

OFFICIAL STATEMENT

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 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 (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. 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 designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

\$8,055,000

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT



ST. LAWRENCE COUNTY, NEW YORK

GENERAL OBLIGATIONS

\$8,055,000 Bond Anticipation Notes, 2022 (Renewals) (the "Notes")

Dated: July 26, 2022

Due: June 29, 2023

The Notes are general obligations of the Norwood-Norfolk Central School District, St. Lawrence County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "THE NOTES – Nature of the Obligation" 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 as registered notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof, as may be determined by such successful bidder(s).

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Trespasz & Marquardt, LLP, Syracuse, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about July 26, 2022.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on July 7, 2022 until 10:45 A.M., Prevailing Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

June 23, 2022

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



Norwood-Norfolk
Central School District

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT **ST. LAWRENCE COUNTY, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2021-2022 BOARD OF EDUCATION

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SUZANNE FIACCO
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MARY ELLEN TODD

* * * * *

JAMES CRUIKSHANK

Superintendent of Schools

LISA MITRAS

Business Manager

JILL WEAVER

School District Clerk

ANDREW SILVER, ESQ.

School District Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



TRESPASZ & MARQUARDT, LLP

BOND COUNSEL

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

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT
OF THE
NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK**

**RELATING TO:
\$8,055,000 Bond Anticipation Notes, 2022 (Renewals)**

This Official Statement, which includes the cover page, has been prepared by the Norwood-Norfolk Central School District, St. Lawrence County, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$8,055,000 principal amount of Bond Anticipation Notes, 2022 (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.

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

THE NOTES

Nature of the Obligation

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

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, subject to applicable 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, ensuring 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.

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 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 "TAX LEVY LIMITATION LAW" herein.

The Notes are dated July 26, 2022 and mature, without option of prior redemption, on June 29, 2023. The Notes will be issued in either (i) the name of the purchaser, in denominations of \$5,000 or integral multiples thereof, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

On October 22, 2019, the qualified voters of the District approved a proposition authorizing the School District to undertake a capital improvement project consisting of renovations and improvements to the District's K-12 building and bus garage at a maximum cost of \$9,149,963, with such cost being funded with \$1,037,923 from the District's existing capital reserve fund and the balance of such cost, not in excess of \$8,112,040, through the issuance of the District's serial bonds. The Notes are being issued pursuant to the Constitution and laws of the State of New York, including, among others, the Education Law, the Local Finance Law and pursuant to a bond resolution duly adopted by the Board of Education on November 19, 2019.

The proceeds of the Notes, along with \$57,040 available funds of the District, will partially redeem and renew \$8,112,040 bond anticipation notes maturing on July 27, 2022 for the aforementioned purpose.

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, a limited-purpose trust company organized under the New York Banking Law, is 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, National Securities Clearing Corporation 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.

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.

Principal and interest 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 School 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 School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School 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 School District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

The School 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 School District believes to be reliable, but Issuer takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The District, with an approximate land area of 82 square miles, is located in Upstate New York in the County of St. Lawrence in the western sector of the Adirondack Mountains.

The District is bisected by U.S. Route #56 and is adjacent to the Village of Potsdam. The Town of Massena is approximately 15 miles to the north of NYS Route #37 and the City of Ogdensburg is approximately 20 miles to the west.

Clarkson University and State University College at Potsdam are located in Potsdam, and St. Lawrence University and State University of New York Agricultural and Technical College are both in Canton, which is within 15 miles of the District.

The District is primarily agricultural with products which include dairy, hay, cattle and timber. Many of the residents are employed in industries and universities located in and around Canton, Potsdam, and Massena. This area of the State is known for its large dairy farms and dairy products. St. Lawrence County ranks fourteenth in the nation's counties in the value of dairy products sold, and has more milk cows and cattle than any other County in the State. Maple syrup is a product of the area. The largest talc mines in the world and the largest zinc mines in North America are located in St. Lawrence County.

Source: District officials.

Population

The current estimated population of the District is 6,560.

Source: 2016-2020 American Community Survey data.

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 include the District, are the Towns and the County below. The figures set below with respect to said Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the County are 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>2016-2020</u>	<u>2000</u>	<u>2006-2010</u>	<u>2016-2020</u>
Towns of:						
Louisville	\$ 19,127	\$ 29,275	\$ 45,682	\$ 50,463	\$ 64,250	\$ 102,639
Madrid	13,720	23,487	23,045	40,625	52,353	61,042
Norfolk	17,099	23,425	27,330	37,644	40,707	50,262
Potsdam	13,753	16,384	24,270	42,450	55,072	89,830
Stockholm	15,109	19,931	27,831	38,370	45,682	66,087
County of:						
St. Lawrence	15,728	20,143	26,676	38,510	50,384	66,843
State of:						
New York	23,389	30,948	40,898	51,691	67,405	87,270

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2016-2020 American Community Survey 5-year data.

Largest Employers

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Norwood-Norfolk Central School	Educational	176
APC Paper Group	Manufacturer of recycled paper	61
BOCES Seaway Area Technical Center	Educational	45
Potter's Industries Inc	Manufacturer of engineered glass	32
Merriman's	Retail/Service	30

Source: District officials.

Unemployment Rate Statistics

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the County listed below. The figures set below with respect to such County and the State of New York are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the County are necessarily representative of the District, or vice versa.

<u>Annual Averages</u>							
	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
St. Lawrence County	7.4%	6.7%	6.6%	5.6%	5.4%	7.9%	5.1%
New York State	5.2%	4.9%	4.6%	4.1%	3.8%	9.9%	6.9%

<u>2022 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
St. Lawrence County	4.6%	4.7%	4.4%	3.6%	N/A	N/A
New York State	5.3%	5.1%	4.7%	4.2%	N/A	N/A

Note: Unemployment rates for May and June of 2022 are not available as of the date of this Official Statement.

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

Form of School Government

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

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the District for the ensuing fiscal year (tentative budget) and distributes that statement not less than fourteen days prior to the date on which the District's annual meeting is conducted, at which time such tentative budget is voted upon. Notice of the annual meeting is published as required by statute with a first publication not less than forty-five days prior to the day of such meeting. If the qualified voters at the annual meeting approve the tentative budget, the Board of Education, by resolution, adopts it as the budget of the District for the ensuing fiscal year.

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

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

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

Recent Budget Vote Results

The budget for the 2021-2022 fiscal year was approved by the qualified voters on May 18, 2021 with a vote of 183 to 24. The budget included a tax levy increase of 0%, which was below the District’s tax levy limit of 3.24% for the 2021-2022 fiscal year.

The budget for the 2022-2023 fiscal year was approved by the qualified voters on May 17, 2022 by a vote of 166 to 13. The budget included no change in tax levy, which is below the District’s tax levy limit of 4.30% for the 2022-2023 fiscal year.

Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (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. In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2022-23 fiscal year, approximately 72.94% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

Federal Aid Received by the State

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

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

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

Building Aid

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

Aid on debt service is generally paid in the current fiscal year provided such debt service is reported to the Commissioner of Education by November 15 of that year. Any debt service in excess of amounts reported by November 15 will not be aided until the following fiscal year. The building aid received is equal to the approved building expense, or bond percent, times the building aid ratio that is assigned to the District. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2022-23 preliminary building aid ratios, the District expects to receive State building aid of approximately 98.0% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State Aid History

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

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

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

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

School district fiscal year (2020-2021): Due to 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 \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflects 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. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4 percent from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding.

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

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

State Aid Litigation

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

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

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date.

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

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

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 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.

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State Aid Revenues

The following table illustrates the percentage of total revenues of the District for the below fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2016-2017	\$ 21,365,531	\$ 14,479,258	67.77%
2017-2018	22,722,113	15,562,722	68.49
2018-2019	23,231,752	15,991,472	68.83
2019-2020	23,472,274	16,160,452	68.85
2020-2021	23,784,853	16,130,911	67.82
2021-2022 (Budgeted)	24,023,529	17,175,332	71.49
2022-2023 (Budgeted)	25,545,329	18,633,514	72.94

⁽¹⁾ General fund only, does not include inter-fund transfers or reserve funds.

Source: Audited Financial Statements for 2016-2017 through the 2020-2021 fiscal year, and the budgets of the District for the 2021-2022 and 2022-2023 fiscal year. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
NNCS Elementary School	K-4	400	1996, '09
NNCS Middle School	5-8	350	1923, '58, '09
Norwood-Norfolk Jr.-Sr. High School	7-12	350	1953, '57, '62, '68, '79, '09

Source: District Records.

Enrollment Trends

<u>School Year</u>	<u>Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2017-18	973	2022-23	960
2018-19	968	2023-24	960
2019-20	943	2024-25	960
2020-21	908	2025-26	960
2021-22	964	2026-27	960

Source: District officials.

Employees

The District employs a total of approximately 180 full-time and part-time employees. The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
102	NYSUT	June 30, 2024
70	CSEA	June 30, 2022 ⁽¹⁾
4	Administration Association	June 30, 2022 ⁽¹⁾

⁽¹⁾ Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

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

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2017-2018	\$ 293,675	\$ 602,690
2018-2019	297,626	648,505
2019-2020	306,031	339,755
2020-2021	314,102	538,334
2021-2022	361,210	646,257
2022-2023 (Budgeted)	266,047	668,971

Source: District records.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District currently does not have any 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 (2018 to 2022) is shown below:

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

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

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

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

Stable Rate Pension Contribution Option. The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years. The District did not participate in the Stable Rate Pension Contribution Option, nor does it intend to do so in the foreseeable future.

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

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. On April 22, 2019, the District established a TRS reserve fund and added funds to the reserve in the 2018-2019 and 2019-2020 fiscal years equal to 2% of the prior years’ salaries (the maximum allowed annually). As of June 30, 2021 the TRS reserve had a balance of \$383,763.

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 Armory Associates LLC, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability for the below fiscal years, by source.

Fiscal Year Ending June 30:	<u>2020</u>	<u>2021</u>
Balance Beginning of Fiscal Year:	\$ 88,973,596	\$ 86,506,357
<u>Changes for the year:</u>		
Service cost	\$ 2,385,356	\$ 2,383,591
Interest	3,484,623	3,063,328
Changes in Benefit Terms	-	-
Differences Between Expected & Actual Experience	-	4,130,958
Changes of assumptions or other inputs	(5,703,233)	15,187,465
Benefit payments	<u>(2,633,985)</u>	<u>(2,732,579)</u>
Net Changes	<u>(2,467,239)</u>	<u>22,032,763</u>
Balance at End of Fiscal Year:	<u>\$ 86,506,357</u>	<u>\$ 108,539,120</u>

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

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

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

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

Other Information

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2021 and is attached hereto as “APPENDIX – D” to this Official Statement. Certain financial information of the District can also be found attached as Appendices to the Official Statement.

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

Beginning with the fiscal year ending June 30, 2004, the District issued 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.

Bowers & Company CPAs PLLC, the independent auditor for the District, 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. Bowers & Company CPAs PLLC also has not performed any procedures relating to this Official Statement.

New York State Comptroller Report of Examination

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

There are no recent State Comptroller's audits of the District; however, an Office of the State Comptroller audit of the District is currently in progress as of the date of this Official Statement. It is anticipated that audit information will be available on the Office of the State Comptroller website upon audit completion.

Note: Reference to website implies no warranty of accuracy of information therein, and is not incorporated 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 past five fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2021	No Designation	3.3
2020	No Designation	3.3
2019	No Designation	0.0
2018	No Designation	3.3
2017	No Designation	3.3

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, and is not incorporated herein by reference.

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Towns of:					
Louisville	\$ 310,605	\$ 310,559	\$ 310,940	\$ 311,083	\$ 310,767
Madrid	8,494,173	8,774,020	8,937,744	8,954,030	8,873,748
Norfolk	105,517,206	106,503,014	106,937,688	107,723,326	108,784,120
Potsdam	99,383,951	99,833,056	100,257,012	101,764,127	102,786,697
Stockholm	15,318,590	15,577,735	15,533,313	15,564,373	16,030,670
Total Assessed Values	<u>\$ 229,024,525</u>	<u>\$ 230,998,384</u>	<u>\$ 231,976,697</u>	<u>\$ 234,316,939</u>	<u>\$ 236,786,002</u>

State Equalization Rates

Towns of:					
Louisville	89.00%	89.00%	87.00%	81.00%	81.00%
Madrid	90.00%	89.50%	87.00%	86.00%	84.00%
Norfolk	82.00%	82.00%	82.00%	79.00%	79.00%
Potsdam	100.00%	97.00%	95.00%	94.00%	90.00%
Stockholm	97.00%	97.00%	87.00%	85.00%	83.00%
Total Taxable Full Valuation	<u>\$ 253,642,796</u>	<u>\$ 259,014,238</u>	<u>\$ 264,430,565</u>	<u>\$ 273,725,093</u>	<u>\$ 282,170,568</u>

Tax Rates Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Towns of:					
Louisville	\$ 28.30	\$ 28.35	\$ 28.41	\$ 29.47	\$ 28.59
Madrid	27.99	28.13	28.41	27.76	27.57
Norfolk	30.72	30.77	30.14	30.22	29.32
Potsdam	25.19	26.01	26.01	25.40	25.73
Stockholm	25.97	26.01	28.41	28.09	27.90

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Total Tax Levy	\$ 6,389,134	\$ 6,534,756	\$ 6,534,756	\$ 6,534,756	\$ 6,534,756
Amount Uncollected ⁽¹⁾	682,632	720,461	672,978	665,632	593,912
% Uncollected	10.68%	11.03%	10.30%	10.19%	9.09%

⁽¹⁾ District taxes are made whole by the County. See "Tax Collection Procedure" herein.

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged from October 1st to October 31st. On or about November 15th, uncollected taxes are returnable to the County of St. Lawrence for collection. The School District receives this amount from said County prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for the below fiscal years comprised of Real Property Taxes.

<u>Fiscal Year</u>	<u>Total Revenues ⁽¹⁾</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2016-2017	\$ 21,365,531	\$ 4,538,692	21.24%
2017-2018	22,722,113	4,660,414	20.51
2018-2019	23,231,752	4,829,436	20.79
2019-2020	23,472,274	4,914,461	20.94
2020-2021	23,784,853	4,993,557	20.99
2021-2022 (Budgeted)	24,023,529	5,047,632	21.01
2022-2023 (Budgeted)	25,545,329	5,084,424	19.90

⁽¹⁾ General fund only; does not include inter-fund transfers or reserve funds.

Source: Audited Financial Statements for 2016-2017 through the 2020-2021 fiscal year, and the budgets of the District for the 2021-2022 and 2022-2023 fiscal years. This table is not audited.

Larger Taxpayers 2021 for 2021-2022 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
Erie Boulevard Hydropower Corporation	Utility	\$ 13,101,615
National Grid (Niagara Mohawk)	Utility	10,917,216
CSX Transportation	Commercial	5,771,519
St. Lawrence Gas	Utility	3,637,933
New York State Reforestation	Reforestation	1,520,793
Verizon	Utility	1,354,728
Barrett's Paving	Commercial	1,197,216
APC Paper Company of NY	Manufacturer	1,251,772
Town of Massena – Massena Electric	Utility	699,737
Potter's Industries	Manufacturer	666,667

The ten larger taxpayers listed above have a total estimated full valuation of \$40,119,196, which represents 14.2% of the tax base of the District for the 2021-2022 fiscal year.

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

Source: District Tax Rolls.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$88,050 or less in 2020-21 and \$90,550 or less in 2021-22, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$68,700 for the 2020-21 school year and \$70,700 for the 2021-22 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption 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 State’s 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to \$250,000, compared with a \$500,000 limit for the credit.

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

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Louisville	\$ 60,670	\$ 24,300	4/7/2022
Madrid	62,920	25,200	4/7/2022
Norfolk	59,170	23,700	4/7/2022
Potsdam	67,410	27,000	4/7/2022
Stockholm	62,170	24,900	4/7/2022

\$1,447,994 of the District’s \$6,534,756 school tax levy for the 2021-22 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2022.

\$1,450,332 of the District’s \$6,534,756 school tax levy for the 2022-23 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State in January, 2023.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

The total valuation of the District is estimated to be categorized as follows: Residential-40%, Industrial-40%, Commercial-10% and Agricultural-10%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$4,724 including County, Town, District 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.

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.

The District has the power to contract indebtedness for any District purpose provided that the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District as required by the Local Finance Law and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by dividing the assessed valuation of taxable real estate for the last completed assessment rolls by the equalization rates established by the State Office of Real Property Services in accordance with applicable State law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. 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 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>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Bonds	\$ 5,160,000	\$ 16,473,000	\$ 15,551,000	\$ 12,400,000	\$ 11,260,000
Bond Anticipation Notes	11,865,000	0	0	0	4,000,000
Revenue Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 17,025,000	\$ 16,473,000	\$ 15,551,000	\$ 12,400,000	\$ 15,260,000

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of June 23, 2022.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2022-2032	\$ 11,281,000
<u>Bond Anticipation Notes</u>	July 28, 2021	<u>8,112,040</u> ⁽¹⁾
Total Indebtedness:		<u>\$ 19,393,040</u>

⁽¹⁾ To be partially redeemed and renewed at maturity with the proceeds of the Notes and \$57,040 available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 23, 2022:

Full Valuation of Taxable Real Property	\$ 282,170,568
Debt Limit 10% thereof	28,217,057

Inclusions:

Bonds.....	\$ 11,281,000	
Principal of this Issue	<u>8,055,000</u>	
Total Inclusions		\$ 19,336,000

Exclusions:

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

Total Net Indebtedness	\$ <u>19,336,000</u>
Net Debt-Contracting Margin	\$ <u>8,881,057</u>
The percent of debt contracting power exhausted is	68.53%

⁽¹⁾ Based on 2022-2023 preliminary building aid estimates, the District anticipates State Building aid of 98.0% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the statutory debt limit of the School District.

Bonded Debt Service

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

Capital Project Plans

On October 22, 2019, District voters approved a \$9,149,963 capital project for renovations and improvements to the District's K-12 building and bus garage. The District will use \$1,037,923 capital reserve funds with the balance of the project to be financed with bond anticipation notes and serial bonds. The District issued \$4,000,000 bond anticipation notes on March 25, 2021 as the first borrowing against said authorization. On July 27, 2021, the District issued \$8,112,040 bond anticipation notes to renew \$4,000,000 bond anticipation notes maturing on July 28, 2021 and provide \$4,112,040 new monies for the capital project. The proceeds of the Notes, along with available funds of the District, will redeem and renew the bond anticipation notes currently outstanding and maturing on July 27, 2022.

The District typically issues serial bonds annually for the purchase of buses. On May 18, 2021, District voters authorized the issuance of \$306,000 to finance three student transportation vehicles. The District issued \$306,000 in serial bonds on December 15, 2021 for the purchase of buses. On May 17, 2022, a \$362,000 proposition for this purpose was approved by voters.

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

Cash Flow Borrowing

The District, historically, does not issue Tax Anticipation Notes. The District has not issued Revenue Anticipation Notes since the fiscal year ended June 30, 2009, and does not expect to issue such notes in the foreseeable future.

Estimated Overlapping Indebtedness

In addition to the School District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the School District. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
St. Lawrence	12/31/2020	\$ 24,940,000	\$ -	\$ 24,940,000	4.30%	\$ 1,072,420
Town of:						
Louisville	12/31/2020	10,629,590	9,805,865	823,725	0.20%	1,647
Madrid	12/31/2020	2,858,879	2,830,879	28,000	11.82%	3,310
Norfolk	12/31/2020	5,994,244	5,956,744	37,500	74.85%	28,069
Potsdam	12/31/2020	226,274	94,574	131,700	17.40%	22,916
Stockholm	12/31/2020	1,090,642	1,090,642	-	10.46%	-
Village of:						
Norwood	5/31/2021	-	-	-	100.00%	-
Total:						<u>\$ 1,128,362</u>

(1) Bonds and bond anticipation notes as of close of the fiscal year, and are not adjusted to include subsequent bond or note 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: Most recent available State Comptroller's reports for fiscal year ending 2020 for the counties and towns and for fiscal year ending 2021 for villages.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 23, 2022:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 19,336,000	\$ 2,947.56	6.85%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	20,464,362	3,119.57	7.25

(a) The 2020 estimated population of the District is 6,560. (See "THE SCHOOL DISTRICT – Population" herein.)

