anticipation Notes	General Fund	-	750,000	750,000	-
		-	3,650,000	1,500,000	2,150,000

Interest paid on short-term debt amounted to \$8,661.

Long-term debt:

a. Long-Term Debt Interest

Interest expense paid was \$381,100 for the year ended June 30, 2020. Accrued interest decreased by \$1,260 leaving a net interest expense of \$379,840.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Note 7. Indebtedness (continued)

b. Changes

The changes in the District's indebtedness during the year ended June 30, 2020 are summarized as follows:

	Balance 6/30/2019	Additions	Deletions	Balance 6/30/2020
Bonds				
Serial Bond 2020	\$ -	\$ 334,956	\$ -	334,956
Serial Bond 2014-3	40,000	-	40,000	-
Serial Bond 2016-1	110,000	-	55,000	55,000
Serial Bond 2016-2	17,905,000	-	2,085,000	15,820,000
Serial Bond 2017	195,000	-	65,000	130,000
Serial Bond 2018	260,000	-	65,000	195,000
Serial Bond 2019	323,650	-	58,650	265,000
	<u>18,833,650</u>	<u>334,956</u>	<u>2,368,650</u>	<u>16,799,956</u>
Other Liabilities				
Compensated absences	724,497	55,022	-	779,519
Other post employment benefits	46,189,667	3,301,356	-	49,491,023
	<u>46,914,164</u>	<u>3,356,378</u>	<u>-</u>	<u>50,270,542</u>
Grand Total	<u>\$ 65,747,814</u>	<u>\$ 3,691,334</u>	<u>\$ 2,368,650</u>	<u>\$ 67,070,498</u>

c. Maturity

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2020
Serial Bond 2020	12/3/2019	12/1/2024	1.0-2.5%	\$ 334,956
Serial Bond 2016-1	12/1/2015	12/1/2020	2.0%	55,000
Serial Bond 2016-2	6/23/2016	6/15/2027	2.00%	15,820,000
Serial Bond 2017	10/4/2016	10/4/2021	2.2%	130,000
Serial Bond 2018	12/15/2017	12/15/2022	2.3%	195,000
Serial Bond 2019	1/15/2019	1/15/2024	3.00%	265,000
Total				<u>\$ 16,799,956</u>

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

Fiscal Year Ending June 30,	Principal	Interest	Total
2021	\$ 2,439,956	\$ 332,666	\$ 2,772,622
2022	2,435,000	284,142	2,719,142
2023	2,415,000	235,813	2,650,813
2024	2,400,000	188,100	2,588,100
2025	2,370,000	141,675	2,511,675
2026-2030	4,740,000	142,700	4,882,700
	<u>\$ 16,799,956</u>	<u>\$ 1,325,096</u>	<u>\$ 18,125,052</u>

Note 8. Pension Plans

General information

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

Provisions and administrations

Teachers' Retirement System (TRS)

The System is governed by a 10-member Board of Trustees. TRS provides benefits to plan members and beneficiaries as authorized by the Education Law and the New York State Retirement and Social Security Law (NYSRSSL). 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 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 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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. 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 State statute. The District also participated 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.

Note 8. Pension Plans (continued)

Funding policies

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

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

Contributions

	ERS	TRS
2020	\$ 296,882	\$ 608,619
2019	\$ 293,708	\$ 721,031
2018	\$ 297,701	\$ 673,450

ERS has provided additional disclosures for entities that elected to participate in Chapter 260, 57, and 105.

Pension Liabilities, Pension Expense, and Deferred Outflow 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 System 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
Actuarial Valuation Date	3/31/2020	6/30/2019
Net Pension asset/(liability)	\$ (1,761,238)	\$ 1,056,747
District's portion of the Plan's total net pension asset/(liability)	-0.0066511%	0.040675%
Change in proportion since the prior measurement date	\$ (1,282,683)	\$ 293,878

Note 8. Pension Plans (continued)

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

For the year ended June 30, 2020, the District's recognized pension expense of \$598,384 for ERS and \$1,333,376 for TRS. At June 30, 2020 the District's reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 103,656	\$ 716,130	\$ -	\$ 78,582
Changes of assumptions	35,463	1,996,336	30,622	486,763
Net difference between projected and actual earnings on pension plan investments	902,896	-	-	847,457
Changes in proportion and differences between the Districts' contributions and proportionate share of contributions	54,402	159,527	27,158	34,534
District's contributions subsequent to the measurement date	81,310	608,619	-	-
Total	<u>\$ 1,177,727</u>	<u>\$ 3,480,612</u>	<u>\$ 57,780</u>	<u>\$ 1,447,336</u>