(b) The District's full value of taxable real estate for the 2021-2022 fiscal year is \$282,170,568. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.

(d) Estimated net overlapping indebtedness is \$1,128,362. (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

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

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. 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 or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

The Federal Bankruptcy Code allows public bodies such as the District 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 to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While the provisions of the Local Finance Law do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

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."

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

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

MARKET AND RISK FACTORS

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

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

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

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.

CONTINUING DISCLOSURE

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

Historical Compliance

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

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 – E” 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 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. Proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

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

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.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATING

The Notes are not rated. Subject to the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, such as a rating action that may result in the filing of a material event notification to EMMA and/or the provision of a supplement to the final Official Statement.

Moody's Investors Service ("Moody's") has assigned an issuer and underlying rating of "A2" to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-1653.

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.

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Lisa Mitras, Business Manager, 7852 State Highway 56, Norwood, New York 13668, Phone: (315) 353-9951 x 2605, Fax: (315) 353-2467, Email: lmitras@nnck12.org.

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

Dated: June 23, 2022

ARTIE FREGO
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 1,633,736	\$ 1,785,924	\$ 1,881,710	\$ 1,612,199	\$ 1,832,878
Restricted Cash	3,923,802	4,128,507	4,318,343	4,269,654	5,404,076
State and Federal Aid Receivable	1,055,481	1,139,335	1,024,950	1,038,201	1,117,567
Other Receivables	56,487	52,311	91,584	65,763	89,689
Due from Fiduciary Funds	5	-	3		
Due from Other Funds	339,460	364,757	567,609	812,619	560,740
TOTAL ASSETS	<u><u>\$ 7,008,971</u></u>	<u><u>\$ 7,470,834</u></u>	<u><u>\$ 7,884,199</u></u>	<u><u>\$ 7,798,436</u></u>	<u><u>\$ 9,004,950</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 61,063	\$ 109,592	\$ 71,059	\$ 93,233	\$ 220,571
Accrued Liabilities	188,714	50,659	86,081	12,246	42,111
Due to other Governments	-	-	20,797	13,621	64,482
Due to Other Funds	6,577	456	49,232	7,900	-
Due to Teachers' Retirement System	762,332	652,976	693,835	592,603	609,936
Due to Employees' Retirement System	106,830	102,638	97,130	110,650	125,722
Overpayments/collections in advance	-	-	-		
Deferred Revenue	16,975	16,453	18,235	11,876	11,866
Due to Fiduciary Funds	-	-	-	-	-
TOTAL LIABILITIES	<u><u>\$ 1,142,491</u></u>	<u><u>\$ 932,774</u></u>	<u><u>\$ 1,036,369</u></u>	<u><u>\$ 842,129</u></u>	<u><u>\$ 1,074,688</u></u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred State Aid	-	-	-	203,628	-
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,923,802	4,128,507	4,318,343	4,269,654	5,404,076
Assigned	471,782	604,265	480,261	847,339	814,553
Unassigned	1,470,896	1,805,288	2,049,226	1,635,686	1,711,633
TOTAL FUND EQUITY	<u><u>5,866,480</u></u>	<u><u>6,538,060</u></u>	<u><u>6,847,830</u></u>	<u><u>6,752,679</u></u>	<u><u>7,930,262</u></u>
TOTAL LIABILITIES and FUND EQUITY	<u><u>\$ 7,008,971</u></u>	<u><u>\$ 7,470,834</u></u>	<u><u>\$ 7,884,199</u></u>	<u><u>\$ 7,798,436</u></u>	<u><u>\$ 9,004,950</u></u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 4,483,225	\$ 4,538,692	\$ 4,660,414	\$ 4,829,436	\$ 4,914,461
Other Tax Items	1,799,163	1,757,934	1,767,742	1,753,873	1,684,118
Charges for Services	120,407	83,105	113,063	141,359	129,945
Use of Money & Property	20,293	63,293	90,980	134,820	95,072
Sale of Property and Compensation for Loss	8,579	4,572	-	27,417	24,366
Miscellaneous	308,410	384,291	488,069	310,085	420,104
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	13,534,978	14,479,258	15,562,722	15,991,472	16,160,452
Revenues from Federal Sources	16,206	54,386	39,123	43,290	43,756
Total Revenues	<u>\$ 20,291,261</u>	<u>\$ 21,365,531</u>	<u>\$ 22,722,113</u>	<u>\$ 23,231,752</u>	<u>\$ 23,472,274</u>
Other Sources:					
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	<u>20,291,261</u>	<u>21,365,531</u>	<u>22,722,113</u>	<u>23,231,752</u>	<u>23,472,274</u>
<u>EXPENDITURES</u>					
General Support	\$ 1,956,832	\$ 2,001,793	\$ 2,106,552	\$ 2,199,377	\$ 2,178,249
Instruction	9,548,113	9,862,662	10,245,721	10,625,667	10,256,678
Pupil Transportation	983,122	896,573	992,571	998,409	945,489
Community Services	-	-	-	-	-
Employee Benefits	6,356,736	6,333,826	6,472,895	7,043,590	7,093,351
Debt Service	1,293,910	1,616,666	2,180,911	2,003,767	2,008,798
Total Expenditures	<u>\$ 20,138,713</u>	<u>\$ 20,711,520</u>	<u>\$ 21,998,650</u>	<u>\$ 22,870,810</u>	<u>\$ 22,482,565</u>
Other Uses:					
Interfund Transfers	39,236	56,554	51,883	51,172	1,084,860
Total Expenditures and Other Uses	<u>20,177,949</u>	<u>20,768,074</u>	<u>22,050,533</u>	<u>22,921,982</u>	<u>23,567,425</u>
Excess (Deficit) Revenues Over Expenditures	<u>113,312</u>	<u>597,457</u>	<u>671,580</u>	<u>309,770</u>	<u>(95,151)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	5,155,711	5,269,023	5,866,480	6,538,060	6,847,830
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 5,269,023</u>	<u>\$ 5,866,480</u>	<u>\$ 6,538,060</u>	<u>\$ 6,847,830</u>	<u>\$ 6,752,679</u>

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:

	2021			2022	2023
	Original Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 4,832,546	\$ 5,001,951	\$ 4,993,557	\$ 5,047,632	\$ 5,084,424
Other Tax Items	1,776,902	1,607,497	1,607,432	1,573,585	1,540,411
Charges for Services	51,500	76,500	60,223	53,030	78,030
Use of Money & Property	17,000	17,000	12,396	42,000	17,000
Sale of Property and Compensation for Loss	-	-	43,611	-	-
Miscellaneous	50,000	90,000	466,561	91,950	151,950
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	16,508,265	16,079,645	16,130,911	17,175,332	18,633,514
Revenues from Federal Sources	80,000	443,620	470,162	40,000	40,000
Total Revenues	<u>\$ 23,316,213</u>	<u>\$ 23,316,213</u>	<u>\$ 23,784,853</u>	<u>\$ 24,023,529</u>	<u>\$ 25,545,329</u>
Other Sources:					
Interfund Transfers	\$ -	\$ -	\$ -	\$ -	\$ -
Appropriated Reserves	529,722	529,722	-	79,633	122,200
Total Revenues and Other Sources	<u>23,845,935</u>	<u>23,845,935</u>	<u>23,784,853</u>	<u>24,103,162</u>	<u>25,667,529</u>
EXPENDITURES					
General Support	\$ 2,835,997	\$ 2,417,825	\$ 2,318,081	\$ 2,459,365	\$ 2,641,287
Instruction	10,824,945	11,362,277	10,232,105	11,339,792	11,918,089
Pupil Transportation	1,113,450	1,113,450	876,346	1,072,183	1,075,609
Community Services	-	-	-	-	-
Employee Benefits	7,731,293	7,731,293	7,177,133	7,925,509	7,829,953
Debt Service	1,998,429	1,998,429	1,990,100	1,968,094	2,438,469
Total Expenditures	<u>\$ 24,504,114</u>	<u>\$ 24,623,274</u>	<u>\$ 22,593,765</u>	<u>\$ 24,764,943</u>	<u>\$ 25,903,407</u>
Other Uses:					
Interfund Transfers	70,000	70,000	13,505	70,000	70,000
Total Expenditures and Other Uses	<u>24,574,114</u>	<u>24,693,274</u>	<u>22,607,270</u>	<u>24,834,943</u>	<u>25,973,407</u>
Excess (Deficit) Revenues Over Expenditures	<u>(728,179)</u>	<u>(847,339)</u>	<u>1,177,583</u>	<u>(731,781)</u>	<u>(305,878)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	728,179	847,339	6,752,679	731,781	305,878
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,930,262</u>	<u>\$ -</u>	<u>\$ -</u>

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

APPENDIX - B
Norwood-Norfolk CSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2022	\$ 1,375,000	\$ 520,271.25	\$ 1,895,271.25
2023	1,471,000	467,183.75	1,938,183.75
2024	1,475,000	403,273.75	1,878,273.75
2025	1,210,000	339,450.00	1,549,450.00
2026	940,000	287,718.75	1,227,718.75
2027	920,000	247,431.25	1,167,431.25
2028	775,000	206,000.00	981,000.00
2029	810,000	167,250.00	977,250.00
2030	860,000	126,750.00	986,750.00
2031	900,000	83,750.00	983,750.00
2032	775,000	38,750.00	813,750.00
TOTALS	\$ 11,511,000	\$ 2,887,828.75	\$14,398,828.75

CURRENT DEBT OUTSTANDING

Fiscal Year Ending June 30th	2012 Capital Project			2017 Buses			2017G DASNY Refunding of 2010A		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 95,000	\$ 21,025.00	\$ 116,025.00	\$ 60,000	\$ 2,025.00	\$ 62,025.00	\$ 445,000	\$ 79,550.00	\$ 524,550.00
2023	100,000	18,175.00	118,175.00	60,000	675.00	60,675.00	470,000	60,250.00	530,250.00
2024	100,000	14,925.00	114,925.00	-	-	-	495,000	36,750.00	531,750.00
2025	105,000	11,550.00	116,550.00	-	-	-	240,000	12,000.00	252,000.00
2026	110,000	7,875.00	117,875.00	-	-	-	-	-	-
2027	115,000	4,025.00	119,025.00	-	-	-	-	-	-
TOTALS	\$ 625,000	\$ 77,575.00	\$ 702,575.00	\$ 120,000	\$ 2,700.00	\$ 122,700.00	\$ 1,650,000	\$ 188,550.00	\$ 1,838,550.00

Fiscal Year Ending June 30th	2018A DASNY - Capital Project			2018 Buses			2019 Buses		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 605,000	\$ 404,750.00	\$ 1,009,750.00	\$ 50,000	\$ 3,900.00	\$ 53,900.00	\$ 70,000	\$ 4,202.50	\$ 74,202.50
2023	610,000	374,500.00	984,500.00	50,000	2,400.00	52,400.00	70,000	3,327.50	73,327.50
2024	640,000	344,000.00	984,000.00	55,000	825.00	55,825.00	70,000	2,242.50	72,242.50
2025	675,000	312,000.00	987,000.00	-	-	-	75,000	806.25	75,806.25
2026	705,000	278,250.00	983,250.00	-	-	-	-	-	-
2027	740,000	243,000.00	983,000.00	-	-	-	-	-	-
2028	775,000	206,000.00	981,000.00	-	-	-	-	-	-
2029	810,000	167,250.00	977,250.00	-	-	-	-	-	-
2030	860,000	126,750.00	986,750.00	-	-	-	-	-	-
2031	900,000	83,750.00	983,750.00	-	-	-	-	-	-
2032	775,000	38,750.00	813,750.00	-	-	-	-	-	-
TOTALS	\$ 8,095,000	\$ 2,579,000.00	\$ 10,674,000.00	\$ 155,000	\$ 7,125.00	\$ 162,125.00	\$ 285,000	\$ 10,578.75	\$ 295,578.75

Fiscal Year Ending June 30th	2020 Buses			2021 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 50,000	\$ 4,818.75	\$ 54,818.75	\$ -	\$ -	\$ -
2023	55,000	2,468.75	57,468.75	56,000	5,387.50	61,387.50
2024	55,000	1,781.25	56,781.25	60,000	2,750.00	62,750.00
2025	55,000	1,093.75	56,093.75	60,000	2,000.00	62,000.00
2026	60,000	375.00	60,375.00	65,000	1,218.75	66,218.75
2027	-	-	-	65,000	406.25	65,406.25
TOTALS	\$ 275,000	\$ 10,537.50	\$ 285,537.50	\$ 306,000	\$ 11,762.50	\$ 317,762.50

MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

**NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT
ST. LAWRENCE COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2021

The Audited Financial Statements, including opinion, 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.

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CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

BOARD OF EDUCATION

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Norwood-Norfolk Central School District, as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Norwood-Norfolk Central School District's 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwood-Norfolk Central School District as of June 30, 2021, 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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 4-31), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 94), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual- General Fund (pages 96-97), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) - NYSLRS Pension Plan (page 98), and Schedule of District's Contributions - NYSLRS Pension Plan (page 99) be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

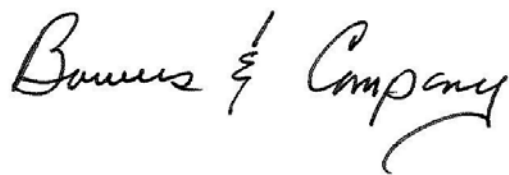
Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Norwood-Norfolk Central School District's basic financial statements. The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 100-106) are presented for purposes of additional analysis and are not a required part of the basic financial statements. The Schedule of Expenditures of Federal Awards (page 113) 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.

The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 100-106) and the Schedule of Expenditures of Federal Awards (page 113) are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 100-106) and the Schedule of Expenditures of Federal Awards (page 113) are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2021 on our consideration of the Norwood-Norfolk Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Norwood-Norfolk Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Norwood-Norfolk Central School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bowens & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

Watertown, NY
October 14, 2021

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

INTRODUCTION

Our discussion and analysis of the financial performance of Norwood-Norfolk Central School District (the District) provides an overview of the District's financial activities for the fiscal year ending June 30, 2021. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis on the current year. This section is an introduction and should be read in conjunction with the District's financial statements, which follow this section.

OVERVIEW

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

The School District employs approximately 180 full and part time professional and support staff. These employees are primarily organized into three collective bargaining units (Norwood-Norfolk Central Teachers' Association, Norwood-Norfolk Unit CSEA, and Norwood-Norfolk Administrators' Association).

The School District has a current contract with the Norwood-Norfolk Central Administrators' Association which expires June 30, 2021. The School District also has a current contract with the Norwood-Norfolk Central Teachers' and CSEA Unit, both expiring on June 30, 2021. All units subsequently renegotiated and renewed employment contracts for the new fiscal year.

The Norwood-Norfolk Central School District is located in St. Lawrence County with a total 2019-2020 Universal Prekindergarten to grade 12 enrollment of 941 students. The School District includes the Towns of Louisville, Madrid, Norfolk, Potsdam and Stockholm.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL HIGHLIGHTS

- ❑ Total net position is \$(69,337,404) at June 30, 2021. This is a decrease of \$3,491,384 over the prior year balance of \$(65,846,020).
- ❑ Overall government fund revenues of \$26,612,857 were below expenditures of \$29,727,754 by \$3,114,897.
- ❑ At year end, the fund balance in the general fund increased from \$6,752,679 in 2019-2020 to \$7,930,262 in 2020-2021; a \$1,177,583 increase. Fund balance is explained in more detail throughout the Management Discussion and Analysis.
- ❑ 2020-2021 enrollment decreased 35 students from 943 to 908 over 2019-2020. 2021-2022 student enrollment is increasing 53 students, from 908 in 20-21 to 961 projected enrollment in 2021-2022. Covid-19 is likely a factor in the fluctuating enrollment. These enrollment figures exclude Universal Prekindergarten students.

OVERVIEW OF 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 three sections together provide a comprehensive overview of the District. The basic financial statements are comprised of two kinds of statements that present financial information from different perspectives:

- ❑ **District-wide financial statements**, which comprise the first two statements, provide both short-term and long-term information about the entity's overall financial position.
- ❑ **Fund financial statements** focus on reporting the individual parts of the District operations in more detail. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column. The fund financial statements comprise the remaining statements.
 - **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 fund** statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS – Continued

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

Figure A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

OVERVIEW OF FINANCIAL STATEMENTS – Continued

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 government'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 how they have changed. Net position, or the difference between the assets and liabilities, are one way to measure the District's financial health or position.

- ❑ Over time, increases or decreases in the District's net position are an indicator of whether its financial health is improving or deteriorating, respectively.
- ❑ To assess the overall health of the District, one needs to consider additional nonfinancial factors such as changes in enrollment, changes in the property tax base, and changes in program funding by the Federal and State governments, and condition of facilities.

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

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's most significant funds -- not the District as a whole. Funds are accounting devices that the District uses to keep track of specific sources of funding and spending for particular programs. Some funds are required to be established by state law and by bond covenants. The School District establishes other funds to control and manage money for particular purposes or to show that the District is meeting legal responsibilities for using certain revenues. The District has one kind of fund:

- ❑ Governmental funds - Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, we provide a reconciliation that explains the relationship (or differences) between them.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$69,337,404 at the close of the most recent fiscal year. This represents an \$3,491,384 decrease in the statement of net position for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2021, the OPEB liability was \$108,539,120 compared to \$86,506,357 reported at the close of the prior fiscal year. See Note 12 for additional OPEB information

The largest portion of the School District's Net Position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The School District used capital assets to provide services; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the School District's Net Position represents resources subject to external restrictions on how they may be used. The remaining unrestricted (deficit) in net position is the result of the OPEB liability.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE –
Continued**

Table 1: Net Position – Condensed Statement of Net Position

	Governmental Activities		Total Dollar Change
	2021	2020 (Restated)	2021-2020
Assets			
Cash	\$ 10,150,338	\$ 7,950,418	\$ 2,199,920
Receivables	1,910,133	1,926,562	(16,429)
Inventories	16,238	30,736	(14,498)
Capital Assets, Net of Accumulated Depreciation	30,736,736	27,248,314	3,488,422
Net Pension Asset - Proportionate Share	-	977,638	(977,638)
Total Assets	\$ 42,813,445	\$ 38,133,668	\$ 4,679,777
Deferred Outflows of Resources			
Pensions	\$ 5,434,700	\$ 4,834,344	\$ 600,356
Deferred Charge on Bond Refunding	140,533	158,100	(17,567)
Other Postemployment Benefits	20,864,617	6,128,532	14,736,085
Total Deferred Outflows of Resources	\$ 26,439,850	\$ 11,120,976	\$ 15,318,874
Liabilities			
Current Liabilities	\$ 6,535,305	\$ 981,080	\$ 5,554,225
Long-Term Liabilities	122,362,931	102,820,727	19,542,204
Total Liabilities	\$128,898,236	\$ 103,801,807	\$ 25,096,429
Deferred Inflows of Resources			
Pensions	\$ 3,106,428	\$ 1,625,404	\$ 1,481,024
Other Postemployment Benefits	6,586,035	9,673,453	(3,087,418)
Total Deferred Inflows of Resources	\$ 9,692,463	\$ 11,298,857	\$ (1,606,394)
Net Position			
Net Investment in Capital Assets	\$ 14,372,416	\$ 13,591,096	\$ 781,320
Restricted for Debt Services	921,024	910,664	10,360
Restricted for Other Reserves	5,647,634	5,172,142	475,492
Unrestricted	(90,278,478)	(85,519,922)	(4,758,556)
Total Net Position	\$ (69,337,404)	\$ (65,846,020)	\$ (3,491,384)

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE – Continued

Changes in Net Position

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

Table 2 below summarizes the School District's revenue and expenditure activity or changes in net assets. The complete Statement of Activities can be found in the School District's basic financial statements, statement #2.

Table 2: Change in Net Position – Condensed Statement of Activities

	Governmental Activities		Total Dollar Change	Total Percentage
	2021	2020 **	2021-2020	2021-2020
Revenues				
Program Revenues				
Charges for Services	\$ 91,420	\$ 197,453	\$ (106,033)	-53.70%
Operating Grants & Contributions	2,424,171	1,957,557	466,614	23.84%
General Revenues				
Property Taxes	6,600,989	6,598,579	2,410	0.04%
Use of Money and Property	16,291	121,384	(105,093)	-86.58%
Loss on Disposition of Property	(24,539)	(43,830)	19,291	-100.00%
Sale of Property and Comp. for Loss	43,611	24,366	19,245	100.00%
State Sources	15,858,670	16,364,080	(505,410)	-3.09%
Federal Sources	470,162	43,756	426,406	974.51%
Other Revenues	560,302	425,335	134,967	31.73%
Total Revenues	\$ 26,041,077	\$ 25,688,680	\$ 352,397	1.37%
Expenses				
General Support	\$ 4,243,700	\$ 3,551,856	\$ 691,844	19.48%
Instruction	21,504,426	19,568,086	1,936,340	9.90%
Pupil Transportation	2,723,474	2,399,434	324,040	13.50%
Debt Service - Interest	448,891	503,303	(54,412)	-10.81%
School Lunch Program	611,969	512,931	99,038	19.31%
Total Expenses	29,532,461	26,535,610	2,996,851	11.29%
Total Change in Net Position	\$ (3,491,384)	\$ (846,930)	\$ (2,644,454)	312.24%

**2019-2020 Statement of Activities has not been restated as the information from GASB 84 is only available for the fiscal year ending June 30, 2021 and forward.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE –

Continued

Changes in Net Position – Continued

The next several paragraphs explain the revenues in Fiscal Year 2020-2021 and also address changes from year end 2020 to 2021. Following these explanations are graphical representations of the statement of activities. First, a column chart which compares the revenues from year end 2019 to 2020, and second, a pie chart illustrating the percentage of 2020-2021 revenues to the total by category.

Revenues

The District's total revenues were \$26,041,077, an increase of \$352,397 or 1.37%. State generated revenue decreased \$505,410 or 3.09%. Operating grant revenue increased by 23.84% or \$466,614 in Fiscal Year 2020-21 over 2019-20. *State sources* revenue accounted for 61% of all governmental activity revenue categories. The school district is heavily dependent on both state and federal aid for funding. State and federal aid combined with operating grants and contributions accounted for 72% of total revenues illustrated in table 2.

Charges for Services include general fund and school food service fund charges for services. This revenue category decreased an overall 53.70% or \$106,033. The General Fund charges for services revenue decreased \$69,721 due to decreases in revenue from non-resident foster care students. The District bills tuition charges to outside districts for special education services or when a foster care child enrolls within the Norwood-Norfolk Central School and resided in another district when placed in Foster care. In addition, the district invoices the Village of Norwood and the Town of Norfolk for fuel usage at the Bus Garage fueling station. The school food service program charges for services revenue, also known as sale of meals and other food sales, decreased \$36,311 or 53.79% due to changes to the National School Lunch Program reimbursement and not charging students for school breakfast or lunch. The changes occurred as a result of the COVID-19 pandemic.

Operating grants & contributions increased \$466,614 or 23.84% from 19-20 to 20-21. The overall increase is attributable mainly due to a substantial increase in federal funding under the School Lunch Fund totaling \$439,313. Total operating grants under the federal fund program increased \$27,301 from 19-20 to 20-21. Operating grant revenue in the school food service program includes federal and state reimbursement for breakfast and lunch claims as well as the value of government food provided. There is a drastic increase in operating grants under the School Lunch Fund because the United States Department of Agriculture extended free meals to all students through June 30, 2021. The free meal policy increased the reimbursement level for meals served.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE –

Continued

Revenues – Continued

Increases or decreases in operating grants occurring in the Special Aid Fund are typically due to timing of payment requests and actual expenditures at the time of request, as opposed to actual loss or gain of grant allocations. The 2020-2021 fiscal year experienced increases and decreases in federal grant expenditures from 2019-2020. The Special Aid Fund is discussed in more detail under the Financial Analysis of the District's Funds.

Tax levy revenue items increased \$2,410 and accounted for 0.04% of total general fund revenues. This increase represents the amount needed to support the general fund budget approved by voters. Of the total \$6,600,989 actual tax levy revenue, property taxes accounted for 20.99% of total revenue or \$4,993,557 and STAR revenue accounted for 6.44% or \$1,532,805 of total revenues.

Use of Money and Property includes interest earnings and rental of real property charges in the general fund, interest earnings in the school lunch fund and debt service fund as well as premium on obligations revenue in debt service fund. Use of money and property revenue in 20-21 totaled \$16,291; a \$105,093 decrease over 2019-2020 primarily due to a \$78,628 decrease in general fund interest earnings, and a decrease of \$22,417 in interest earnings, premiums, and proceeds in the debt service fund.

State Source Revenues decreased overall by 3.09% or \$505,410 in the 2020-2021 Fiscal Year. \$272,241 of the decrease is due to the 20% aid withholding from general foundation aid from New York State that was recognized in the Statement of Activities last year because it was recognized revenue earned. General aid also decreased \$428,620 due to the pandemic adjustment. This adjustment was filled with the CARES act funding, which is a federal source revenue. These decreases were offset by a \$249,878 increase in the general aid categories. The other changes in state source revenues include 1.) A \$359,738 increase in BOCES aidable services, 2.) An increase of \$220,568 in excess, high cost aid for special education programs provided to students, 3.) A decrease of \$129,811 in transportation aid. Transportation aid decreased from a reduction in expenditures throughout the COVID-19 pandemic.

Federal Source Revenue: The District received \$470,162 in 2020-2021. This included \$428,620 under the CARES Act and \$41,542 under federal Medicaid assistance for school age – school year programs. This total represents a decrease of \$2,214 or 5.06% over 2019-2020.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

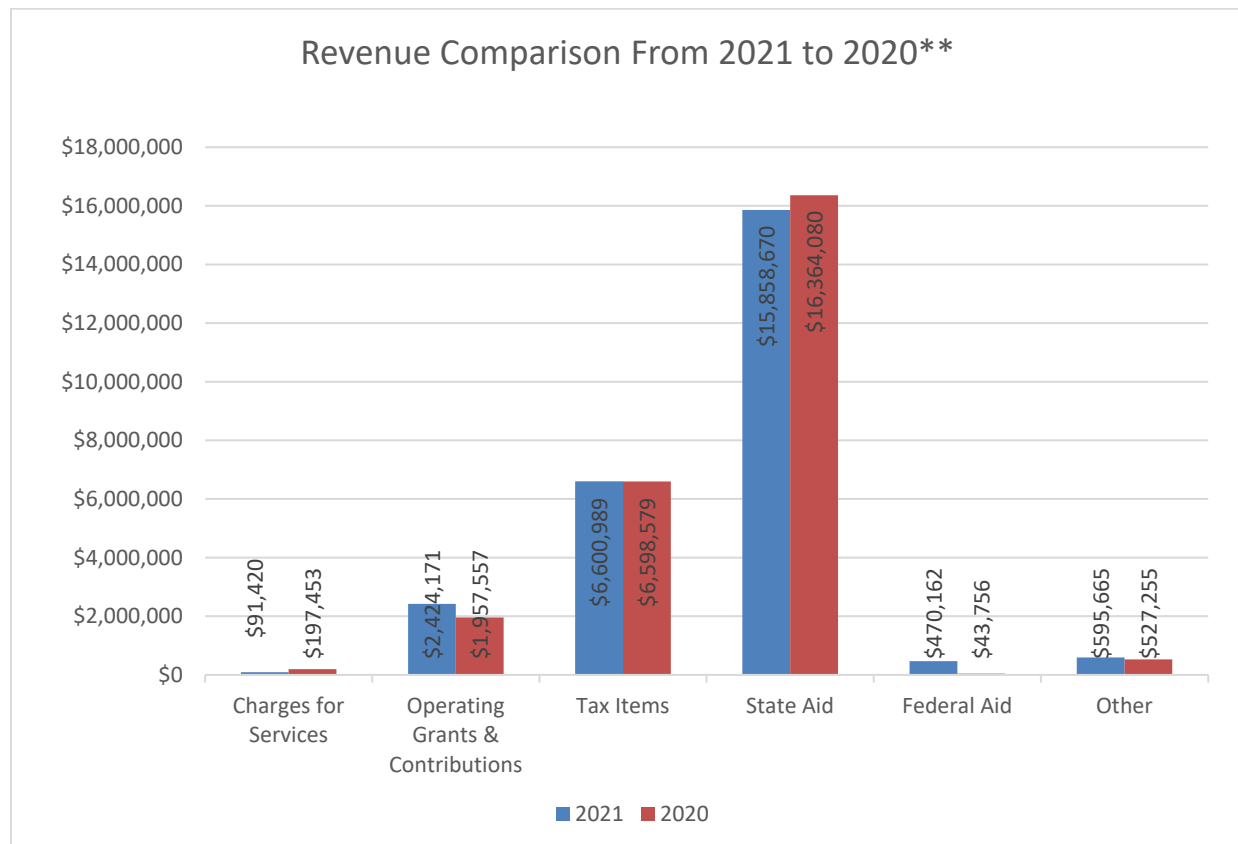
June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE – Continued

Revenues – Continued

Other revenues in 2019-2020 totaled \$560,302, an increase of \$134,967 or 31.73% over 2019-2020. Other revenues consist mainly of general fund retiree drug subsidy, BOCES refund, refund of prior years' expenses, E-rate reimbursement, and St. Lawrence County reimbursement for CPSE related services; school lunch fund vending machine and miscellaneous food revenue; and federal fund morning flyer program and robotics competition revenue. Of the total \$560,302 other revenue received, the general fund accounted for \$466,561.

The following bar graph illustrates the revenues received in 2020-2021 compared to 2019-2020. Each chart indicates the total revenue in dollars by category for each Fiscal Year.



** 2020 data has not been restated to reflect the changes as required by GASB 84 as such amounts were deemed immaterial.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

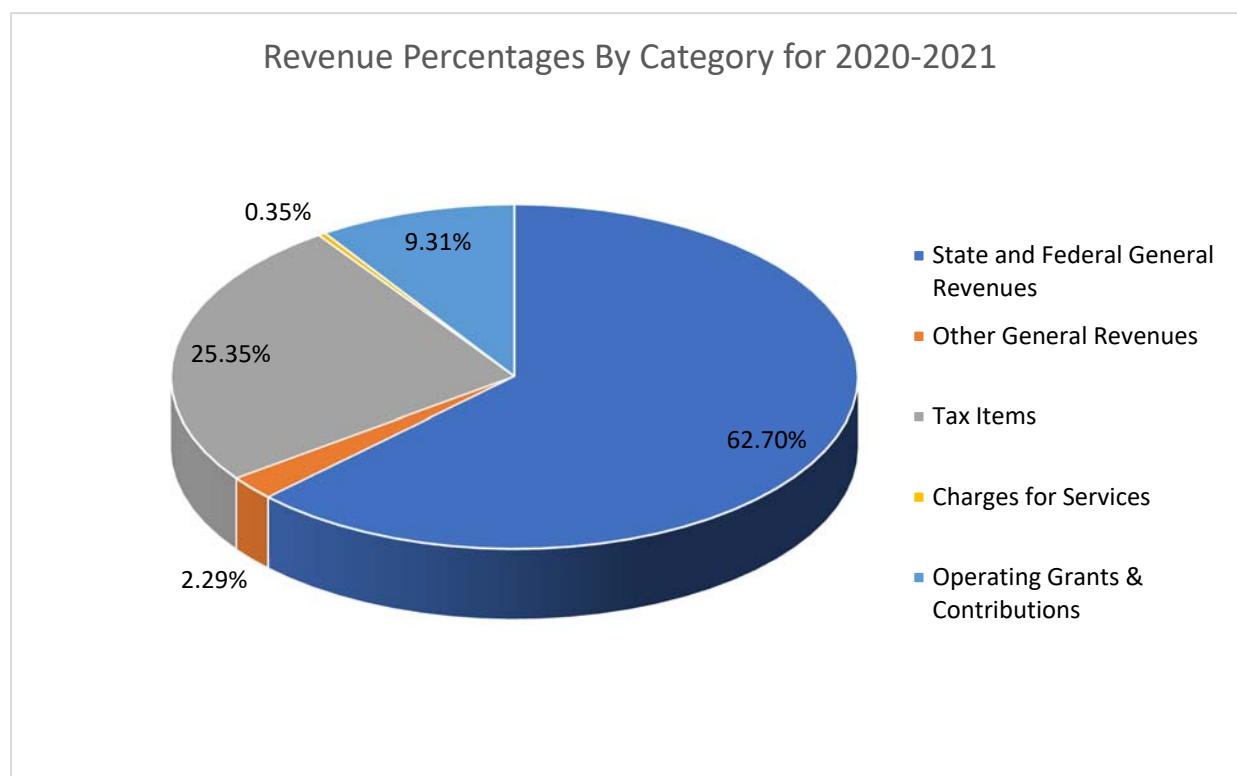
MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE – Continued

Revenues – Continued

The following pie chart summarizes the expenses for the Fiscal Year 2020-2021. This chart illustrates the percentage of expenses to the total by category.



Governmental Activities

The cost of all governmental activities this year is \$29,532,461.

Table 3 on the next page presents the cost of each of the District's functions as well as each function's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost reflects what is funded by charges for services, operating grants and capital grants and contributions.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE –
Continued**

Governmental Activities – Continued**Table 3 Net Cost of Governmental Activities**

	Total Cost of Services		Net (Expense)/Revenue for Services	
	2021	2020 **	2021	2020 **
General Support	\$ 4,243,700	\$ 3,551,856	\$ (4,243,700)	\$ (3,551,856)
Instruction	21,504,426	19,568,086	(19,859,506)	(17,880,745)
Pupil Transportation	2,723,474	2,399,434	(2,723,474)	(2,399,434)
Debt Service - Interest	448,891	503,303	(448,891)	(503,303)
School Lunch Program	611,969	512,931	258,702	(45,262)
Total	\$ 29,532,461	\$ 26,535,610	\$ (27,016,870)	\$ (24,380,600)

** 2020 data has not been restated to reflect the changes as required by GASB 84 as such amounts were deemed immaterial.

The next several paragraphs explain the expenses in Fiscal Year 2020-2021 and address changes from year end 2020 to 2021. These changes are illustrated in *Table 2 Change in Net Position – Condensed Statement of Activities* and in the Net Cost of Governmental Activities (Table 3 above). Following these explanations are graphical representations of the statement of activities. First, a column chart which compares the expenses from year end 2020 to 2021, and second, a pie chart illustrating the percentage of 2020-2021 expenses to the total by category.

Expenses

The total cost of all programs and services is \$29,532,461. This is an increase of \$2,996,851 or 11.29% from 2019-2020.

General support, which includes administrative activities and plant services, accounted for 14.37% of total costs. General support expenses increased 19.48% or \$691,844 from the prior year.

Instruction: The District's expenses are predominately related to educating and caring for students. 72.82% of total expenses are instructional. Instructional expenses increased 9.90% or \$1,936,340.

Transportation expenses increased 13.50% or \$324,040. Transportation accounts for 9.22% of total governmental expenses.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

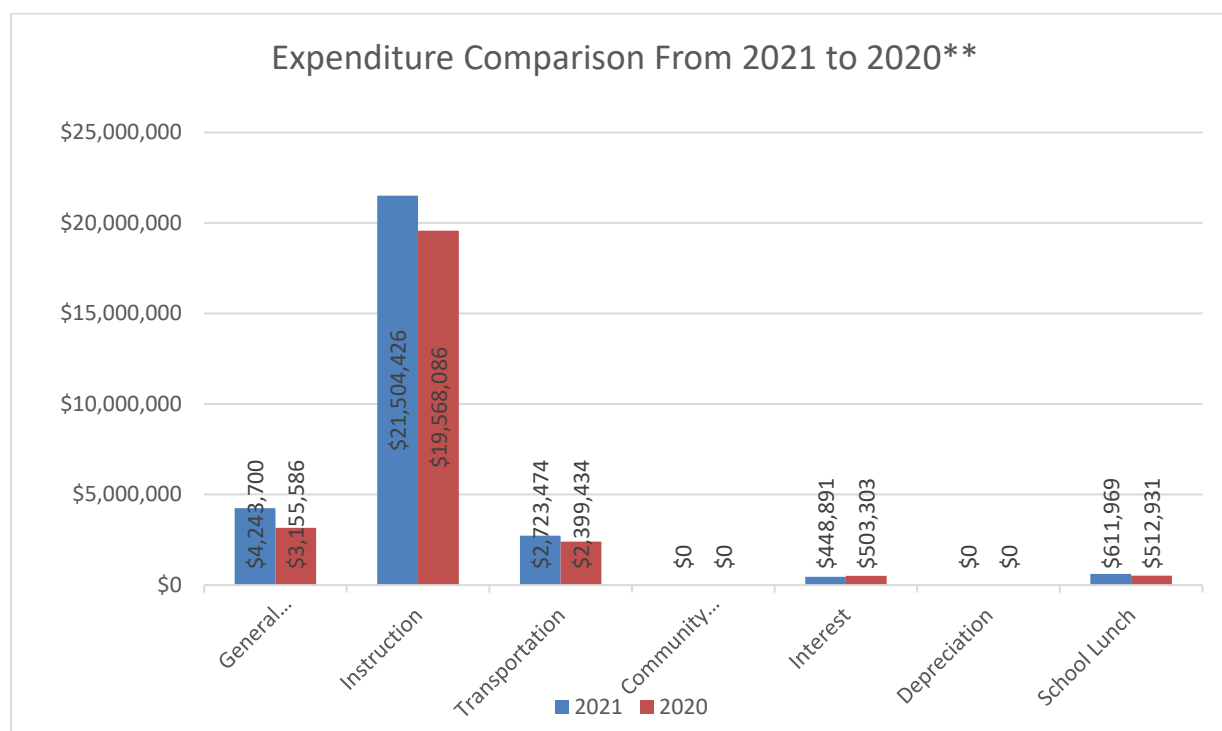
June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE – Continued

Debt Service Interest expense decreased \$54,412 or 10.81%.

The *School Food Service Program*, also known as the cafeteria fund, is also included in the statement of activities illustrated in Table 2 and summarized in the tables and graphs on the previous pages. School food service governmental wide expenditures in 2020-2021 increased \$99,038 or 19.31% from Fiscal Year 2019-2020. This increase is primarily from an increase in food purchases to accommodate the summer and school year meal pick-up as required during the COVID-19 pandemic. The expenditure variance in food purchases from 19-20 to 20-21 totaled \$146,274. The increase in food expenditures was offset by a negative expenditure variance in equipment purchases of (\$57,500) over the 19-20 fiscal year. Contractual increases in salaries and benefits accounted for only \$782 of the overall expenditure increase from 19-20 to 20-21. The school food service program realized a positive fund balance in 2020-2021, which is explained in more detail under the financial analysis of the district's funds.

The following bar graph illustrates the expenditures received in 2020-2021 compared to 2019-2020. Each chart indicates the total expense in dollars by category for each Fiscal Year.