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2019. Other amounts reported as deferred outflows or resources and deferred inflows of resources related to pension will be recognized in pension expense as follow:

	ERS	TRS
Year ended:		
2020	\$ -	\$ 504,613
2021	176,165	56,862
2022	261,304	502,881
2023	332,628	330,460
2024	268,540	48,200
Thereafter	-	(18,359)
Total	<u>\$ 1,038,637</u>	<u>\$ 1,424,657</u>

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 to total pension liability to the measurement date. The actuarial valuation used the following actuarial assumptions:

Note 8. Pension Plans (continued)

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	3/31/2020	6/30/2019
Actuarial valuation date	4/1/2019	6/30/2018
Interest rate	6.8%	7.10%
Salary scale	4.2%	1.90%-4.72%
Decrement tables	April 1, 2010- March 31, 2015 System's 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 July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2014.

For ERS, the Actuarial assumptions used in the April 1, 2018 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, 2017 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 build 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 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:

Note 8. Pension Plans (continued)

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

	ERS	TRS
Measurement Date	3/31/2020	6/30/2019
Asset Type:	%	%
Domestic equity	4.05	6.30
International equity	6.15	7.80
Private equity	6.75	9.90
Real estate	4.95	4.60
Absolute return strategies	3.25	-
Domestic fixed income securities	-	1.30
Mortgages and bonds	0.75	-
Opportunistic portfolio	4.65	-
Real assets	5.95	-
Cash	-	0.30
Inflation-indexed bonds	0.50	-
Private debt	-	6.50
Global equities	-	7.20
Global bonds	-	0.90
High-yield bonds	-	3.60
Real estate debt	-	2.90

Discount Rate

The discount rate used to calculate the total pension liability was 6.80% for ERS and 7.10% 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 for the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 6.80% for ERS and 7.10% 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% lower (5.80% for ERS and 6.10% for TRS) or 1% higher (7.80% for ERS and 8.10% for TRS) than the current rate:

Note 8. Pension Plans (continued)

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

ERS	1% Decrease 5.8%	Current Assumption 6.8%	1% Increase 7.8%
Employer's proportionate share of the net pension asset (liability)	\$ (3,232,369)	\$ (1,761,238)	\$ (406,320)
TRS	1% Decrease 6.10%	Current Assumption 7.10%	1% Increase 8.10%
Employer's proportionate share of the net pension asset (liability)	\$ (4,770,045)	\$ 1,056,747	\$ 5,944,768

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:

	ERS	TRS	Total
Valuation date	3/31/2020	6/30/2019	
Employers' total pension asset/(liability)	\$ (194,596,261)	\$ (119,879,473,882)	\$ (120,074,070,143)
Plan Net Position	168,115,682	122,477,480,654	122,645,596,336
Employers' net pension asset/(liability)	<u>\$ (26,480,579)</u>	<u>\$ 2,598,006,772</u>	<u>\$ 2,571,526,193</u>
Ratio of plan net position to the Employers' total pension asset / (liability)	-86.39%	102.17%	102.14%

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 employers' contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$81,310.

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 for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contribution for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$639,884.

Note 9. Post-Employment (Health Insurance) Benefits

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

The District provides post-employment (health insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. Post-employment benefits aggregating \$1,671,851 for 161 employees were charged to expenses/ expenditures in the Governmental Funds in the current year.

A. General Information about the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time 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 and life insurance 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:

Inactive employees or beneficiaries currently receiving benefit payments	136
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>169</u>
	<u><u>305</u></u>

B. Total OPEB Liability

The District's total OPEB liability of \$49,491,023 was measured as of July 1, 2019, and was determined by an actuarial valuation as of July 1, 2018.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation 2.4 percent

Note 9. Post-Employment (Health Insurance) Benefits (continued)

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Salary Increases	3.5 percent
Discount Rate	3.5 percent
Healthcare Cost Trend Rates	7.0 percent for 2020, decreasing annually to an ultimate rate of 3.94 percent for 2079 and later years

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

Mortality rates were based on the RPH-2014 Mortality Table, as appropriate, with generational mortality adjusted to 2006 using scale MP-2014.

C. Changes in the Total OPEB Liability

Balance at June 30, 2019	<u>\$ 46,189,667</u>
<u>Changes for the Year-</u>	
Service Cost	1,594,266
Interest	1,824,537
Changes of benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions or other inputs	1,159,100
Benefit payments	<u>(1,276,547)</u>
Net Changes	<u>3,301,356</u>
Balance at June 30, 2020	<u><u>\$ 49,491,023</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.87% percent in 2019 to 3.5% percent in 2020.

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 percent) or 1 percentage point higher (4.5 percent) than the current discount rate:

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	<u>\$ 58,400,170</u>	<u>\$ 49,491,023</u>	<u>\$ 42,407,122</u>

Note 9. Post-Employment (Health Insurance) Benefits (continued)

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

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

	1% Decrease	Healthcare Cost Trend Rates	1% Increase
Total OPEB Liability	<u>\$ 41,097,769</u>	<u>\$ 49,491,023</u>	<u>\$ 60,476,897</u>

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 \$3,287,765. 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	\$ 3,747,250	\$ -
Changes of assumptions or other inputs	967,829	(3,859,783)
Contributions subsequent to the measurement period	<u>1,313,231</u>	<u>-</u>
Total	<u>\$ 6,028,310</u>	<u>\$ (3,859,783)</u>

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

Fiscal Year Ending June 30,	Amount
2021	\$ (131,038)
2022	(131,038)
2023	58,808
2024	818,202
2025	228,888
2026 and Thereafter	<u>11,474</u>
	<u>\$ 855,296</u>

Note 10. Assigned Fund Balance – Encumbrances

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2020

Assigned Fund Balance – Other includes year end encumbrances as follows:

General Fund	2020	2019
Board of Education	\$ 18	\$ -
Central Services	21,100	22,524
Instructional media	162	-
Teaching	48,644	1,742
Pupil Services	803	7,990
Pupil Transportation	9,160	-
Finance	-	42
	<u>\$ 79,887</u>	<u>\$ 32,298</u>

Note 11. Commitments and Contingencies

The Northern Adirondack Central School District is exposed to various risk of loss related to damage to and destruction of assets: injuries to employees and students; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. For its employee health and accident insurance coverage the Northern Adirondack Central School District is a participant in the Clinton-Essex-Warren-Washington Health Insurance Consortium, a public entity risk pool operated for the benefit of 16 individual governmental units located within the Counties of Clinton, Essex, Warren and Washington. The District pays an annual premium to the Plan for the health and accident coverage.

The Clinton-Essex-Warren-Washington Health Insurance Consortium is considered a self-sustaining risk pool that will provide coverage for insured events. The Northern Adirondack Central School District has essentially transferred all related risk to the Consortium.

The Northern Adirondack Central School District participates in a risk sharing pool, the Clinton-Essex- Warren-Washington Workers' Compensation Consortium, to insure Workers' Compensation claims. The Clinton-Essex-Warren-Washington Workers' Compensation Consortium is a public entity risk pool operated for the benefit of 16 individual governmental units located within the Counties of Clinton, Essex, Warren and Washington. The District pays an annual premium to the Plan for the worker's compensation coverage. The Clinton-Essex-Warren- Washington Worker's Compensation Consortium is considered a self-sustaining risk pool that will provide coverage for insured events. The Northern Adirondack Central School District has essentially transferred all related risk to the Consortium.

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

Note 12. Joint Venture

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

The Northern Adirondack Central School is one of 16 component school districts in the Clinton-Essex-Warren-Washington Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards are also considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year ended June 30, 2020, the Northern Adirondack Central School District was billed \$2,747,770 for BOCES administrative and program costs. Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2020, the Northern Adirondack Central School District issued no serial bonds on behalf of BOCES. However, per a joint agreement signed March 1, 2019, the District is responsible for their share of the current BOCES capital project amounting to \$1,853,005. The District paid \$3,005 out of appropriations during 2020. The balance was paid via BAN financing on May 20, 2020. General-purpose financial statements for the Clinton-Essex-Warren-Washington BOCES are available from BOCES administrative office at P.O. Box 485, Plattsburgh, New York. The District's share of BOCES income amounted to \$876,436. BOCES also refunded the District \$84,265 for excess expenses billed in prior years.