** 2020 data has not been restated to reflect the changes as required by GASB 84 as such amounts were deemed immaterial.

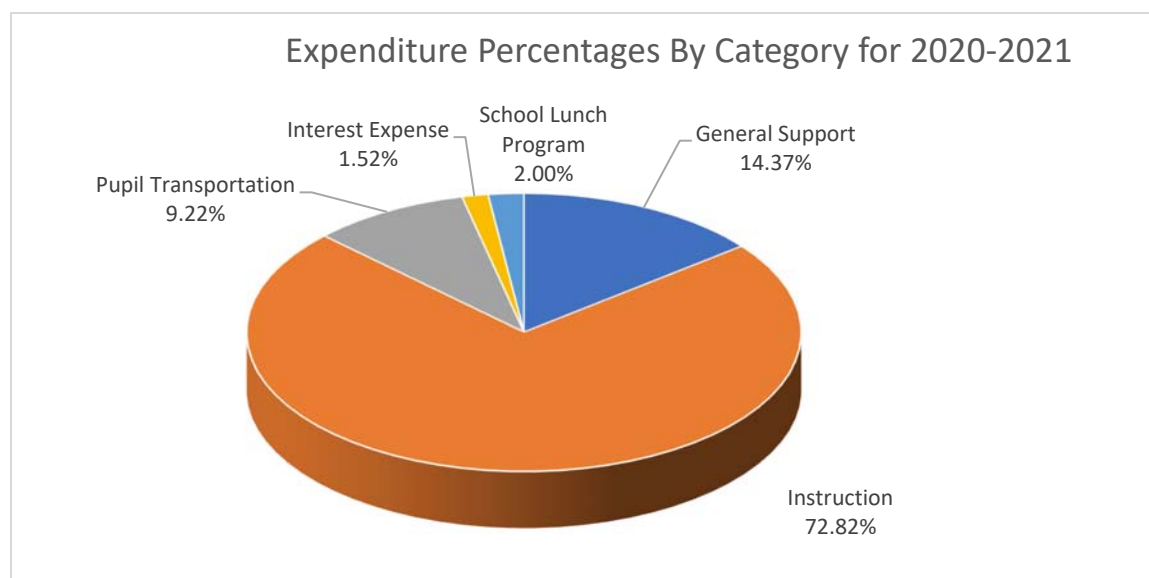
NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE –
Continued**

The following pie chart summarizes the expenses for the Fiscal Year 2020-2021. This chart illustrates the percentage of expenses to the total by category.

**General Fund Budgetary Highlights**

Over the course of the year, the District revises its annual voter approved budget to reflect unexpected changes in revenues and expenditures. Table 4 below compares the final budgeted revenues with actual revenues in nine general categories. Following the table is an explanation of the variances and results from 2020-2021 general fund budget to actual.

Table 4: Final Revenue Budget Compared to Actual Revenues

	Final Budget	Actual	Variance
Real Property and Other Tax Items	\$ 6,609,448	\$ 6,600,989	\$ (8,459)
Charges for Services	76,500	60,223	(16,277)
Use of Money and Property	17,000	12,396	(4,604)
Sale of Property & Comp. for Loss	-	45,411	45,411
Miscellaneous	90,000	464,761	374,761
State Sources	16,079,645	16,130,911	51,266
Federal Sources	443,620	470,162	26,542
Appropriated Reserves	529,722	-	(529,722)
Total Revenue	\$ 23,845,935	\$ 23,784,853	\$ (61,082)

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE – Continued

The adjusted revenue budget at June 30, 2021 is \$23,845,935. Actual revenues totaled \$23,784,853, a negative variance of (\$61,082). The difference is due to positive and negative variances in several categories. An explanation of noteworthy variances in revenue budget to actual is explained below.

The actual *property tax* revenue of \$6,600,989 represents 27.75% of total general fund revenues. The property tax levy budget approved by voters for 2020-2021 increased \$2,410 or a 0.04% increase over 2019-2020.

Charges for services revenue includes tuition fees for non-resident students or foster care placements, transportation services to BOCES and transportation provided to other districts. The actual revenue in this category is higher than budget primarily due to foster care tuition. With foster care placements, Norwood-Norfolk is the educating district and the cost of education is the responsibility of the district of origin (the district the child resided at the time of placement in foster care). Norwood-Norfolk billed tuition to districts of origin. Foster care tuition is a conservatively budgeted revenue item since foster children are a transient population and foster care tuition is not a stable source of revenue. The district received \$35,462 in foster care tuition charges in 20-21, a decrease of \$70,410 over the prior year. \$24,761 of charges for services revenue was from the Village of Norwood and Town of Norfolk for utilizing the district fueling station.

The *use of money and property* revenue includes textbook charges, student fees, interest earnings and property/room rental. The district budgeted \$3,500 for interest earnings and received \$4,514. The amount received is a \$78,628 decrease over the prior year 19-20 actual. The district's rate of return on investments declined due to the effects of the COVID-19 pandemic. BOCES room rental revenue of \$6,351 in 2020-2021 decreased \$3,828 or 38% due to changes in distance learning participation. The District budgeted \$13,500 which resulted in a negative variance budget to actual difference of \$7,149.

The *miscellaneous revenue* category includes the BOCES refund, refund of prior years' expenses, the Medicare Part D subsidy, and payment from use of the fueling station. The district's final budget under miscellaneous revenue totaled \$90,007 with \$464,761 actually received. The total difference of \$374,754 is due to a variety of variances; both positive and negative. The District budgeted \$0 in the BOCES refund as a revenue source and received \$276,339. The District budgeted \$65,000 in Medicare Part D subsidy and actually received \$131,105; \$66,105 positive variance over budget. The Medicare Part D reimbursement to districts is part of the Retiree Drug Subsidy program which encourages employers to continue offering prescription drug benefits to their retirees, as opposed to retirees seeking benefits through Medicare (costly to taxpayers). The district receives a subsidy for retiree drug usage under the St. Lawrence-Lewis Counties School Health Plan. The district received \$37,214 in other revenue under miscellaneous, which is \$22,214 over the \$15,000 budget. Items received under the "other" miscellaneous include payments for special education related services provided to UPK students, E-rate reimbursement, sports merger fees, substitute reimbursements from SLL BOCES, and tri-county energy consortium disbursement, to name a few.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

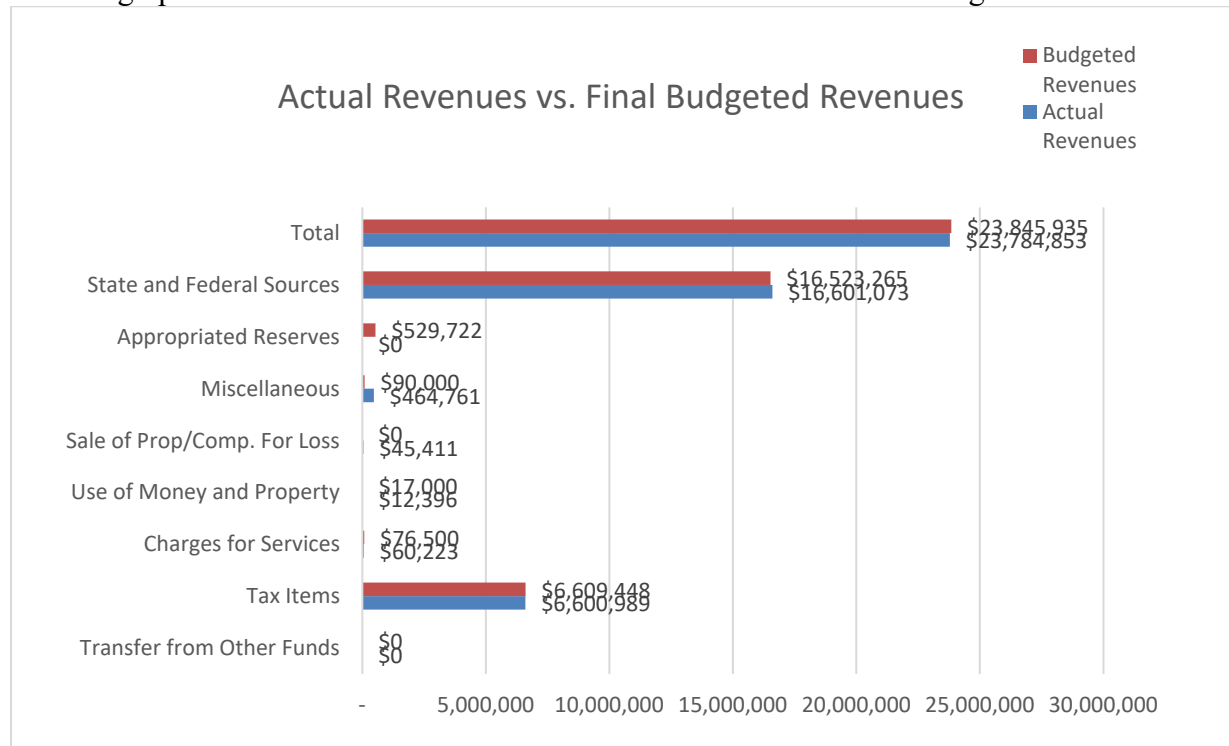
June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE – Continued

General Fund Budgetary Highlights

The major source of revenue is \$16,130,911 in *State Aid*. State aid consists of foundation aid, building aid, transportation aid, lottery aid, BOCES aid, and instructional materials aid. State aid accounted for 67.82% of total General Fund revenues in 2020-21. The variance between budget to actual is a positive \$51,266, meaning more state aid revenue was received compared to budget. The positive variance in state aid is the result of: 1.) 35,990 more general state aid (foundation aid, building aid, lottery aid) compared to budget, 2.) \$130,854 less transportation aid due to a decrease in expenses from 18-19 to 19-20 resulting from COVID-19. In addition, we had to absorb a negative adjustment to 20-21 aid from 19-20 standby transportation costs incurred from March 16, 2020 to June 30, 2020, 3.) \$118,897 more excess cost aid received for high cost students with disabilities compared to budget, 4.) \$31,662 more BOCES aid compared to budget due to an increase in services and/or service costs and, 5.) \$4,429 less in instructional materials aid, tuition, and “other” state aid compared to budget. Other state aid received in 2020-2021 includes aid for homeless students.

The bar graph below illustrates the actual revenues relative to the final budgeted revenues.



NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

**FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE –
Continued**

General Fund Budgetary Highlights – Continued

Table 5 below compares final adjusted budgeted expenditures with actual expenditures in six general categories. The district's original 2020-2021 expenditure budget is \$24,574,114 and the adjusted expenditure budget is \$24,693,274, a difference of \$119,160 which includes encumbrances carried forward from the 2019-2020 Fiscal Year. Actual expenditures totaled \$22,690,042, for a favorable expenditure variance of \$2,003,232. The bar graph labeled *actual expenditures vs. final budgeted appropriations* illustrates how the actual expenditures are distributed and how they compare to the original budgeted appropriations.

Table 5: Final Expenditure Budget Compared to Actual Expenditures

	Final Adjusted Budget	Actual + Encumbrances	Variance
General Support	\$ 2,417,825	\$ 2,343,003	\$ 74,822
Instruction	11,362,277	10,284,583	1,077,694
Pupil Transportation	1,113,450	881,718	231,732
Employee Benefits	7,731,293	7,177,133	554,160
Debt Service	1,998,429	1,990,100	8,329
Interfund Transfers	70,000	13,505	56,495
	<u>\$ 24,693,274</u>	<u>\$ 22,690,042</u>	<u>\$ 2,003,232</u>

The next several paragraphs describe in detail the original budget to actual variances in each General Fund functional area.

General support: The \$74,822 positive variance in budget to actual under general support occurred in maintenance and central printing/mailing. Maintenance salaries, contractual and materials and supplies produced a \$31,947 positive variance. The postage budget resulted in a \$15,762 positive variance and the BOCES print shop yielded a \$27,912 positive variance. The operations budget yielded an overall \$4,253 negative variance. However, there was a positive variance of \$48,037 in utilities, \$21,486 in equipment, and \$24,922 in contractual. The positive variances were offset by negative variances of \$13,308 in salaries, \$77,088 in supplies and \$8,302 in BOCES services. The negative variances in salaries and supplies are the result of purchasing personal protective equipment and cleaning supplies in addition to paying substitute wages to comply with COVID-19 cleaning protocols.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE – Continued

General Fund Budgetary Highlights – Continued

Instruction: The variance in instructional services from budget to actual for 2020-2021 totaled a positive \$1,077,694. Instructional and non-instructional salaries combined resulted in a positive variance of \$793,067 over actual budget. \$241,171 of the variance is from general education while \$127,152 of the positive variance occurred with special education instructional teachers and \$133,341 in special education teaching aides. Substitute costs under all instructional areas resulted in a positive \$128,079 over budget. The primary reason for the instructional and non-instructional salary variances is savings from budgeted replacements for retirements and resignations as well as unexpected retirements and resignations that remained unfilled. Instructional contractual and supply expenses produced a \$96,274 negative variance over budget as the district focused on technology purchases to strengthen remote instruction and learning. Special education tuition for residential placements results in a negative budget to actual of \$164,340 while BOCES services for special education students produced a positive variance of \$577,235. All other BOCES instructional services generated a \$85,447 negative variance due to additional purchases or technology equipment.

Pupil Transportation: The total difference from original budget to actual in Pupil Transportation, including transportation and bus garage, is a positive \$231,732. Actual salary expenditures resulted in a \$114,956 positive budget to actual outcome. This positive variance is atypical and due to the COVID-19 and changes to field trips, sporting events and afterschool programs. Fuel expenses for diesel and gasoline produced a positive \$75,410 variance from budget to actual. The projected gallons to determine the budget for diesel and gasoline exceeded the actual gallons purchased. In addition, the price per gallon for gasoline was less than the projected budget. The variances in the utilities for transportation is primarily due to the COVID-19 changes and the reduced need for fuel during remote instruction.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

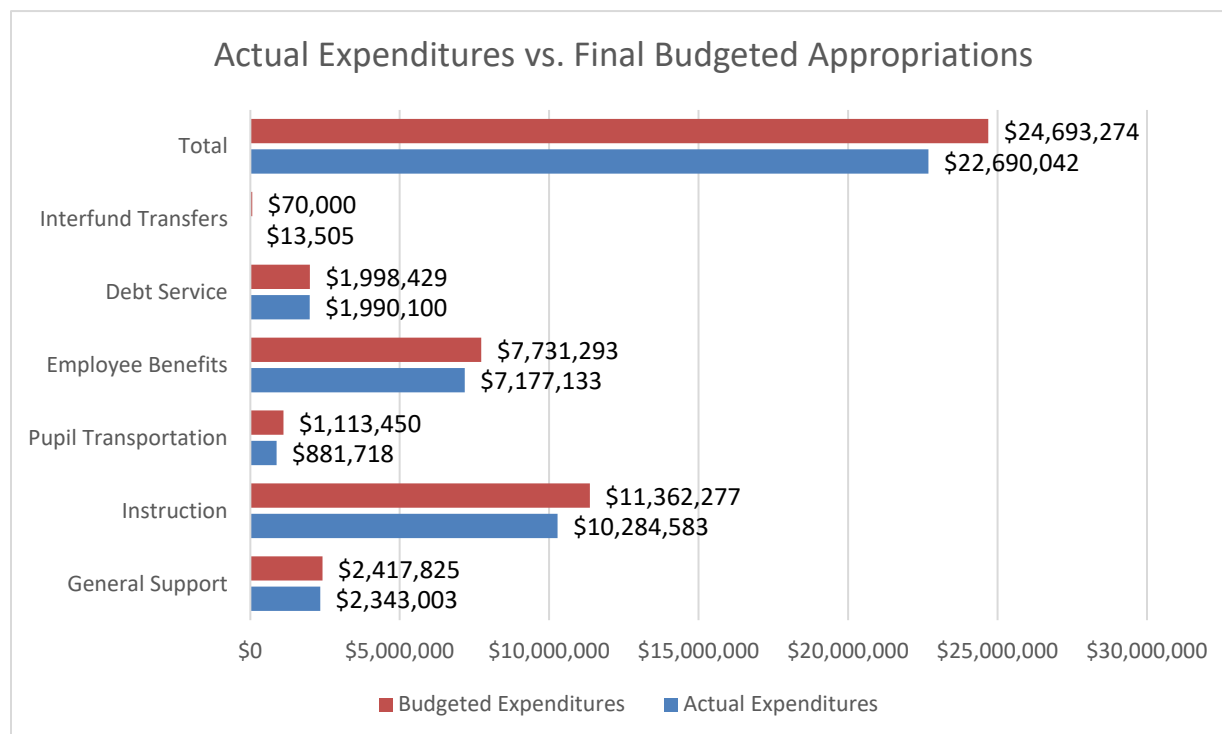
June 30, 2021

FINANCIAL ANALYSIS OF THE ENTITY AS A WHOLE – Continued

General Fund Budgetary Highlights – Continued

Employee Benefits: The positive difference from original budget to actual for employee benefits is \$554,160. The most notable positive variances under employee benefit expenses are health insurance, retirement expenses and social security tax with a positive budget to actual variance of \$342,835, \$112,917 and \$108,998, respectively. The health insurance positive difference is the result of \$104,577 additional being covered with federal and state grant funds. The remaining \$238,258 variance under health insurance is due to coverage changes with active/retired employees and cancellation of coverage for resignations. Federal and state grant funds covered \$48,463 of retirement expenses and \$36,492 of social security tax. The remaining variances in all benefit categories is due to less salaries and wages being paid, resulting in lower than budgeted benefit costs.

The bar graph below illustrates the actual expenditures relative to the final budgeted expenditures.



NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District financial performance as a whole is reflected in its governmental funds as well. The statement of revenues, expenditures and changes in fund balance for governmental funds is shown in detail on the financial statements. As the District completed the year, its governmental funds reported a combined fund balance of \$5,563,379 as compared to last year's ending fund balance of 8,678,276. This is a decrease of \$3,114,897. The paragraphs to follow provide insight into the fund balances by fund and why there is an increase government wide.

General Fund

The School District's General Fund had total expenditures (including transfers) of \$22,607,270 and total revenues of \$23,784,853. The difference between expenditures and revenues resulted in a \$1,177,583 increase to the General Fund balance. The total General Fund balance at June 30, 2021 totaled \$7,930,262; \$1,711,633 is unassigned fund balance, \$82,772 is assigned for encumbrances and \$731,781 is assigned to reduce the subsequent year budget while \$5,404,076 is restricted in reserves.

The District's appropriated fund balance increased \$271,876 from \$456,303 in the 2019-2020 budget to \$728,179 in the 2020-2021 budget. The appropriated fund balance needed to balance the 2021-2022 budget totals \$731,781, an increase of \$3,602. With the current unassigned fund balance, the District is prepared to utilize the necessary funds to maintain current programs and mitigate reductions.

The major portion of the General Fund expenditures goes directly to the instructional program - \$10,232,105, 45.29% of total expenses.

Other major categories in the General Fund are General Support - \$2,318,081, 10.26% of total expenses, Employee Benefits - \$7,177,133, 31.77% of total expenses and Debt Service Principal and Interest payments - \$1,990,100, 8.81% of total expenses.

In the general fund, debt service payments consisted of:

Table 6: Debt Service Payments

	Principal	Interest	Total
Bonds (Building Projects)	\$ 1,115,000	\$ 555,875	\$ 1,670,875
Bus purchases	300,000	19,225	319,225
Total	<u><u>\$ 1,415,000</u></u>	<u><u>\$ 575,100</u></u>	<u><u>\$ 1,990,100</u></u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS – Continued

Special Aid Funds

Federal and State grants provide funding for specific purposes ranging from reading improvement and staff development to after-school programs and servicing the needs of special education students.

It is important to note most of these grants have a fiscal year from September 1 to August 31 which differs from the school fiscal year of July 1 to June 30. Therefore, there are funds being spent during the summer months, which result in carry over amounts as of the June 30, 2020 school year.

During 2020-2021 federal grant revenues increased approximately 2.29% or \$17,546 over 2019-2020. Federal grant payments are initiated from actual District expenditures and a district request for reimbursement to the Grants Finance office of the New York State Education Department. Largely, variances in Special Aid Funds from one year to the next are due to timing of payment requests and actual expenditures at the time of request, as opposed to actual loss or gain of grant allocations. The \$17,546 increase, shown on Table 7 below, is the combination of increases and decreases in various grants as previously discussed.