Note 13. Tax Abatements

The County of Clinton, entered into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced \$5,577,334. The District received payment in Lieu of Tax (PILOT) payment totaling \$1,081,685.

Note 14. Prior Period Information

Comparative prior period information has been presented in summary form. This information was derived from the District's June 30, 2019 financial statements, and in our report dated December 4, 2019 we expressed an unmodified opinion.

Note 15. Stewardship, Compliance and Accountability

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

JUNE 30, 2020

The Capital Projects Fund had a deficit fund balance of \$2,353,292. The District anticipates replenishing the negative fund balance through General Fund appropriations, bond financing or State Aid.

Note 16. Subsequent Event

In July 2020, the District issued a Revenue Anticipation Note for \$1,000,000. Interest was charged at 2.5% and was repaid in October 2020.

Note 17. COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. Because of the pandemic, the District will be offering a mix of in-person and remote learning in the 2020-2021 school year. The District cannot reasonably estimate the length or severity of the pandemic, or the extent to which the disruption may materially impact its financial position, results of operations, or cash flows for fiscal 2021 and beyond.

Beginning with payments received subsequent to June 30, 2020, New York State began withholding 20% from all payments due the District until further notice. At this time, it is unclear whether the 20% reduction is just delayed or permanent.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

COMBINING BALANCE SHEET - SPECIAL REVENUE FUNDS
June 30, 2020 and 2019

	Special Aid	School Lunch	6/30/2020 Total	6/30/2019 Total
ASSETS				
Unrestricted cash	\$ -	\$ -	\$ -	\$ 16,581
State and federal aid receivable	429,465	184,681	614,146	460,328
Inventories	-	12,129	12,129	6,392
Due from other funds	-	-	-	1
Total assets	\$ 429,465	\$ 196,810	\$ 626,275	\$ 483,302
LIABILITIES AND FUND BALANCE				
Liabilities:				
Accounts payable	\$ 59,114	\$ 6,160	\$ 65,274	\$ 1,008
Accrued liabilities	-	-	-	5,244
Due to other funds	342,530	51,796	394,326	423,282
Due to other governments	-	35	35	132
Total liabilities	401,644	57,991	459,635	429,666
Fund Balance:				
Nonspendable				
Inventories	-	12,129	12,129	6,392
Restricted				
Special Aid	27,821	-	27,821	9,360
Assigned				
School lunch	-	126,690	126,690	37,884
Total unreserved fund balance	27,821	138,819	166,640	53,636
Total liabilities and fund balance	\$ 429,465	\$ 196,810	\$ 626,275	\$ 483,302

See Independent Auditor's Report.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

COMBINING STATEMENT OF REVENUES AND EXPENDITURES - SPECIAL REVENUE FUND

Years Ended June 30, 2020 and 2019

	Special Aid	School Lunch	6/30/2020 Total	6/30/2019 Total
REVENUES				
State and local sources	\$ 415,268	\$ 16,673	\$ 431,941	\$ 374,087
Federal sources	537,641	637,992	1,175,633	1,094,598
Sales	-	31,425	31,425	51,872
Total revenues	<u>952,909</u>	<u>686,090</u>	<u>1,638,999</u>	<u>1,520,557</u>
EXPENDITURES				
General Support	2,675	169,800	172,475	165,153
Instruction	809,506	-	809,506	755,046
Pupil Transportation	19,500	-	19,500	17,719
Employee Benefits	126,268	105,345	231,613	338,641
Cost of sales	-	316,402	316,402	253,236
Total expenditures	<u>957,949</u>	<u>591,547</u>	<u>1,549,496</u>	<u>1,529,795</u>
OTHER SOURCES				
Operating Transfers In	23,501	-	23,501	21,266
Total Other Sources	<u>23,501</u>	<u>-</u>	<u>23,501</u>	<u>21,266</u>
Excess of revenues and other sources over expenditures	<u>\$ 18,461</u>	<u>\$ 94,543</u>	<u>\$ 113,004</u>	<u>\$ 12,028</u>

See Independent Auditor's Report.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT
Year Ended June 30, 2020

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	\$	22,572,125
Add: Prior year's encumbrances		<u>32,297</u>
Final budget	\$	<u><u>22,604,422</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-2021 expenditure budget	\$	23,758,650
Maximum allowed (4% of 2020-21 budget)		

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

Unrestricted fund balance:

Committed fund balance	\$	-
Assigned fund balance		79,887
Unassigned fund balance		<u>301,567</u>
Total unrestricted fund balance		<u><u>381,454</u></u>

Less:

Appropriated fund balance		-
Encumbrances included in committed and assigned fund balance		<u>79,887</u>
Total adjustments		<u><u>79,887</u></u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law: \$ 301,567

Actual percentage 1.27%

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND
Year Ended June 30, 2020

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance with Budgetary Actual
Revenues:				
Local sources:				
Real property tax items	\$ 5,982,813	\$ 5,982,813	\$ 5,970,441	\$ (12,372)
Charges for services	17,500	17,500	12,073	(5,427)
Use of money and property	4,000	4,000	5,748	1,748
Miscellaneous	265,490	265,490	207,479	(58,011)
State sources	15,902,322	15,902,322	15,488,373	(413,949)
Federal sources	75,000	75,000	80,261	5,261
Total revenues	22,247,125	22,247,125	21,764,375	(482,750)
Other Financing Sources				
Appropriated reserves	-	32,297	-	
	-	32,297	-	
Total revenues and appropriated fund balance	\$ 22,247,125	\$ 22,279,422	\$ 21,764,375	

See Independent Auditor's Report.

	Adopted Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Budgetary Actual and Encumbrances
Expenditures:					
General support:					
Board of education	\$ 33,231	\$ 33,230	\$ 30,996	\$ 18	\$ 2,216
Central administration	208,008	234,008	232,045	-	1,963
Finance	285,252	285,294	275,861	-	9,433
Staff	118,814	103,814	90,269	-	13,545
Central services	1,328,896	1,358,220	1,254,893	21,100	82,227
Special items	474,840	477,845	465,830	-	12,015
Instructional:					
Administration and improvement	531,839	531,839	524,488	-	7,351
Teaching - regular school	5,022,407	4,941,344	4,759,483	48,644	133,217
Programs for Children with Handicapping	2,619,607	2,559,607	2,502,948	-	56,659
Occupational Education	617,339	603,339	601,694	-	1,645
Instructional media	595,297	593,697	579,390	162	14,145
Pupil service	792,145	769,535	740,440	803	28,292
Pupil transportation	886,175	884,375	855,421	9,160	19,794
Community Services	1,700	-	-	-	-
Employee benefits	6,301,825	6,445,825	6,432,880	-	12,945
Debt Service	2,754,750	2,758,450	2,758,411	-	39
Total expenditures	22,572,125	22,580,422	22,105,049	79,887	395,486
Other financing uses:					
Interfund transfer	-	24,000	23,501	-	499
Total expenditures and other uses	22,572,125	22,604,422	22,128,550	79,887	395,985
Net change in fund balance	(325,000)	(325,000)	(364,175)		
Fund balance - beginning	986,730	986,730	986,730		
Fund balance - ending	\$ 661,730	\$ 661,730	\$ 622,555		

See Independent Auditor's Report.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
Year Ended June 30, 2020

Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	Methods of Financing				Fund Balance June 30, 2020
							Proceeds of Obligations	State Aid	Local Sources	Total	
Buses- Current Year	\$ 334,956	\$ 334,956	\$ -	\$ 334,956	\$ 334,956	\$ -	\$ 334,956	\$ -	\$ -	\$ 334,956	\$ -
Buses- Prior Year	241,101	241,101	241,101	-	241,101	-	-	-	-	-	(241,101)
Smart School Bond Act, Round 1	300,000	300,000	123,600	138,591	262,191	37,809	-	-	-	-	(262,191)
BOCES Capital Project	1,850,000	1,850,000	-	1,850,000	1,850,000	-	-	-	-	-	(1,850,000)
Total	<u>\$ 2,726,057</u>	<u>\$ 2,726,057</u>	<u>\$ 364,701</u>	<u>\$ 2,323,547</u>	<u>\$ 2,688,248</u>	<u>\$ 37,809</u>	<u>\$ 334,956</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 334,956</u>	<u>\$ (2,353,292)</u>

See Independent Auditor's Report.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2020

Capital Assets, Net	\$ 32,017,011
Deduct:	
Short-term portion of bonds payable	2,439,956
Long-term portion of bonds payable	<u>14,360,000</u>
Net investment in capital assets	<u>\$ 15,217,055</u>