Table 7 below illustrates the revenues and expenditures recorded in the Special Aid Fund:

Table 7: Special Aid Fund Revenues and Expenses

	2021	2020	Change (+/-)
Revenues			
State Sources	\$ 819,577	\$ 741,209	\$ 78,368
Federal Sources	765,120	747,574	17,546
Miscellaneous	6,720	4,858	1,862
Interfund Transfer In	13,505	40,437	(26,932)
Total	\$ 1,604,922	\$ 1,534,078	\$ 70,844
Expenses			
Instruction	\$ 1,310,567	\$ 1,385,930	\$ (75,363)
Employee Benefits	225,742	216,761	8,981
Interfund Transfer Out	-	-	-
Total	\$ 1,536,309	\$ 1,602,691	\$ (66,382)

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS – Continued

Special Aid Funds – Continued

State source revenue in the Special Aid Fund includes funding for Universal Pre-Kindergarten, Extended School Day grant, and the summer 4408 program for students with special needs. The District also received a 3-year State grant award called the Mentor Teacher Internship Grant. Federal source revenue includes funding from Title No Child Left Behind grants and Individuals with Disabilities Education Act (IDEA) grants.

State sources actual revenue increased \$78,368 with \$68,613 of this increase attributed to the 20% reduction in state source revenue restored from the 19-20 summer 4408, Universal Pre-Kindergarten, Extended School Day, and Mentoring Teacher Internship programs. Federal sources revenue increased \$17,546. The majority of this increase, \$12,904, is from an increase in the Title federal grant. Revenue for the Section 611 IDEA grant increased \$4,642.

It is unusual to have a discrepancy between the total federal fund revenues and expenses; they typically equal one another. There is a \$68,613 variance between the federal fund revenues and expenses due to the *restoration* of the 20% aid reduction in all state funded programs from the 2019-2020 fiscal year. These programs include the summer school 4408 program for special education students (\$10,962), Universal Pre-Kindergarten (\$29,198), Extended School Day program (\$24,271), and the Mentor Teacher Internship program (\$4,182).

Federal fund expenditures decreased overall in 20-21 over 19-20 by \$66,382. Instructional expenses in the Special Aid Fund decreased \$75,363 while employee benefits increased \$8,981. The majority of the overall decrease is from the Summer School 4408 program for special education students. The expenditures for this program decreased \$54,042 due to COVID-19 and changes in instruction to virtual offerings.

Actual grant expenditure and revenue activity often varies from federal and state grant allocations. Often times, the district does not spend 100% of the allocated funds in a given fiscal year. This phenomenon occurs because some grants start in September and end in August, which spans two fiscal years for the school district. In addition, funds can be carried forward from one grant year to the next. It is important to recognize changes in *allocations* to create awareness of patterns for possible future changes to funding. The district depends on federal and state grants to fund current programs. Grant funding allocations fluctuating in areas from 2019-2020 to 2020-2021. Title I, Improving the Academic Achievement of the Disadvantaged, and Title IIA, decreased \$4,424 and \$14,600, respectively. The allocation for Title IV, Student Support and Academic Enrichment, increased \$9,129 from \$21,312 in 19-20 to \$30,441 in 20-21. The district received Title V, Rural and Low Income grant funding in 2020-2021, however, did not receive these funds in the 2019-2020 fiscal year.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS – Continued

Special Aid Funds – Continued

All federal and state grants require the filing of an original budget, a budget amendment (if necessary), and a final cost report at the end of the project. All projects ending June 30, 2021 are complete as of this writing and final reports submitted to the Grants Finance Unit.

School Food Service (Cafeteria) Fund

Expenses in the School Food Service fund largely reflect food costs and employee wages and fringe benefits. The benefits are negotiated through the CSEA unit contractual agreement. The School Food Service Fund total assigned fund balance at June 30, 2021 is a positive \$423,702 compared to the prior year fund balance of \$150,322. This change is an increase of \$273,380 from 2019-20 to 2020-21. New York State recommends the School Food Service Fund balance not exceed an estimated 3-months of expenditures. A current three-month expense projection, based on 2020-2021 expenditure information, equals approximately \$183,591. To reduce the 2020-2021 fund balance to recommended levels, the district intends to purchase seating furniture for a new layout to promote student safety while encouraging positive social communication. In addition, the school lunch fund will purchase warming ovens, an ice machine, carts, a buffalo chopper and automatic slicer. These purchases will take place in the 2021-2022 fiscal year.

The Elementary and High School lunch prices changed between 2019-20 and 2020-21. Lunch prices in grades K-8 cost \$2.40 in 19-20 and \$2.50 in 20-21. The price for lunch in grades 9-12 cost \$2.50 in 19-20 and \$2.60 in 20-21. Breakfast prices for all grade levels K-12 increased from \$1.00 in 19-20 to \$1.10 in 20-21. The meal price changes are insignificant in relation to current practice since breakfast and lunch meals were free to all students in 20-21. The USDA extended free meals to all students in 20-21 due to the pandemic and remote learning.

Capital Projects Fund

The most recent capital project was approved by the voters on October 22, 2019. The vote included approval of a project not to exceed \$9,149,963 and to use \$1,037,923 from the capital reserve in addition to the issuance of serial bonds in the aggregate principal amount not to exceed \$8,112,040. The Capital Fund showed a fund balance of (\$3,971,405) at June 30, 2021. The capital project fund expenses in 2020-2021 consisted of bus purchases and the continuing phases of a new capital construction project. The continuing phases of the capital project included payments to the Architect, Construction Manager, and various contractors for construction services. The bus purchases were funded with serial bonds while the initial costs for the capital project were funded with a prior year capital reserve transfer and a bond anticipation note payable in the current year.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

Capital assets provide a picture of the district's financial performance over time. At June 30, 2021, the District had \$30,736,736 invested in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles. See Table 8. More detailed information about the District's capital assets is presented in the notes to the financial statements.

Table 8: Capital Assets

	Governmental Activities		Total Dollar Change
	2021	2020	2021-2020
Land	\$ 3,964	\$ 3,964	\$ -
Construction in Progress	5,009,328	382,065	4,627,263
Buildings	42,419,950	42,419,950	-
Site Improvements	850,978	850,978	-
Furniture at Historical Cost	3,707,647	3,652,415	55,232
Totals at Historical Cost	51,991,867	47,309,372	4,682,495
Less:			
Total Accumulated Depreciation	(21,255,131)	(20,061,058)	(1,194,073)
Net Capital Assets	<u>\$ 30,736,736</u>	<u>\$ 27,248,314</u>	<u>\$ 3,488,422</u>

Long-Term Debt

At year end, the District had \$122,362,931 in long term debt, consisting of general obligation bonds, other postemployment benefits (OPEB), net pension liability and amounts owed to employees upon their separation from service for accrued sick time, in accordance with labor contracts, as shown in Table 9.

Table 9 – Long-Term Debt

	Governmental Activities		Total Dollar Change
	2021	2020	2021-2020
General Obligation Bonds	\$ 12,533,448	\$ 13,815,318	\$ (1,281,870)
Other Post Employment Benefits	108,539,120	86,506,357	22,032,763
Compensated Absences	236,284	229,987	6,297
Net Pension Liability	1,054,079	2,269,065	(1,214,986)
Total	<u>\$ 122,362,931</u>	<u>\$ 102,820,727</u>	<u>\$ 19,542,204</u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

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

- The COVID-19 pandemic started in early 2020 and by the spring, the country shut down and was in a recession. School leaders attempted to maintain educational programming in a new environment while imagining reopening schools. Reopening brought about a new culture in education and fears about the future. Successfully reopening required purchasing personal protective equipment which has a substantial impact on the budget since the district was not prepared for this financial burden. After the state reduced 20-21 foundation aid to 19-20 levels, used the CARES Act to maintain those levels (Pandemic Adjustment), and withheld 20% of 2019-2020 state aid and grants owed in 20-21, fear mounted. The state was projecting revenues would not rebound for another five years. The 2020-2021 budget was built during what was projected to be a multi-year economic downturn. Fast forward to the 2021-2022 New York State budget that invests heavily in public education with the largest aid increase in state history and a commitment to a full phase-in of the Foundation Aid Formula.
 - In the 21-22 executive budget proposal, state aid would have been cut through reductions in STAR reimbursements and the creation of a new Services Aid that would consolidate, cut, and freeze numerous aid categories including transportation and BOCES aid. CRRSA (Coronavirus Response and Relief Supplemental Appropriations) and ARP (American Rescue Plan) funds will now supplement and not supplant state aid. The stimulus money is treated as a grant-in-aid recorded and reported in the Special Aid fund.
 - The Norwood-Norfolk Central School is receiving \$1,287,787 in CRRSA funds to be used by September 30, 2023 and \$2,892,187 in ARP funds to be used by September 30, 2024. There is another \$700,000 in funding available, however, the application has not been released as of this writing. The sum of stimulus funds required to spend in a three period totals \$4,879,974. The district is allocating the CRRSA and ARP funds to address the Covid-19 slide and maximize student learning opportunities. Most of the funding is being allocated to instructional personnel. This could come at a price in three years when the one-time money is gone, the funds are spent, and district administration has to eliminate positions.
- The 2021-2022 expenditure budget totals \$24,834,943, a \$260,829 or 1.06% increase over the \$24,574,114 2020-2021 voter approved budget. The board approved tax levy in 2021-2022 totals \$6,534,756, a 0% increase over 20-21. Property tax revenues accounted for approximately 27.75% of total revenues in 2020-2021 and 26.66% of total budgeted revenues for the 2021-2022 Fiscal Year. The School District depends on property tax revenue as a means of supporting the entire school operation.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - Continued

- ❑ **Tax Rates and Levy:** The 2021-2022 tax levy is increasing 0% over 2020-2021 or \$0. Norwood-Norfolk Central School has one of the highest tax rate per thousand among St. Lawrence County School Districts at \$23.87 per thousand of assessed value in 20-21. The Board of Education complied with the Tax Cap requirements since inception. The 2021-2022 cap on growth in local school taxes is 1.23%, which is a decrease from the 2020-2021 1.81% cap on growth.
- ❑ **New York State places a limit on local governments' ability to increase property taxes** which is known as the tax cap, is now permanent law. The 2% tax cap is limiting to poor districts, such as Norwood-Norfolk Central School, which relies heavily on state aid revenue to offset the expenditure budget. The property "tax cap" could prove difficult in future budget years. The property tax relief credit expired in 2020. Although the district is still required to comply with the 2% tax cap, taxpayers will not see a relief check going forward.
- ❑ **Retirement Contributions:** Employer contributions for the New York State Teachers Retirement System and the New York State & Local Employees Retirement Systems are increasing for the 2021-2022 budget. The employee's retirement and teacher's retirement expense combined account for 4.06% of the total 2021-2022 budget.
 - Retirement rates for Tier 4 support staff under the New York State & Local Retirement System is increasing in 2021-2022 to 18.3% from 16.2% in 2020-2021. Current estimates indicate the primary employer contribution rate for ERS (tier 4) in the 2022-2023 Fiscal Year budget are at 13.10%.
 - The 2021-2022 teachers' retirement system (TRS) contribution rate is 9.8% of salaries; a 2.8% increase over the 2020-2021 rate of 9.53%. The teacher's retirement rate for 2021-2022 was approved in August 2021 by the retirement board. In early November 2021, the TRS will announce an estimated range for the 2022-2023 employer contribution rate.
- ❑ **Minimum Wage Rates:** The New York State minimum wage rates are increasing \$0.70 per year until the rate reaches \$15 per hour. The minimum wage rate starting 2022 will be published by the Commissioner of Labor on or before October 1st and based on percentage increases determined by the Director of the Division of Budget, based on economic indices, including the Consumer Price Index. In order to remain competitive with the local job market, the District will continue to increase substitute rates and hourly rates. Historically, the district paid minimum wage is \$.50 higher than the state approved minimum wage rate. Increasing wages increases budget expenditures and without additional revenue increases, the educational program and/or the tax levy is impacted.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - Continued

- ❑ Health Insurance: The increase in health insurance premiums have a significant effect on the future financial health of the District. To mitigate the rising health insurance premiums, the district must look at cost saving measures of premiums and plan design changes.
 - Health insurance premiums in Fiscal Year 2020-2021 increased roughly 2%. For the 2021-2022 Fiscal Year, health insurance premiums are also increasing approximately 2%. It is probable the 2022-2023 premiums will increase in a manner similar to historical levels; budget estimates range from 3% to 7%. Health insurance benefits account for 24% of the total 2021-2022 budget. Rising benefit costs impact the ability of the district to maintain valuable student programs and services.
- ❑ Due to the regulations and funding surrounding the education of special education students, there is uncertainty in special education costs each year. Students tend to move in and out of the district throughout the year. Since the state does not fully reimburse costs incurred for educating these students, district expenses fluctuate unpredictably. The 2021-2022 special education budget includes an increase of \$696,235 or 21.5% over 2020-2021 actual results. The growth is primarily from budgeted enrollment increases in BOCES programs and contractual salary increases.
- ❑ Fund Balance – The 4% allowable surplus fund balance for the Norwood-Norfolk Central School equals \$993,398 for Fiscal Year Ending June 30, 2021. The actual ending fund balance is \$1,711,633 or 6.89% which is \$718,235 over the 4% allowable. The 6.89% balance at June 30, 2021 is currently \$221,536 above the Board approved reserve fund and fund balance plan of 6%. The appropriated fund balance and reserves for the 2021-2022 budget totals \$811,414 or 3.27% of the total budget. The district did not have to use the funds allocated from appropriated reserves or appropriated fund balance for the 2020-2021 Fiscal Year.
 - With the influx of federal stimulus funds combined with long awaited increases to foundation aid, it is likely the district will continue to experience unappropriated fund balance in excess of the 4% allowed by law.
 - To reduce the excess unappropriated fund balance, the Board of Education approved a \$0, 0% increase in the 2021-2022 budgeted tax levy as a means of complying with Section 1318 of the Real Property Tax Law.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2021

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Lisa Mitras
Norwood-Norfolk Central School District
7852 State Highway 56
Norwood, NY 13668

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES

June 30, 2021

ASSETS	
Cash and Cash Equivalents	
Unrestricted	\$ 2,234,809
Restricted	7,915,529
Receivables	
State and Federal Aid	1,817,458
Other	92,675
Inventories	16,238
Capital Assets, Net	30,736,736
Total Assets	<u>\$ 42,813,445</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Charge on Bond Refunding	\$ 140,533
Other Postemployment Benefits	20,864,617
Pensions	5,434,700
Total Deferred Outflows of Resources	<u>\$ 26,439,850</u>
LIABILITIES	
Payables	
Accounts Payable	\$ 1,645,713
Accrued Liabilities	49,264
Due to Other Governments	65,018
Accrued Interest on Bonds Payable	21,975
Due to Teachers' Retirement System	609,936
Due to Employees' Retirement System	125,722
Notes Payable	
Bond Anticipation	4,000,000
Unearned Credits	
Unearned Revenues - Other	17,677
Long-Term Liabilities	
Due and Payable Within One Year	
Bonds Payable, Net of Unamortized Premium	1,571,870
Due and Payable After One Year	
Bonds Payable, Net of Unamortized Premium	10,961,578
Compensated Absences Payable	236,284
Other Postemployment Benefits Payable	108,539,120
Net Pension Liability - Proportionate Share	1,054,079
Total Liabilities	<u>\$ 128,898,236</u>
DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits	\$ 6,586,035
Pensions	3,106,428
Total Deferred Inflows of Resources	<u>\$ 9,692,463</u>
NET POSITION	
Net Investment in Capital Assets	\$ 14,372,416
Restricted	6,568,658
Unrestricted (Deficit)	(90,278,478)
Total Net Position	<u>\$ (69,337,404)</u>

See notes to audited basic financial statements.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2021

FUNCTIONS/PROGRAMS	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants	
General Support	\$ 4,243,700	\$ -	\$ -	\$ (4,243,700)
Instruction	21,504,426	60,223	1,584,697	(19,859,506)
Pupil Transportation	2,723,474	-	-	(2,723,474)
Debt Service - Interest	448,891	-	-	(448,891)
School Food Service Program	611,969	31,197	839,474	258,702
Total Functions and Programs	<u>\$ 29,532,461</u>	<u>\$ 91,420</u>	<u>\$ 2,424,171</u>	<u>(27,016,870)</u>

GENERAL REVENUES

Real Property Taxes	4,993,557
Other Tax Items	1,607,432
Use of Money and Property	16,291
Miscellaneous	560,302
Loss on Disposition of Property	(24,539)
Sale of Property and Compensation for Loss	43,611
State Sources	15,858,670
Federal Sources	470,162
Total General Revenues	<u>23,525,486</u>
Change in Net Position	(3,491,384)
Net Position - Beginning of Year, As Restated	<u>(65,846,020)</u>
Net Position - End of Year	<u>\$ (69,337,404)</u>

See notes to audited basic financial statements.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2021

	General	Capital Project - District Wide	Non-Major	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents				
Unrestricted	\$ 1,832,878	\$ -	\$ 401,931	\$ 2,234,809
Restricted	5,404,076	1,353,660	1,157,793	7,915,529
Receivables				
State and Federal Aid	1,117,567	-	699,891	1,817,458
Due from Other Funds	560,740	-	6,939	567,679
Other	89,689	-	2,986	92,675
Inventories	-	-	16,238	16,238
TOTAL ASSETS	\$ 9,004,950	\$ 1,353,660	\$ 2,285,778	\$ 12,644,388
LIABILITIES				
Payables				
Accounts Payable	\$ 220,571	\$ 1,318,126	\$ 107,016	\$ 1,645,713
Accrued Liabilities	42,111	-	7,153	49,264
Due to Other Governments	64,482	-	536	65,018
Due to Other Funds	-	6,939	560,740	567,679
Due to Teachers' Retirement System	609,936	-	-	609,936
Due to Employees' Retirement System	125,722	-	-	125,722
Notes Payable				
Bond Anticipation	-	4,000,000	-	4,000,000
Unearned Credits				
Unearned Revenues - Other	11,866	-	5,811	17,677
Total Liabilities	<u>1,074,688</u>	<u>5,325,065</u>	<u>681,256</u>	<u>7,081,009</u>
FUND BALANCES (DEFICITS)				
Nonspendable	-	-	16,238	16,238
Restricted	5,404,076	-	1,164,582	6,568,658
Assigned	814,553	-	423,702	1,238,255
Unassigned	<u>1,711,633</u>	<u>(3,971,405)</u>	<u>-</u>	<u>(2,259,772)</u>
Total Fund Balances (Deficits)	<u>7,930,262</u>	<u>(3,971,405)</u>	<u>1,604,522</u>	<u>5,563,379</u>
TOTAL LIABILITIES AND FUND BALANCES (DEFICITS)	\$ 9,004,950	\$ 1,353,660	\$ 2,285,778	\$ 12,644,388

See notes to audited basic financial statements.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION

June 30, 2021

Total Fund Balance - Governmental Funds \$ 5,563,379

Amounts reported for governmental activities in the Statement of Net Position are different because:

Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.