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

Year Ended June 30, 2020

	<u>2020</u>	<u>2019</u>	<u>2018</u>
Measurement Date	July 1, 2019	July 1, 2018	July 1, 2017
Service Cost	\$ 1,594,266	\$ 1,258,104	\$ 1,599,382
Interest	1,824,537	1,491,092	1,295,906
Changes in benefit terms	-	29,867	-
Differences between expected and actual experience in the Measurement of the total OPEB liability	-	5,593,186	-
Changes of assumption or other inputs	1,159,100	(1,793,983)	(5,505,594)
Benefit payments	<u>(1,276,547)</u>	<u>(1,099,393)</u>	<u>(1,099,846)</u>
Net change in total OPEB liability	3,301,356	5,478,873	(3,710,152)
Total OPEB liability - beginning	<u>46,189,667</u>	<u>40,710,794</u>	<u>44,420,946</u>
Total OPEB liability - Ending	<u>\$ 49,491,023</u>	<u>\$ 46,189,667</u>	<u>\$ 40,710,794</u>
Covered payroll	<u>\$ 9,435,826</u>	<u>\$ 9,040,430</u>	<u>\$ 8,946,000</u>
Total OPEB liability as a percentage of covered payroll	525%	511%	455%

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

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
Year Ended June 30, 2020

	NYSERS Pension Plan Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	0.0066571%	0.0067542%	0.0072366%	0.0073702%	0.0077778%	0.0075659%				
District's proportionate share of the net pension liability (asset)	\$ 1,761,238	\$ 478,555	\$ 233,557	\$ 692,523	\$ 1,248,353	\$ 255,594				
District's covered- employee payroll	\$ 2,292,072	\$ 2,371,313	\$ 2,168,494	\$ 2,223,793	\$ 2,187,780	\$ 1,903,131				
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	76.84%	20.18%	10.77%	31.14%	57.06%	13.43%				
Plan fiduciary net position as a percentage of the total pension liability	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%				

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS
Year Ended June 30, 2020

	NYSERS Pension Plan Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 296,882	\$ 293,708	\$ 297,701	\$ 301,554	\$ 301,968	\$ 367,666	\$ 354,905	\$ 348,323		
Contributions in relation to the contractually required contribution	\$ 296,882	\$ 293,708	\$ 297,701	\$ 301,554	\$ 301,968	\$ 367,666	\$ 354,905	\$ 348,323		
Contribution deficiency (excess)	-	-	-	-	-	-	-	-		
Districts covered-employee payroll	\$ 2,292,072	\$ 2,371,313	\$ 2,168,494	\$ 2,168,494	\$ 2,187,780	\$ 1,903,131				
Contributions as a percentage of covered-employee payroll	13.0%	12.4%	13.7%	13.9%	13.80%	19.32%				

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
Year Ended June 30, 2020

	NYSTRS Pension Plan Last 10 Fiscal Years*									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
District's proportion of the net pension liability (asset)	-0.040675%	-0.042188%	-0.041634%	0.041474%	-0.043113%	-0.043777%	-0.045834%			
District's proportionate share of the net pension liability (asset)	\$ (1,056,747)	\$ (762,869)	\$ (316,459)	\$ 444,204	\$ (4,478,109)	\$ (4,876,432)	\$ (301,703)			
District's covered- employee payroll	\$ 6,869,289	\$ 7,145,513	\$ 6,871,936	\$ 6,804,027	\$ 6,620,133	\$ 6,476,218				
Districts proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-15.38%	-10.68%	-4.61%	6.53%	-67.64%	-75.30%				
Plan fiduciary net position as a percentage of the total pension liability (asset)	-102.17%	-101.53%	-100.66%	99.01%	-110.46%	-111.48%				

* The amounts presented for each fiscal year were determined as of 06/30

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

SCHEDULE OF THE DISTRICT'S CONTRIBUTIONS

Year Ended June 30, 2020

	NYSTRS Pension Plan Last 10 Fiscal Years									
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Contractually required contribution	\$ 721,031	\$ 673,450	\$ 773,239	\$ 848,621	\$ 1,135,281	\$ 1,050,802				
Contributions in relation to the contractually required contribution	\$ 721,031	\$ 673,450	\$ 773,239	\$ 848,621	\$ 1,135,281	\$ 1,050,802				
Contribution deficiency (excess)	-	-	-	-	-	-				
Districts covered-employee payroll	\$ 6,869,289	\$ 7,145,513	\$ 6,871,936	\$ 6,871,936	\$ 6,620,133	\$ 6,476,218				
Contributions as a percentage of covered-employee payroll	10.50%	9.42%	11.25%	12.35%	17.15%	16.23%				

The schedule is presented to illustrate the requirement to show information for 10 years. However, until a full 10 year trend is compiled, the District is presenting information for those years for which information is available.