Net Pension Liability - Proportionate Share - TRS	(1,046,054)
Net Pension Liability - Proportionate Share - ERS	(8,025)

Deferred outflows of resources are not available to pay for current-period expenditures, and therefore, are not reported in the fund statements consist of:

Deferred Charge on Bond Refunding	\$ 140,533		
Other Postemployment Benefits	20,864,617		
Pensions	<u>5,434,700</u>		26,439,850

Deferred inflows of resources are not available to pay for current-period expenditures, and therefore, are not reported in the fund statements consist of:

Other Postemployment Benefits	\$ (6,586,035)		
Pensions	<u>(3,106,428)</u>		(9,692,463)

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

The Cost of Capital Assets is	\$ 51,991,867		
Accumulated Depreciation is	<u>(21,255,131)</u>		30,736,736

Long-term liabilities, including bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities, at year end, consist of:

Bonds Payable	\$ 11,260,000		
Premium on Bonds Payable	1,273,448		
Accrued Interest on Bonds Payable	21,975		
Compensated Absences Payable	236,284		
Other Postemployment Benefits Payable	<u>108,539,120</u>		<u>(121,330,827)</u>

Total Net Position - Governmental Activities	<u>\$ (69,337,404)</u>
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NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES –
GOVERNMENTAL FUNDS**

Year Ended June 30, 2021

	General	Capital Project - District Wide Project	Non-Major	Total Governmental Funds
REVENUES				
Real Property Taxes	\$ 4,993,557	\$ -	\$ -	\$ 4,993,557
Other Tax Items	1,607,432	-	-	1,607,432
Charges for Services	60,223	-	-	60,223
Use of Money and Property	12,396	-	3,895	16,291
Miscellaneous	466,561	-	93,741	560,302
Sale of Property and Compensation for Loss	43,611	-	-	43,611
State Sources	16,130,911	-	847,438	16,978,349
Federal Sources	470,162	-	1,537,700	2,007,862
Surplus Food	-	-	39,033	39,033
Sales - School Food Service	-	-	31,197	31,197
Total Revenues	<u>23,784,853</u>	<u>-</u>	<u>2,553,004</u>	<u>26,337,857</u>
EXPENDITURES				
General Support	2,318,081	-	1,498,331	3,816,412
Instruction	10,232,105	-	-	10,232,105
Pupil Transportation	876,346	-	-	876,346
Employee Benefits	7,177,133	-	292,049	7,469,182
Debt Service				
Principal	1,415,000	-	-	1,415,000
Interest	575,100	-	-	575,100
Cost of Sales	-	-	357,898	357,898
Other Expenditures	-	-	89,953	89,953
Capital Outlay	-	4,627,263	268,495	4,895,758
Total Expenditures	<u>22,593,765</u>	<u>4,627,263</u>	<u>2,506,726</u>	<u>29,727,754</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,191,088</u>	<u>(4,627,263)</u>	<u>46,278</u>	<u>(3,389,897)</u>
OTHER FINANCING SOURCES AND (USES)				
Proceeds from Debt	-	-	275,000	275,000
Transfers In (Out)	(13,505)	-	13,505	-
Total Other Financing Sources and (Uses)	<u>(13,505)</u>	<u>-</u>	<u>288,505</u>	<u>275,000</u>
Net Change in Fund Balances	1,177,583	(4,627,263)	334,783	(3,114,897)
Fund Balances - Beginning of Year, As Restated	6,752,679	655,858	1,269,739	8,678,276
Fund Balances (Deficits) - End of Year	<u>\$ 7,930,262</u>	<u>\$ (3,971,405)</u>	<u>\$ 1,604,522</u>	<u>\$ 5,563,379</u>

See notes to audited basic financial statements.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES**

Year Ended June 30, 2021

Net Change in Fund Balances - Total Governmental Funds **\$ (3,114,897)**

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, assets with an initial individual cost of more than \$5,000 are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period, net of related losses on disposal of capital assets.

Capital Outlays	\$ 4,949,352	
Loss on Disposition of Property	(24,539)	
Depreciation Expense	<u>(1,436,391)</u>	3,488,422

Repayment of bond principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt repayments made in the current period. 1,415,000

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is decreased by the reduction in accrued interest on bonds and the amortization of premiums on bond issues, and increased by the amortization of the deferred charge on bond refunding. 126,209

In the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay), special termination benefits (early retirement) --are measured by the amount 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). (6,297)

Proceeds of long-term debt issuance are recorded as an other financing source in the governmental funds, however, the amount is recorded as a component of long term liabilities in the Statement of Net Position and the initial amount does not affect the Statement of Activities. (275,000)

See notes to audited basic financial statements.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES - CONTINUED**

Year Ended June 30, 2021

Governmental funds report revenues only when they are considered "available", whereas the Statement of Activities reports revenues when earned. Long term revenue differences relating to the 20% withholding of State Aid was reported in the prior year as revenue in the Statement of Activities and as deferred inflow in the governmental funds. When funds were collected in the current year, they were reported as revenue in the governmental funds. The amount represents prior year deferred inflow from governmental funds.

(272,241)

Increases (decreases) in proportionate share of net pension asset (liability) and related deferred inflows and outflows 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 the governmental funds.

Teachers' Retirement System	\$	(838,010)	
Employees' Retirement System		<u>194,690</u>	(643,320)

On the Statement of Activities, the actual and projected long-term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits.

(4,209,260)

Change in Net Position of Governmental Activities

\$ (3,491,384)

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

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

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

Extra Classroom Activity Funds

The Extra Classroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extra Classroom Activity Funds can be found at the District's business office. Due to administrative involvement, the District accounts for assets in a special revenue fund.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Joint Venture

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

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

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

During the year, the District was billed \$4,266,666 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,795,329. This represents state aid distributions of \$1,518,990 and 2020 fund balance returned to schools of \$276,339. However, an additional \$128,934 of BOCES state aid distributions has been recognized on the Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds. This amount was recorded as a deferred inflow of resources on the Balance Sheet – Governmental Funds in the prior year since it was not considered "available" as state aid distributions were reduced by 20% subsequent to year-end.

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

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NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation

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 and Federal aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

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

Fund Statements

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

The District reports the following governmental funds:

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

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for specific educational programs.

School Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Extra Classroom Activity Funds: Used to account for funds of the students of the District which are restricted as to use by the various student organizations where the District has administrative involvement over the funds.

Scholarships and Awards Fund: Used to account for proceeds received from various individuals and organizations that are restricted for specific scholarship and award programs not under specific trust arrangements.

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

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting

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

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

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collectible within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, 2020 and became a lien on August 18, 2020. Taxes are collected during the period September 1, 2020 through November 1, 2020.

Uncollected real property taxes are subsequently enforced by St. Lawrence County, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

Restricted Resources

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

Interfund Transactions

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

In the district-wide statements, eliminations have been made for all interfund receivables and payables between the governmental funds.

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses 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.

Impact of COVID-19 Pandemic on Financial Statements

The COVID – 19 pandemic remains a rapidly evolving situation. The extent of the impact of COVID – 19 on the District and financial results will depend on the future developments, which are highly uncertain and cannot be predicted, including but not limited to the duration, spread, severity, and impact of the outbreak, all of which at present, cannot be determined. Accordingly, the extent to which COVID – 19 may impact the District's net position is uncertain and the accompanying financial statements include no adjustments relating to the effects of this pandemic.

Cash and Cash Equivalents

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

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

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Receivables

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

Inventories and Prepaid Items

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and fund financial statements. These items are reported as assets on the Statement of Net Position or Balance Sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. The District had no prepaid items at June 30, 2021.

A portion of the funds balance in the amount of these non-liquid assets (inventories) has been identified as not available for other subsequent expenditures.

Other Assets

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to 1970. For assets acquired prior to 1970, estimated historical costs based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Land	\$ 1	N/A	N/A
Site Improvements	5,000	Straight Line	15-20
Buildings	5,000	Straight Line	20-40
Furniture and Equipment	5,000	Straight Line	5-20

The District does not possess any infrastructure.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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 District has four items that qualify for reporting in this category. First is the deferred charge on refunding reported in the district-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The third item is the District contributions to the New York State Teachers' and Employees' pension systems and to Other Postemployment Benefit (OPEB) plan subsequent to the measurement date. The fourth item relates to OPEB reporting in the District-Wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions and other inputs.

In addition to liabilities, the Statement of Net Position or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two 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 liability (TRS and ERS system) 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 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.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Unearned Revenue

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

Vested Employee Benefits

Compensated Absences

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

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

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

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

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Other Benefits

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

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

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

Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Short-Term Debt – Continued

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

Accrued Liabilities and Long-Term Obligations

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

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

Equity ClassificationsDistrict-Wide Statements

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

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

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

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

Fund Statements

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

Nonspendable – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Food Service Fund of \$16,238.

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:

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications – Continued**Employee Benefit Accrued Liability**

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

Insurance

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

Liability Claims and Property Loss

According to Education Law §1709(8)(c), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or \$15,000, whichever is greater. This type of reserve fund may be utilized only by school districts, except city school districts with a population greater than 125,000. This reserve is accounted for in the General Fund.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees Retirement System. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued**Retirement Contributions – Continued**

Effective April 1, 2019, a board may adopt a resolution establishing a sub-fund within the Retirement Contributions Reserve to finance contributions to the New York State Teachers' Retirement System ("TRS sub-fund"). The TRS sub-fund reserve may be established by a majority vote of the Board of Education if the District has an established Retirement Contributions Reserve Fund. The amounts contributed annually to the TRS sub-fund cannot exceed 2% of the compensation or salaries of all teachers employed by the District who are members of TRS paid during the preceding fiscal year. Also, the TRS sub-fund balance cannot exceed 10% of the total compensation or salaries of all teachers employed by the District who are members of TRS paid during the preceding fiscal year. This TRS sub-fund exists "within" the Retirement Contributions Reserve Fund, which is accounted for in the General Fund.

Tax Certiorari

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

Unemployment Insurance

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications - Continued**Scholarships and Awards Fund**

According to constraints placed on the use of resources established by various scholarship and award programs, must be used for the specific purpose outlined in the program. This reserve is accounted for in the Scholarships and Awards Fund

Extra Classroom Activity Funds

According to the regulations of the Commissioner of Education (8 NYCRR Part 172), the Board of Education of the District is required to make the rules and regulations for the establishment, conduct, operation, and maintenance of extra classroom activities and for the safeguarding, accounting and audit of all moneys received. According to the regulations of the Board of Education, the monies represent the funds of the students of the District and must be used by the student organizations of the District. This reserve is accounted for in the Extra Classroom Activity Fund.

Workers' Compensation

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications - Continued

Restricted fund balance includes the following reserves at June 30, 2021:

General Fund	
Capital	\$ 707,319
Employee Benefit Accrued Liability	236,458
Insurance	244,564
Liability Claims and Property Loss	320,543
State and Local Retirement System Contributions	3,025,083
Teachers' Retirement System Contribution	383,763
Tax Certiorari	80,250
Unemployment Insurance	124,714
Worker's Compensation	281,382
Debt Service	921,024
Extra Classroom	120,786
Scholarships and Awards	122,772
Total Restricted Funds	<u>\$ 6,568,658</u>

Committed – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2021.

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

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 and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES - Continued

Equity Classifications - Continued

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, 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, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Use of Fund Balance

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as assigned 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.

New Accounting Standards

The District has adopted all current Statements of Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2021, the District implemented the following new statements issued by GASB:

GASB has issued Statement No. 84, *Fiduciary Activities*, effective for the year ending June 30, 2021.

GASB has issued Statement No. 90, *Majority Equity Interests - an, amendment of GASB Statements No. 14 and No. 61*, effective for the year ending June 30, 2021.

GASB has issued Statement No. 93, *Replacement of Interbank Offered Rates*, effective for the year ending June 30, 2021, except for GASB No. 93 paragraphs 13-14 effective for the year ending June 30, 2022.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Future Changes in Accounting Standards

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

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

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

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

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

GASB has issued Statement No. 96, *Subscription-Based Information Technology Arrangements*, effective for the year ending June 30, 2023.

GASB has issued Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32*, effective for the year ending June 30, 2022.

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUNDS STATEMENTS AND DISTRICT-WIDE
STATEMENTS**

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

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 long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital assets and long-term liabilities, including pensions and other postemployment benefits payable.

Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities

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

1. Long-Term Revenue and Expense 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.

2. Capital Related Differences:

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUNDS STATEMENTS AND DISTRICT-WIDE
STATEMENTS - Continued**

Statement of Revenues, Expenditures, and Changes in Fund Balances vs. Statement of Activities – Continued

3. Long-Term Debt Transaction Differences:

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

5. OPEB Differences:

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

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2021, the District implemented GASB Statement No. 84, *Fiduciary Activities*. The implementation of the statement establishes criteria for identifying fiduciary activities of all school districts. See Note 18, Note 19, and Note 20 for the financial statement impact of the implementation of the statement.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 4 – STEWARDSHIP, COMPLIANCE AND
ACCOUNTABILITY**

Budgets

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year ended June 30, 2021.

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

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2021.

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

Special Revenue Funds have not been included in the comparison because they do not have a legally authorized (appropriated) budget.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 4 – STEWARDSHIP, COMPLIANCE AND
ACCOUNTABILITY – Continued**

Encumbrances

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

Other

The portion of the District's unreserved undesignated fund balance subject to NYS Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year, was in excess of statutory limits at June 30, 2021. Actions the district plans to pursue to address this issue include appropriating fund balance for subsequent year expenditures of \$731,781 and appropriating reserves in the amount of \$79,633.

The Capital Projects Fund – District Wide Project had a deficit fund balance of \$3,971,405. This will be funded when the District obtains permanent financing.

**NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL
CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE,
AND FOREIGN CURRENCY RISKS**

Cash

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

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

Uncollateralized	\$ -
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	\$ 3,109,715

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 5 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS - Continued

Cash – Continued

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2021 all deposits were fully insured and collateralized by the District's agent, but not in the District's name.

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

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 as of year-end includes \$5,404,076 for various fund balance reserves in the General Fund, \$914,085 restricted for debt service in the Debt Service Fund, \$1,353,660 restricted for capital projects in the capital project fund, \$120,786 restricted for extra classroom in the extra classroom activity funds, and \$122,922 restricted for scholarships and awards in the scholarships and awards fund within the governmental funds.

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk. The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Investment Pool

The District participates in a multi-municipal cooperative investment pool pursuant to New York State General Municipal Law Article 5-G §119-O, where it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. At June 30, 2021, the School District held \$6,951,396 in the investment pool.

The amounts held represent the cost of the investment pool shares and are considered to approximate net asset value. The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NYCLASS.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30 are as follows:

Governmental Activities	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 3,964	\$ -	\$ -	\$ 3,964
Construction in Progress	382,065	4,627,263	-	5,009,328
Total Nondepreciable Assets	<u>386,029</u>	<u>4,627,263</u>	<u>-</u>	<u>5,013,292</u>
Capital Asset That Are Depreciated:				
Site Improvements	850,978	-	-	850,978
Buildings and Improvements	42,419,950	-	-	42,419,950
Furniture and Equipment	3,652,415	322,089	266,857	3,707,647
Total Depreciated Assets	<u>46,923,343</u>	<u>322,089</u>	<u>266,857</u>	<u>46,978,575</u>
Less Accumulated Depreciation				
Site Improvements	673,292	17,512	-	690,804
Buildings and Improvements	17,006,323	1,010,427	-	18,016,750
Furniture and Equipment	2,381,443	408,452	242,318	2,547,577
Total Accumulated Depreciation	<u>20,061,058</u>	<u>1,436,391</u>	<u>242,318</u>	<u>21,255,131</u>
Total Depreciated Assets, Net	<u>26,862,285</u>	<u>(1,114,302)</u>	<u>24,539</u>	<u>25,723,444</u>
Total Capital Assets, Net	<u>\$ 27,248,314</u>	<u>\$ 3,512,961</u>	<u>\$ 24,539</u>	<u>\$ 30,736,736</u>

Depreciation expense was charged to governmental functions as follows:

General Support	\$ 166,704
Instruction	918,418
Pupil Transportation	351,269
	<u>\$ 1,436,391</u>

NOTE 7 – SHORT-TERM DEBT OBLIGATIONS

Short-term debt may be authorized and issued to fund the following:

Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuances of bond anticipation notes (BANs).

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 7 – SHORT-TERM DEBT OBLIGATIONS – Continued

Details related to short-term activity for the fiscal year ended June 30, 2021 are as follows:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	7/28/2021	0.36%	<u>\$ -</u>	<u>\$ 4,000,000</u>	<u>\$ -</u>	<u>\$ 4,000,000</u>

NOTE 8 – LONG-TERM DEBT OBLIGATIONS

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

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

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

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and Notes Payable					
General Obligation Debt					
Serial Bonds	\$ 12,400,000	\$ 275,000	\$1,415,000	\$ 11,260,000	\$ 1,430,000
Premium on Bonds	<u>1,415,318</u>	<u>-</u>	<u>141,870</u>	<u>1,273,448</u>	<u>141,870</u>
Total Bonds & Notes Payable	<u>13,815,318</u>	<u>275,000</u>	<u>1,556,870</u>	<u>12,533,448</u>	<u>1,571,870</u>
Other Liabilities					
Net Pension Liability-					
Proportionate Share	2,269,065	-	1,214,986	1,054,079	-
Compensated Absences	229,987	6,297	-	236,284	-
Other Postemployment					
Benefits Liability	<u>86,506,357</u>	<u>22,032,763</u>	<u>-</u>	<u>108,539,120</u>	<u>-</u>
Total Other Liabilities	<u>89,005,409</u>	<u>22,039,060</u>	<u>1,214,986</u>	<u>109,829,483</u>	<u>-</u>
Total Governmental Activities	<u>\$ 102,820,727</u>	<u>\$ 22,314,060</u>	<u>\$2,771,856</u>	<u>\$ 122,362,931</u>	<u>\$ 1,571,870</u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 – LONG-TERM DEBT OBLIGATIONS - Continued

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

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Serial Bond	11/09/17	06/15/25	2.0-5.0%	\$ 1,650,000
Serial Bond	06/07/18	06/15/32	5.00%	8,095,000
Serial Bond	06/15/12	06/15/27	2.0-3.5%	625,000
Serial Bond	12/15/16	12/15/21	.5-2.99%	55,000
Serial Bond	12/21/17	12/15/22	2.125-2.25%	120,000
Serial Bond	12/20/18	12/15/23	2.8-3.0%	155,000
Serial Bond	12/18/19	12/15/24	1-2.15%	285,000
Serial Bond	12/15/20	12/15/25	1.2-1.25%	275,000
Total				<u><u>\$ 11,260,000</u></u>

The following is a summary of debt service requirements at year ended June 30:

	Principal	Interest	Total
2022	\$ 1,430,000	\$ 521,093	\$ 1,951,093
2023	1,415,000	461,796	1,876,796
2024	1,415,000	400,523	1,815,523
2025	1,150,000	337,450	1,487,450
2026	875,000	286,500	1,161,500
2027-2031	4,200,000	830,775	5,030,775
2032	775,000	38,750	813,750
Total	<u><u>\$ 11,260,000</u></u>	<u><u>\$ 2,876,887</u></u>	<u><u>\$ 14,136,887</u></u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 8 – LONG-TERM DEBT OBLIGATIONS - Continued

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

Interest Paid	\$ 575,100
Less: Interest Accrued in the Prior Year	(23,881)
Plus: Interest Accrued in the Current Year	21,975
Plus: Amortization of Deferred Charge on Refunding	17,567
Less: Amortization of Bond Premium	(141,870)
Total Interest on Long-Term Debt	<u>\$ 448,891</u>

In a prior year, the District entered into an agreement for the purchase of fitness equipment. The lease was paid in full as of June 30, 2021.

Advance Refunding

In prior years, the District defeased certain general obligation bonds by placing the proceeds of the new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2021, the amount of outstanding defeased bonds totaled \$1,695,000

NOTE 9 – PENSION PLANS

General Information

The District participates in the New York State Teachers' Retirement System (NYSTRS) and the New York State Employees' Retirement System (NYSERS). These are cost-sharing multiple employer public employee defined benefit 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.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS - Continued

Teachers' Retirement System (TRS) Plan Description

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

Employees' Retirement System (ERS) Plan Description

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tier 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

Vested Benefits

Retirement benefits vest after 5 years of credited service except for Tier 5 and 6 where 10 years of credited service are required. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

TRS Benefits Provided – Continued

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service except for Tier 3 where disability retirement is permissible after 5 years of credited New York State service pursuant to the provisions of Article 14 of the RSSL. The Tier 3 benefit is integrated with Social Security.

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service. The benefit is based on final salary and the number of years of credited service.

Prior Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of annual benefit. The applicable percentage payable beginning September 2019 is 1%. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

Tier 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

Tier 3, 4, and 5

Eligibility: Tier 3 and 4 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. Tier 5 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 10 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 2 years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 10 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 4 years.

Vested Benefits

Members who joined the System prior to January 1, 2010 need five years of service to be 100 percent vested. Members who joined on or after January 1, 2010 require ten years of service credit to be 100 percent vested.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

ERS Benefits Provided – Continued

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% 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 TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2020 and received an overall discount of \$2,655).

The District's share of the required contributions, based on covered payroll paid for the current and two preceding years were:

	NYSTRS	NYSERS
2020-2021	\$ 569,282	\$ 321,506
2019-2020	667,054	324,761
2018-2019	625,438	332,139

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

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

At June 30, 2021, 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, 2021 for ERS and June 30, 2020 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Districts Proportionate Share of the Net Pension Asset (Liability)	\$ (8,025)	\$ (1,046,054)
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0080590%	0.037856%
Change in Proportion since the Prior Measurement Date	-0.0005098%	0.000226%

For the year ended June 30, 2021, the District's recognized pension expense (credit) of \$(194,690) for ERS and \$838,010 for TRS. At June 30, 2021, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

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

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 98,003	\$ 916,553	\$ -	\$ 53,608
Changes of Assumptions	1,475,477	1,323,014	27,828	471,586
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	-	683,165	2,305,157	-
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	1,471	234,753	98,633	149,616
District's Contributions Subsequent to the Measurement Date	<u>125,722</u>	<u>576,542</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 1,700,673</u>	<u>\$ 3,734,027</u>	<u>\$ 2,431,618</u>	<u>\$ 674,810</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year end June 30, 2022, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

	ERS	TRS
2022	\$ (171,770)	\$ 414,018
2023	(78,372)	829,118
2024	(148,976)	722,795
2025	(457,549)	436,343
2026	-	32,381
Thereafter	-	48,020

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Actuarial Valuation Date	April 1, 2020	June 30, 2019
Interest Rate	5.9%	7.1%
Salary Scale	4.4%	1.3%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2009 - June 30, 2014 System's Experience
Inflation Rate	2.7%	2.2%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2020. For TRS, annuitant mortality rates are based on July 1, 2009 – June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2019.

For ERS, the actuarial assumptions used in the April 1, 2020 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2019 valuation are based on the results of an actuarial experience study for the period July 1, 2009 – June 30, 2014.

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

Actuarial Assumptions - Continued

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

	ERS	TRS
Measurement Date	March 31, 2021	June 30, 2020
Asset Type		
Domestic Equity	4.05%	7.10%
International Equity	6.30%	7.70%
Private Equity	6.75%	10.40%
Global Equity		7.40%
Real Estate	4.95%	6.80%
Opportunistic / Absolute Return Strategies Portfolio	4.50%	
Credit	3.63%	
Real Assets	5.95%	
Cash	0.50%	0.70%
Private Debt		5.20%
Real Estate Debt		3.60%
Domestic Fixed Income Securities		1.80%
Global Bonds		1.00%
High-Yield Bonds		3.90%

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. 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 asset (liability).

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1-percentage point lower (4.9% for ERS and 6.1% for TRS) or 1-percentage point higher (6.9% for ERS and 8.1% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (2,227,337)	\$ (8,025)	\$ 2,038,701

TRS	1% Decrease (6.1%)	Current Assumption (7.1%)	1% Increase (8.1%)
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (6,607,563)	\$ (1,046,054)	\$ 3,621,461

Pension Plan Fiduciary Net Position

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

	ERS	(In Thousands) TRS	Total
Measurement Date	March 31, 2021	June 30, 2020	
Employer's Total Pension Asset (Liability)	\$ (220,680,157)	\$ (123,242,776)	\$ (343,922,933)
Plan Net Position	220,580,583	120,479,505	341,060,088
Employer's Net Pension Asset (Liability)	<u>\$ (99,574)</u>	<u>\$ (2,763,271)</u>	<u>\$ (2,862,845)</u>
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	99.95%	97.76%	

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 9 – PENSION PLANS – Continued

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2021 represent the projected employer contribution for the period of April 1, 2021 through June 30, 2021 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2021 amounted to \$125,722. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2021 are paid to the System in September, October and November 2021 through a state aid intercept. Accrued retirement contributions as of June 30, 2021 represent employee and employer contributions for the fiscal year ended June 30, 2021 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2021 amounted to \$609,936.

NOTE 10 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 560,740	\$ -	\$ -	\$ 13,505
Special Aid	-	535,774	13,505	-
School Food Service	-	24,966	-	-
Debt Service	6,939	-	6,505	-
Capital - Buses	-	-	-	6,505
Capital - District Wide	-	6,939	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total	\$ 567,679	\$ 567,679	\$ 20,010	\$ 20,010

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. The General Fund advanced funds to the Special Aid Fund and School Food Service Fund to provide temporary cash until New York State has reimbursed the special and food service grant programs. Unexpended funds from capital bus purchases were transferred to the Debt Service Fund upon completion.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 11 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2021:

Fund Balances (Deficits)	General	Capital Project - District Wide Project	Total Non-Major	Total Governmental Funds
Nonspendable				
School Food Service Inventory	\$ -	\$ -	\$ 16,238	\$ 16,238
Restricted				
Capital Reserve	707,319	-	-	707,319
Extra Classroom Activity Funds	-	-	120,786	120,786
Scholarships and Awards Fund	-	-	122,772	122,772
Debt Service Fund	-	-	921,024	921,024
Employee Benefit-Accrued Liability	236,458	-	-	236,458
Insurance	244,564	-	-	244,564
Liability Claims and Property Loss	320,543	-	-	320,543
Retirement Contribution	3,025,083	-	-	3,025,083
Teachers' Retirement	383,763	-	-	383,763
Tax Certiorari	80,250	-	-	80,250
Unemployment Insurance	124,714	-	-	124,714
Worker's Comp	281,382	-	-	281,382
Assigned				
General Support	24,922	-	-	24,922
Instruction	52,478	-	-	52,478
Pupil Transportation	5,372	-	-	5,372
Designated for Next Fiscal Year	731,781	-	-	731,781
School Food Service Fund	-	-	423,702	423,702
Unassigned				
General Fund	1,711,633	-	-	1,711,633
Capital Projects	-	(3,971,405)	-	(3,971,405)
Total Governmental Fund Balance (Deficit)	<u>\$ 7,930,262</u>	<u>\$ (3,971,405)</u>	<u>\$ 1,604,522</u>	<u>\$ 5,563,379</u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

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’s Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At June 30, 2021, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	171
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>154</u>
Total Covered Employees	<u><u>325</u></u>

The District Recognizes the cost of providing health insurance annually as expenditures in the General Fund of the fund financial statements as payments are made. For the year ended June 30, 2021, the District recognized \$2,540,454 for its share of insurance premiums for currently enrolled retirees.

The District participates in the St. Lawrence-Lewis Health Insurance Consortium (the Plan). The Plan allows eligible District employees and spouses to continue health coverage upon retirement. The Plan does issue a publicly available financial report.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)
BENEFITS - Continued**

General Information about the OPEB Plan - Continued

Eligible teachers, administrators and employees are those who are at least age 55 with 5 years of service. Employees must also be eligible to retire under the ERS or TRS.

Retirees and Spouses/Dependents:

Exempt/Administrators – Prior to July 1, 2014, 0% contributions to retiree health benefits. After July 1, 2014, a contribution at the same rate as active employees (currently 10%).

CSEA Employees – Prior to July 1, 2013, 0% contributions to retiree health benefits. After July 1, 2013, a contribution at the same rate as active employees (currently 10%).

Teachers - Prior to July 1, 2012, 0% contributions to retiree health benefits. After July 1, 2012, a contribution at the same rate as active employees (currently 10%).

Surviving Spouse – Surviving spouses are allowed to continue coverage at 100% of the premium cost for all contracts.

Medicare Part B Reimbursement – Norwood-Norfolk Central School District reimburses the full Medicare Part B amount for all retirees and dependents eligible for postemployment health insurance benefits. Surviving spouses do not receive reimbursement.

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2021 which indicates that the total liability for other postemployment benefits is \$108,539,120 which is reflected in the Statement of Net Position. The OPEB liability was measured as of July 1, 2020 and was determined by an actuarial valuation as of July 1, 2020.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)
BENEFITS – Continued**

Total OPEB Liability - Continued

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

Measurement Date	07/01/20
Rate of Compensation Increase	3.00%
Inflation Rate	2.20%
Discount Rate	2.21%

Assumed Medical/Prescription Drug Trend Rates at June 30

Health Care Cost Trend Rate Assumed for Next Fiscal Year	6.50%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.04%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2091

Additional Information

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in Years)	5.01
Amortized Period Status	Open
Method Used to Determine Actuarial Value of Assets	N/A

The discount rate was based on the Bond Buyer weekly 20-Bond GO Index as of July 1, 2020.

Mortality rates were based on the sex-distinct RPH-2014 Mortality Tables for employees and healthy annuitants, adjusted backwards to 2006 with scale MP-2014, and then projected forward with the scale MP-2020.

The actuarial assumptions used in the July 1, 2020 valuation were based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2020.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)
BENEFITS – Continued**

Changes in the Total OPEB Liability

Balance at June 30, 2020	\$ 86,506,357
Changes for the Year	
Service Cost	2,383,591
Interest	3,063,328
Changes in Benefit Terms	-
Differences Between Expected and Actual Experience	4,130,958
Changes of Assumptions or Other Inputs	15,187,465
Benefit Payments	<u>(2,732,579)</u>
Net Changes	<u>22,032,763</u>
Balance at June 30, 2021	<u><u>\$ 108,539,120</u></u>

Changes of assumptions and other inputs reflect a change in the discount rate from 3.50 percent on July 1, 2019 to 2.21 percent on July 1, 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 (1.21 percent) or 1 percentage point higher (3.21 percent) than the current discount rate:

	1% Decrease 1.21%	Discount Rate 2.21%	1% Increase 3.21%
Total OPEB Liability	<u><u>\$ 128,650,026</u></u>	<u><u>\$ 108,539,120</u></u>	<u><u>\$ 92,579,507</u></u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS – Continued**

Changes in the Total OPEB Liability - Continued

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 (trend decreasing to 3.04 percent) or 1 percentage point higher (trend increasing to 5.04 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 3.04%)	Healthcare Cost Trend Rates (Trend Decreasing to 4.04%)	1% Increase (Trend Plus 1% Decreasing to 5.04%)
Total OPEB Liability	<u>\$ 91,120,102</u>	<u>\$ 108,539,120</u>	<u>\$ 131,204,653</u>

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

For the year ended June 30, 2021, the District recognized OPEB expense of \$4,209,260. At June 30, 2021, 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
Difference Between Expected and Actual Experience	\$ 3,965,238	\$ -
Changes of Assumptions or Other Inputs	13,915,231	6,586,035
Employer Contributions Subsequent to the Measurement Date	<u>2,984,148</u>	<u>-</u>
	<u>\$ 20,864,617</u>	<u>\$ 6,586,035</u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

**NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)
BENEFITS – Continued**

**OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources
Related to OPEB - Continued**

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,

2022	\$ 1,791,142
2023	2,823,068
2024	3,158,801
2025	3,482,865
2026	38,558
2027 and Thereafter	-
	<hr/>
	\$ 11,294,434
	<hr/>

NOTE 13 – RISK MANAGEMENT

General

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

Pooled Non-Risk-Retained

The District incurs costs related to an employee health insurance plan (Plan) sponsored by the St. Lawrence-Lewis BOCES and its component districts. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. Districts joining the Plan must remain a member for a minimum of one year; a member may withdraw from the Plan after that time by written notification to the Plan committee one year in advance. Plan members include eighteen districts and the BOCES with the Norwood-Norfolk Central School District bearing a proportionate share of the Plan's assets and claims liabilities.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 13 – RISK MANAGEMENT – Continued

Pooled Non-Risk-Retained – Continued

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled.

The Plan issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained in writing: St. Lawrence-Lewis Counties School District Employee Medical Plan, Post Office Box 697, Canton, New York 13617.

The District participates in the St. Lawrence-Lewis Counties School District Employees Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District share of the liability for unbilled and open claims is \$0.

NOTE 14 – COMMITMENTS AND CONTINGENCIES

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 15 – LEASE OBLIGATIONS (OPERATING LEASES)

The District leases copiers under the terms of various non-cancelable leases. Rental expense for the year was \$3,495.

Minimum annual rentals for each of the remaining years of the lease at June 30 are:

2022	\$ 1,728
2023	1,728
2024	1,728
2025	1,728
2026	773
Total	<u><u>\$ 7,685</u></u>

NOTE 16 – DONOR RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of Scholarships.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 17 – TAX ABATEMENT

The District uses a property tax abatement agreement with local businesses. The local businesses entered into agreements directly with local tax jurisdictions within St. Lawrence County for tax abatement. The purpose of the Payment in Lieu of Taxes (PILOT) agreements are to provide real property tax abatement for value added by construction or renovations.

The District has one PILOT agreement executed through the St. Lawrence County Industrial Development Agency (SLCIDA) dated February 1, 2011 for St. Lawrence Gas for a Natural Gas Pipeline. The agreement spans for a period of 15 years. The total taxable valuation for each total PILOT payment shall be calculated such that a graduated abatement factor shall be applied to the increased assessed valuation attributable to the improvements made to the facility by the company. This schedule will allow for 100% exemption relating to the improvements and equipment in the first 5 PILOT years. This will be reduced in 10% increments in PILOT years 6-14. Thereafter, the improvements and equipment by the facility shall be subject to full taxation.

For the fiscal year ended June 30, 2021, the District's portion of the PILOT was approximately \$60,000 and the District abated the following taxes:

Company	Agreement Date	End Date	2020 % Abated	Taxable Value of Project	(A)	(B)	(A) * (B) / \$1,000 Approximate Taxes Forgone
					Abated Total	Approximate Tax Rate %	
St. Lawrence Gas	2/1/2011	12/31/2026	50%	\$ 556,360	\$ 278,180	30.22	\$ 8,407
St. Lawrence Gas	2/1/2011	12/31/2026	50%	3,400,970	1,700,485	28.09	47,767
						Total	\$ 56,174

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 18 – RESTATEMENT OF FUND BALANCE

Due to the District's implementation of GASB Statement No. 84, *Fiduciary Activities*, a one-time prior-period adjustment of \$246,630 must be made to the beginning fund balance to reflect the transition to GASB 84. The Extra Classroom Activity fund balance has been restated to account for the transfer of the assets of the extra classroom activities in the prior year from the Agency Fund and to establish the prior year fund balance. The Scholarships and Awards fund balance have been restated to account for the transfer of fund balance in the prior year from the Private Purpose Trust Fund to a special revenue fund. The following details the change in the District's beginning of year fund balance:

Fund Balance (Deficit) Beginning of Year, as Previously Stated	\$ 8,431,646
Increase in Extra Classroom Activity Fund Balance	122,043
Increase Scholarships and Awards Fund Balance	<u>124,587</u>
Fund Balance (Deficit) Beginning of Year, as Restated	<u><u>\$ 8,678,276</u></u>

NOTE 19 – RESTATEMENT OF NET POSITION

Due to the District's implementation of GASB Statement No. 84, *Fiduciary Activities*, a one-time prior-period adjustment of \$246,630 must be made to the beginning net position to reflect the transition to GASB 84 (See Note 18). The following details the change in the District's beginning of year Net Position:

Net Position Beginning of Year, as Previously Stated	\$ (66,092,650)
Increase in Extra Classroom Activity Fund Balance	122,043
Increase Scholarships and Awards Fund Balance	<u>124,587</u>
Net Position Beginning of Year, as Restated	<u><u>\$ (65,846,020)</u></u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2021

NOTE 20 – RESTATEMENT OF FIDUCIARY NET POSITION

Due to the District's implementation of GASB Statement No. 84, *Fiduciary Activities*, a one-time prior-period adjustment of \$124,587 must be made to the beginning fiduciary net position to reflect the transition to GASB 84. The Private Purpose Trusts Fund net position has been restated with an adjustment of \$124,587 to account for the transfer of net position in the prior year to the Scholarships and Awards Fund. The following details the change in the District's beginning of year Fiduciary Net Position:

Fiduciary Net Position Beginning of Year, as Previously Stated	\$ 124,587
Decrease in Private Purpose Trusts Fund Balance	<u>(124,587)</u>
Fiduciary Net Position Beginning of Year, as Restated	<u><u>\$ -</u></u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

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

LAST FOUR FISCAL YEARS

Ended June 30, 2021

Total OPEB Liability	2021	2020	2019	2018
Service Cost	\$ 2,383,591	\$ 2,385,356	\$ 2,200,130	\$ 2,826,989
Interest	3,063,328	3,484,623	2,994,877	2,618,188
Changes in Benefit Terms	-	-	(1,507,028)	-
Differences Between Expected and Actual Experience	4,130,958	-	1,496,309	-
Changes in Assumptions or Other Inputs	15,187,465	(5,703,233)	3,995,459	(11,108,408)
Benefit Payments	(2,732,579)	(2,633,985)	(2,394,089)	(2,376,249)
Net Change in Total OPEB Liability	<u>22,032,763</u>	<u>(2,467,239)</u>	<u>6,785,658</u>	<u>(8,039,480)</u>
Total OPEB Liability - Beginning	<u>86,506,357</u>	<u>88,973,596</u>	<u>82,187,938</u>	<u>90,227,418</u>
Total OPEB Liability - Ending	<u><u>\$ 108,539,120</u></u>	<u><u>\$ 86,506,357</u></u>	<u><u>\$ 88,973,596</u></u>	<u><u>\$ 82,187,938</u></u>
Covered Payroll	\$ 8,865,824	\$ 8,561,846	\$ 8,849,547	\$ 8,082,310
Total OPEB Liability as a Percentage of Covered Payroll	1224.00%	1010.00%	1005.00%	1017.00%

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.

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

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**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**
Year Ended June 30, 2021

REVENUES	Original Budget	Final Budget
Local Sources		
Real Property Taxes	\$ 4,832,546	\$ 5,001,951
Other Tax Items	1,776,902	1,607,497
Charges for Services	76,500	76,500
Use of Money and Property	17,000	17,000
Sale of Property and Compensation For Loss	-	-
Miscellaneous	90,000	90,000
Total Local Sources	<u>6,792,948</u>	<u>6,792,948</u>
State Sources	16,508,265	16,079,645
Federal Sources	15,000	443,620
Total Revenues	<u>23,316,213</u>	<u>23,316,213</u>
Other Financing Sources		
Appropriated Reserves	529,722	529,722
Total Revenue and Other Financing Sources	<u>23,845,935</u>	<u>23,845,935</u>
 EXPENDITURES		
General Support		
Board of Education	11,786	11,786
Central Administration	185,563	185,564
Finance	257,730	257,730
Staff	46,980	46,980
Central Services	1,109,010	1,109,011
Special Items	806,754	806,754
Total General Support	<u>2,417,823</u>	<u>2,417,825</u>
Instruction		
Instruction, Administration and Improvement	477,299	477,299
Teaching - Regular School	4,895,213	4,848,969
Program for Children with Handicapping Conditions	3,972,652	3,969,501
Occupational Education	495,390	495,390
Teaching - Special Schools	44,517	44,517
Instructional Media	775,234	824,627
Pupil Services	701,974	701,974
Total Instruction	<u>11,362,279</u>	<u>11,362,277</u>
Pupil Transportation	1,113,450	1,113,450
Employee Benefits	7,731,293	7,731,293
Debt Service	1,998,429	1,998,429
Total Expenditures	<u>24,623,274</u>	<u>24,623,274</u>
OTHER FINANCING USES		
Transfers to Other Funds	70,000	70,000
Total Expenditures and Other Financing Uses	<u>24,693,274</u>	<u>24,693,274</u>
Net Change in Fund Balance	(847,339)	(847,339)
Fund Balance - Beginning of Year	6,752,679	6,752,679
Fund Balance - End of Year	<u>\$ 5,905,340</u>	<u>\$ 5,905,340</u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

Actual	Final Budget Variance with Actual
\$ 4,993,557	\$ (8,394)
1,607,432	(65)
60,223	(16,277)
12,396	(4,604)
45,411	45,411
464,761	374,761
7,183,780	390,832
16,130,911	51,266
470,162	26,542
23,784,853	468,640
-	(529,722)
23,784,853	\$ (61,082)

	Year End Encumbrances	Final Budget Variance with Actual and Encumbrances
10,819	\$ -	\$ 967
184,126	-	1,438
248,972	-	8,758
32,236	-	14,744
1,037,640	24,922	46,449
804,288	-	2,466
2,318,081	24,922	74,822
473,560	-	3,739
4,701,020	10,720	137,229
3,236,708	-	732,793
495,390	-	-
19,800	-	24,717
738,710	36,002	49,915
566,917	5,756	129,301
10,232,105	52,478	1,077,694
876,346	5,372	231,732
7,177,133	-	554,160
1,990,100	-	8,329
22,593,765	82,772	1,946,737
13,505	-	56,495
22,607,270	82,772	\$ 2,003,232
1,177,583		
6,752,679		
\$ 7,930,262		

Note to Required Supplementary Information Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSLRS PENSION PLAN
LAST SEVEN FISCAL YEARS**

Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)							
District's Proportion of the Net Pension Asset (Liability)	0.037856%	0.037630%	0.039180%	0.039410%	0.044095%	0.038583%	0.003688%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,046,054)	\$ 977,638	\$ 708,482	\$ 299,485	\$ (472,273)	\$ 4,007,522	\$ 4,108,425
District's Covered Payroll	\$ 6,058,828	\$ 6,428,070	\$ 6,280,120	\$ 6,257,289	\$ 5,878,540	\$ 5,524,058	\$ 5,432,578
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	<u>17.26%</u>	<u>15.21%</u>	<u>11.28%</u>	<u>4.79%</u>	<u>8.03%</u>	<u>72.55%</u>	<u>74.37%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%	111.48%
Employees' Retirements System (ERS)							
District's Proportion of the Net Pension Asset (Liability)	0.0080590%	0.0085688%	0.0091633%	0.0092604%	0.0091266%	0.0097148%	0.0093405%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (8,025)	\$ (2,269,065)	\$ (649,245)	\$ (298,873)	\$ (857,557)	\$ (1,559,249)	\$ (315,547)
District's Covered-Employee Payroll	\$ 2,260,646	\$ 2,311,525	\$ 2,341,889	\$ 2,283,178	\$ 2,245,354	\$ 2,219,837	\$ 2,191,013
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of Covered Payroll	<u>0.35%</u>	<u>98.16%</u>	<u>27.72%</u>	<u>13.09%</u>	<u>38.19%</u>	<u>70.24%</u>	<u>14.21%</u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%	97.90%

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.