See Independent Auditor's Report.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2020

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Federal Expenditures</u>
U.S. Department of Education			
Pass-Through New York State Department of Education:			
Special Education Cluster:			
IDEA - Part B -Section 611	84.027A	0032-20-0137	\$ 216,187
IDEA - Part B -Section 619	84.173A	0033-20-0137	11,691
Total Special Education Cluster			<u>227,878</u>
 Title I - PT A Improv Academic Achiev F /Disab	 84.010A	 0021-20-0500	 250,932
Title II A - Teacher & Principal Training	84.367A	0147-20-0500	34,473
Title IV - SSAE Allocation	84.424A	0204-20-0500	20,027
Title V - Rural & Low Income Schools	84.358B	0006-20-0500	4,331
 Total Department of Education			 <u><u>537,641</u></u>
U.S. Department of Agriculture			
Pass-Through New York State			
National School Lunch Program- Cash	10.555		384,448
National School Lunch Program - Commodities	10.555		26,143
School Breakfast Program	10.553		204,852
Snack Program	10.555		22,549
Total Child Nutrition Cluster			<u>637,992</u>
 Total Department of Agriculture			 <u><u>637,992</u></u>
 Total Federal Assistance Expended			 <u><u>\$ 1,175,633</u></u>

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2020

Note 1. Basis of Presentation

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

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. The District's policy is not to charge federal award programs with indirect costs.

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

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

To the Board of Education
Northern Adirondack Central School District
Ellenburg Depot, New York

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, the business-type activities, each major fund and the aggregate remaining fund information of Northern Adirondack Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Northern Adirondack Central School District's basic financial statements and have issued our report thereon dated October 22, 2020.

Internal Control Over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did not identify any deficiencies in internal control that we consider to be a material weakness.

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. We did not detect any material weaknesses during the current audit period.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Northern Adirondack Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 item 20-001.

Districts Response to Findings

Northern Adirondack Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Northern Adirondack 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 entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government *Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
October 22, 2020

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

To the Board of Education
Northern Adirondack Central School District
Ellenburg Depot, New York

Report on Compliance for Each Major Federal Program

We have audited Northern Adirondack Central School District's compliance with the types of compliance requirements described in OMB Compliance Supplement that could have a direct and material effect on Northern Adirondack Central School District's major federal programs for the year ended June 30, 2020. Northern Adirondack 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 the requirements of laws, regulations, contracts, and grants applicable to its major federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Northern Adirondack 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 for 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 Northern Adirondack Central School District's compliance with those requirements and performing such other procedures as we consider 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 Northern Adirondack Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Northern Adirondack 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 Northern Adirondack 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 Northern Adirondack Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on a major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing our 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 Northern Adirondack 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 the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses.

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.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
October 22, 2020

**NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2020**

SECTION I - SUMMARY OF AUDIT RESULTS

Financial Statements

Type of auditor's report issued:	Unmodified
Internal control over financial reporting:	
· Material weakness(es) identified?	_____ yes <u> X </u> no
· Significant deficiencies identified that are not considered to be material weaknesses?	_____ yes <u> X </u> no
Noncompliance material to financial statements noted?	_____ yes <u> X </u> no

Federal Awards

Internal control over major programs:	
· Material weakness(es) identified?	_____ yes <u> X </u> no
· Significant deficiencies identified not considered to be a material weakness?	_____ yes <u> X </u> no
Type of auditor's report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2CFR Section 200.516(a)	_____ yes <u> X </u> no

Identification of Major Programs

<u>CFDA Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.555	National School Lunch Program- Cash
10.555	National School Lunch Program - Commodities
10.553	School Breakfast Program
10.555	Snack Program

Dollar threshold used to distinguish between Type A and Type B programs:	\$750,000
Auditee qualified as low-risk Auditee?	_____ yes <u> X </u> no

**NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED
JUNE 30, 2020**

SECTION II – FINANCIAL STATEMENT FINDINGS

No findings or questioned costs

SECTION III – FEDERAL FINDINGS & QUESTIONED COSTS

There were no current period findings

BOULRICE & WOOD CPAS, P.C.

Certified Public Accountants

MICHAEL L. BOULRICE, CPA

STEPHEN P. WOOD, CPA

INDEPENDENT AUDITOR'S REPORT

To the School Board
Northern Adirondack Central School District
Ellenburg Depot, New York

We have audited the accompanying statement of assets, liabilities and fund balance – cash basis and the related statement of receipts, disbursements and ending balances – cash basis of the Extraclassroom Activity Funds of the Northern Adirondack Central School District as of and for the year June 30, 2020, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion 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 minimum program procedures established by the New York State Department of Education. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of 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 opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the assets, liabilities, and fund balance – cash basis of the Extraclassroom Activity Funds of the Northern Adirondack Central School District as of June 30, 2020, and its receipts, disbursements and ending balances – cash basis thereof for the year then ended in accordance with the basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are 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.

Boulrice & Wood CPAs, PC

Boulrice & Wood CPAs, PC
October 22, 2020

**NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT
EXTRACLASROOM ACTIVITY FUNDS**

**STATEMENTS OF ASSETS, LIABILITIES AND FUND BALANCE - CASH BASIS
June 30, 2020 and 2019**

	<u>6/30/2020</u>	<u>6/30/2019</u>
Assets		
Cash	<u>\$ 89,687</u>	<u>\$ 78,732</u>
Total Assets	<u><u>\$ 89,687</u></u>	<u><u>\$ 78,732</u></u>
Fund Balance		
Extraclassroom Activity	<u>\$ 89,687</u>	<u>\$ 78,732</u>
Total Fund Balance	<u><u>\$ 89,687</u></u>	<u><u>\$ 78,732</u></u>

**NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUNDS**

STATEMENT OF CASH RECEIPTS, DISBURSEMENTS AND ENDING BALANCES

- CASH BASIS

Year Ended June 30, 2020

Activity	Balance June 30, 2019	Receipts	Disbursements	Balance June 30, 2020
Class of 2019	\$ 229	\$ 4,156	\$ 4,385	\$ -
Class of 2020	12,728	8,458	10,217	10,969
Class of 2021	4,098	8,301	6,085	6,314
Class of 2022	2,063	1,356	-	3,419
Class of 2023	-	2,755	1,365	1,390
Art Club	843	-	-	843
Builders Club	2,554	1,878	1,953	2,479
Business Club	1,821	1,315	969	2,167
College Club	1,216	-	207	1,009
Drama Club	9,387	3,655	8,876	4,166
FFA	6,263	49,208	37,739	17,732
French Club	1,180	240	255	1,165
Key Club	2,625	5,936	5,946	2,615
Library	1,698	3,608	3,127	2,179
Math Honor Society	1,007	3,082	3,269	820
MS Inter-HR	2,248	6,122	3,717	4,653
Music Booster Club	1,582	-	-	1,582
NJHS	254	-	-	254
NHS	191	760	760	191
NC Model UN	26	-	-	26
N.A. Basketball	369	-	-	369
N.A.C. Cheerleaders	687	706	130	1,263
SADD	3,313	6,250	6,250	3,313
Spanish Club (Jr.)	438	-	-	438
Spanish Club(Sr.)	373	-	-	373
Student Council	3,669	2,115	1,916	3,868
Volleyball Girls	1,095	-	-	1,095
Wrestling Booster	13,074	7,763	10,892	9,945
Yearbook/Journalism	3,701	8,154	6,805	5,050
	<u>\$ 78,732</u>	<u>\$ 125,818</u>	<u>\$ 114,863</u>	<u>\$ 89,687</u>

See Notes to the Financial Statements – Extraclassroom Activity Funds.

NORTHERN ADIRONDACK CENTRAL SCHOOL DISTRICT

EXTRACLASROOM ACTIVITY FUNDS NOTES TO FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

Basis of Accounting: The books and records of the Northern Adirondack Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles. Under this basis of accounting, revenues are recognized when cash is received and expenditures are recognized when cash is disbursed.

Basis of Presentation: The Extraclassroom Activity Funds of the Northern Adirondack Central School 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. The cash and investment balances are reported in the Trust and Agency Funds of the District.

Cash Equivalents: For financial statement purposes all highly liquid investments having maturities of three months or less are considered as cash equivalents.