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN

LAST SEVEN FISCAL YEARS

Ended June 30, 2021

	2021	2020	2019	2018	2017	2016	2015
Teachers' Retirement System (TRS)							
Contractually Required Contribution	\$ 569,282	\$ 667,054	\$ 625,438	\$ 731,763	\$ 902,245	\$1,015,979	\$ 885,298
Contributions in Relation to the Contractually Required Contribution	<u>569,282</u>	<u>667,054</u>	<u>625,438</u>	<u>731,763</u>	<u>902,245</u>	<u>1,015,979</u>	<u>885,298</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$6,058,828	\$6,428,070	\$6,280,120	\$6,257,289	\$5,878,540	\$5,524,058	\$5,432,578
Contributions as a Percentage of Covered Payroll	9.40%	10.38%	9.96%	11.69%	15.35%	18.39%	16.03%
Employees' Retirement System (ERS)							
Contractually Required Contribution	\$ 321,506	\$ 324,761	\$ 332,139	\$ 329,013	\$ 332,431	\$ 396,426	\$ 398,987
Contributions in Relation to the Contractually Required Contribution	<u>321,506</u>	<u>324,761</u>	<u>332,139</u>	<u>329,013</u>	<u>332,431</u>	<u>396,426</u>	<u>398,987</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$2,260,646	\$2,311,525	\$2,341,889	\$2,283,178	\$2,245,354	\$2,219,837	\$2,192,013
Contributions as a Percentage of Covered Payroll	14.22%	14.05%	14.18%	14.41%	14.81%	17.86%	17.97%

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.

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE
REAL PROPERTY TAX LIMIT – GENERAL FUND**

June 30, 2021

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 24,574,114
Add: Prior Year's Encumbrances	<u>119,160</u>
Original Budget	24,693,274
Budget Revision:	<u>-</u>
Final Budget	<u><u>\$ 24,693,274</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2021-2022 Voter-Approved Expenditure Budget	<u>\$ 24,834,943</u>
Maximum allowed 4% of 2021-2022 budget	<u><u>\$ 993,398</u></u>

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

Unrestricted Fund Balance:

Assigned Fund Balance	\$ 814,553
Unassigned Fund Balance	<u>1,711,633</u>
Total Unrestricted Fund Balance	<u><u>2,526,186</u></u>

Less:

Appropriated Fund Balance	731,781
Encumbrances Included in Assigned Fund Balance	<u>82,772</u>
Total Adjustments	<u><u>814,553</u></u>

General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,711,633</u></u>
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Actual Percentage	<u><u>6.89%</u></u>
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See paragraph on supplementary schedules included in independent auditor's report.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

Year Ended June 30, 2021

Project Title	Expenditures						Methods of Financing						Transfer to Debt Service Fund	Fund Balance (Deficit) June 30, 2021
	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Total	Unexpended Balance	BANS Redeemed From Appropriations	Proceeds of Obligations	State Aid	Local Sources	Total			
Buses	\$ 275,000	\$ 275,000	\$ -	\$ 268,495	\$ 268,495	\$ 6,505	\$ -	\$ 275,000	\$ -	\$ -	\$ 275,000	\$ 6,505	\$ -	
Building Project	9,149,963	9,149,963	382,065	4,627,263	5,009,328	4,140,635	-	-	-	1,037,923	1,037,923	-	(3,971,405)	
Totals	\$ 9,424,963	\$ 9,424,963	\$ 382,065	\$ 4,895,758	\$ 5,277,823	\$ 4,147,140	\$ -	\$ 275,000	\$ -	\$ 1,037,923	\$ 1,312,923	\$ 6,505	\$ (3,971,405)	

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

COMBINED BALANCE SHEET- NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2021

	School Food Service	Special Aid	Debt Service
ASSETS			
Cash and Cash Equivalents			
Unrestricted	\$ 345,292	\$ 56,639	\$ -
Restricted	-	-	914,085
Receivables			
State and Federal Aid	111,881	588,010	-
Due from Other Funds	-	-	6,939
Other	307	1,829	-
Inventories	16,238	-	-
TOTAL ASSETS	\$ 473,718	\$ 646,478	\$ 921,024
LIABILITIES			
Payables			
Accounts Payable	\$ 636	\$ 105,380	\$ -
Accrued Liabilities	1,860	5,293	-
Due to Other Governments	536	-	-
Due to Other Funds	24,966	535,774	-
Unearned Credits			
Unearned Revenues - Other	5,780	31	-
Total Liabilities	33,778	646,478	-
FUND BALANCES			
Nonspendable	16,238	-	-
Restricted	-	-	921,024
Assigned	423,702	-	-
Total Fund Balances	439,940	-	921,024
TOTAL LIABILITIES AND FUND BALANCES	\$ 473,718	\$ 646,478	\$ 921,024

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

Extra Classroom Activity	Scholarships and Awards	Capital - Buses	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 401,931
120,786	122,922	-	1,157,793
-	-	-	699,891
-	-	-	6,939
-	850	-	2,986
-	-	-	16,238
<u>\$ 120,786</u>	<u>\$ 123,772</u>	<u>\$ -</u>	<u>\$ 2,285,778</u>
\$ -	\$ 1,000	\$ -	\$ 107,016
-	-	-	7,153
-	-	-	536
-	-	-	560,740
-	-	-	5,811
<u>-</u>	<u>1,000</u>	<u>-</u>	<u>681,256</u>
-	-	-	16,238
120,786	122,772	-	1,164,582
-	-	-	423,702
<u>120,786</u>	<u>122,772</u>	<u>-</u>	<u>1,604,522</u>
<u>\$ 120,786</u>	<u>\$ 123,772</u>	<u>\$ -</u>	<u>\$ 2,285,778</u>

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

**COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND
BALANCES- NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2021

	School Food Service	Special Aid	Debt Service
REVENUES			
Use of Money and Property	\$ 40	\$ -	\$ 3,855
Miscellaneous	140	6,720	-
State Sources	27,861	819,577	-
Federal Sources	772,580	765,120	-
Surplus Food	39,033	-	-
Sales - School Food Service	31,197	-	-
Total Revenues	<u>870,851</u>	<u>1,591,417</u>	<u>3,855</u>
EXPENDITURES			
General Support	187,764	1,310,567	-
Employee Benefits	66,307	225,742	-
Cost of Sales	357,898	-	-
Other Expenditures	-	-	-
Capital Outlay	-	-	-
Total Expenditures	<u>611,969</u>	<u>1,536,309</u>	<u>-</u>
Excess (Deficiency) of Revenues			
Over Expenditures	<u>258,882</u>	<u>55,108</u>	<u>3,855</u>
OTHER FINANCING SOURCES AND (USES)			
Proceeds from Debt	-	-	-
Transfers in (Out)	-	13,505	6,505
Total Other Financing Sources and (Uses)	<u>-</u>	<u>13,505</u>	<u>6,505</u>
Net Change in Fund Balances	258,882	68,613	10,360
Fund Balances (Deficits) - Beginning of Year, As Restated	181,058	(68,613)	910,664
Fund Balances - End of Year	<u>\$ 439,940</u>	<u>\$ -</u>	<u>\$ 921,024</u>

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

Extra Classroom Activity	Scholarships and Awards	Capital - Buses	Total Non-Major Governmental Funds
\$ -	\$ -	\$ -	\$ 3,895
73,120	13,761	-	93,741
-	-	-	847,438
-	-	-	1,537,700
-	-	-	39,033
-	-	-	31,197
<u>73,120</u>	<u>13,761</u>	<u>-</u>	<u>2,553,004</u>
-	-	-	1,498,331
-	-	-	292,049
-	-	-	357,898
74,377	15,576	-	89,953
-	-	268,495	268,495
<u>74,377</u>	<u>15,576</u>	<u>268,495</u>	<u>2,506,726</u>
<u>(1,257)</u>	<u>(1,815)</u>	<u>(268,495)</u>	<u>46,278</u>
-	-	275,000	275,000
-	-	(6,505)	13,505
<u>-</u>	<u>-</u>	<u>268,495</u>	<u>288,505</u>
(1,257)	(1,815)	-	334,783
<u>122,043</u>	<u>124,587</u>	<u>-</u>	<u>1,269,739</u>
<u>\$ 120,786</u>	<u>\$ 122,772</u>	<u>\$ -</u>	<u>\$ 1,604,522</u>

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

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2021

Capital Assets, Net			\$ 30,736,736
Add:			
Deferred Charge on Bond Refunding			140,533
Deduct:			
BAN Payable	\$ 4,000,000		
Less: Unspent BAN Proceeds	\$ (28,595)		
Short-Term Portion of Bonds Payable	1,571,870		
Long-Term Portion of Bonds Payable	10,961,578	16,504,853	
Net Investment in Capital Assets			<u>\$ 14,372,416</u>

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

FEDERAL AWARD PROGRAM INFORMATION



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

**BOARD OF EDUCATION
NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Norwood-Norfolk Central School District as of and for the year ended June 30, 2021, and the related notes to the financial statements, which collectively comprise Norwood-Norfolk Central School District's basic financial statements, and have issued our report thereon dated October 14, 2021.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Norwood-Norfolk Central School District's internal control over financial reporting (internal control) as a basis for designing 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 Norwood-Norfolk Central School District's internal control. Accordingly, we do not express an opinion of the effectiveness of Norwood-Norfolk Central School District's internal control.

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

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

Compliance and Other Matters

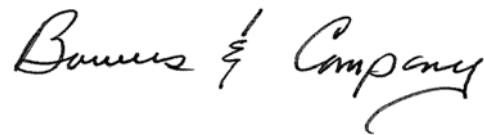
As part of obtaining reasonable assurance about whether Norwood-Norfolk Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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 2021-001.

Norwood-Norfolk Central School District's Response to Findings

Norwood-Norfolk Central School District's response to the findings identified in our audit is described in the accompanying schedule of findings and questioned costs. Norwood-Norfolk 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.

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in dark ink and is positioned to the right of the main body of text.

Watertown, New York
October 14, 2021



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

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

BOARD OF EDUCATION NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

Report on Compliance for Each Major Federal Program

We have audited Norwood-Norfolk Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of Norwood-Norfolk Central School District's major federal programs for the year ended June 30, 2021. Norwood-Norfolk Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Norwood-Norfolk 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 Norwood-Norfolk Central School District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

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

Opinion on Each Major Federal Program

In our opinion, Norwood-Norfolk 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, 2021.

Report on Internal Control over Compliance

Management of Norwood-Norfolk 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 Norwood-Norfolk Central School District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Norwood-Norfolk Central School District's internal control over compliance.

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

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

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

Banner & Company

Watertown, New York
October 14, 2021

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

Year Ended June 30, 2021

FEDERAL GRANTOR/PASS-THROUGH GRANTOR PROGRAM TITLE	Assistance Listing	Agency or Pass-Through Number	Expenditures
U.S. Department of Education			
Passed-through NYS Education Department			
Title I Grants to Local Educational Agencies	84.010	0021-21-2640	<u>\$ 392,278</u>
Special Education Cluster			
Special Education - Grants to States (IDEA, Part B)	84.027	0032-21-0797	271,548
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-21-0797	<u>10,376</u>
Total Special Education Cluster			<u>281,924</u>
Supporting Effective Instruction State Grants	84.367	0147-21-2640	<u>42,084</u>
Student Support and Academic Enrichment Program	84.424	0204-21-2460	<u>30,441</u>
Rural Education	84.358	0006-21-2640	<u>18,393</u>
Education Stabilization Fund			
COVID-19 Governor's Emergency Education Relief Fund	84.425C	5895-21-2640	62,236
COVID-19 Elementary and Secondary School Emergency Relief Fund	84.425D	5890-21-2640	<u>366,384</u>
Total Education Stabilization Fund			<u>428,620</u>
Total Passed-through NYS Education Department			<u>1,193,740</u>
Total U.S. Department of Education			<u>1,193,740</u>
U.S. Department of Agriculture			
Passed-through NYS Education Department			
Fresh Fruit and Vegetable Program	10.582		<u>20,897</u>
Child Nutrition Cluster			
Cash Assistance:			
Summer Food Service Program for Children	10.559		<u>772,580</u>
Cash Assistance Subtotal			<u>772,580</u>
Non-Cash Assistance:			
Summer Food Service Program for Children	10.559		<u>18,136</u>
Total Non-Cash Assistance			<u>18,136</u>
Total Child Nutrition Cluster			<u>790,716</u>
Total Passed-through NYS Education Department			<u>811,613</u>
Total U.S. Department of Agriculture			<u>811,613</u>
Total Federal Awards Expended			<u><u>\$ 2,005,353</u></u>

See paragraph on supplementary schedules included in independent auditor's report and accompanying notes to schedule of expenditures of federal awards.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 of the data presented.

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

Expenditures reported in the Schedule are reported on the modified accrual basis of accounting. The amounts reported as federal expenditures were obtained from the federal financial reports for the applicable programs and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The District has elected to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

NOTE 2 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

June 30, 2021

NOTE 3 – OTHER DISCLOSURES

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

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

NOTE 4 – NON-MONETARY FEDERAL PROGRAM

The District is the recipient of a federal award program that does not result in cash receipts or disbursements. The District was granted \$18,136 of commodities under the National School Lunch Program (Assistance Listing 10.559) and \$20,897 under the Fresh Fruit and Vegetable Program (Assistance Listing 10.582).

At June 30, 2021, the District had food commodities totaling \$6,760 in inventory.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

NOTE A - SUMMARY OF AUDITOR'S RESULTS

1. The auditor's report expresses an unmodified opinion on the basic financial statements of Norwood-Norfolk Central School District.
2. No significant deficiencies were disclosed during the audit of the basic financial statements of Norwood-Norfolk Central School District.
3. One instance of noncompliance material to the financial statements of the Norwood-Norfolk Central School District, which would be required to be reported in accordance with *Government Auditing Standards*, was disclosed during the audit.
4. No significant deficiencies or material weaknesses in internal control over major programs were disclosed during the audit of the major federal award programs of the Norwood-Norfolk Central School District.
5. The auditor's report on compliance for the major federal award programs for the Norwood-Norfolk Central School District expresses an unmodified opinion on all major federal programs.
6. There were no audit findings required to be reported in accordance with 2 CFR section 200.516(a) related to the major federal award programs for the Norwood-Norfolk Central School District.
7. The Programs tested as major programs include:

 U.S. Department of Education
 Passed-Through NYS Education Department
 Child Nutrition Cluster
 Summer Food Service Program for Children 10.559
8. The threshold for distinguishing between Types A and B programs was \$750,000.
9. Norwood-Norfolk Central School District was determined to be a low-risk auditee.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

NOTE B – FINDINGS - FINANCIAL STATEMENT AUDIT

Finding Control Number: 2021-001

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation

Criteria

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserves for tax reduction and insurance recoveries, the District can retain to no more than 4% of the subsequent year's budgeted appropriations. Amounts appropriated for the subsequent year, encumbrances, non-spendable and restricted balances are also excluded for the 4% limitation.

Condition

The District exceeded the 4% limitation of unexpended surplus funds within the General Fund by \$718,235 during the fiscal year.

Context

During our audit test of compliance - §1318 Real Property Tax, it was noted that the unassigned fund balances of \$1,711,633 had exceeded maximum allowed unexpended balance of \$993,398 for the fiscal year ended.

Effect

As a result, the District was not in compliance with the unexpended surplus funds limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2021.

Cause

The District understands the requirements relating to §1318 Real Property Tax law and due to the uncertainty of primary revenue sources maintains fund balance levels deemed appropriate in accordance with their long-range fund balance plan.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

NOTE B – FINDINGS - FINANCIAL STATEMENT AUDIT -

Continued

Finding Control Number: 2021-001 – Continued

Instances of Noncompliance with Laws or Regulations

Surplus Unexpended Funds in Excess of 4% Limitation - Continued

Recommendation

We recognize the District has developed and implemented a long range written reserve plan. The District also monitors the fund balance on a regular basis. We recommend school officials continue to review fund balance throughout the year to address compliance with the Real Property Tax Law §1318.

Views of Responsible Officials and Planned Corrective Actions

The Norwood-Norfolk Central School Board of Education understands the District is maintaining a fund balance which exceeds the amount allowed by law under Section 1318 of the Real Property Tax Law. The Board of Education approved a long-term reserve and fund balance plan with the core value of preventing significant financial hardship as a result of unexpected financial events. The current reserve balances and fund balance at June 30, 2021 are aligned with the Board approved reserve and fund balance plan.

The uncertainty of our primary source of revenue, state aid, significantly impacted the approval of the fund balance plan. Although the COVID-19 pandemic resulted in an influx of federal stimulus funds and an increase in foundation aid, management is mindful of the anticipated fiscal cliff when the stimulus funds expire in 2024. With recent events related to the COVID-19 pandemic, recession, the current plan is more valuable than ever. With the current financial environment, permanent property tax cap and state aid out of the district's control, it is critical for management to closely monitor the use of fund balance and reserves.

The Board of Education, by approving the fund balance plan, is attempting to maintain a sound basic education program utilizing the most fiscally responsible course of action, while attempting to remain within the confines of the tax cap regulations and attempting to avoid drastic swings in the tax levy. The District recognizes the need to maintain a fund balance as prescribed by law and will continue to modify and change budgeting practices to align the district financial position within those limits. The District reviews fund balance regularly throughout each fiscal year and will continue this practice to address compliance with the Real Property Tax Law.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

Year Ended June 30, 2021

NOTE B – FINDINGS - FINANCIAL STATEMENT AUDIT -

Continued

Finding Control Number: 2021-001 – Continued

Views of Responsible Officials and Planned Corrective Actions – Continued

In an effort to reduce the fund balance on June 30, 2021, the Board of Education approved a \$0, 0% increase to the 2021-2022 tax levy. In addition, on June 15, 2021, the Board of Education approved moving a total of \$1,128,561 in funds to reserve accounts to reduce the unappropriated fund balance; \$500,000 to the retirement contribution reserve for employee's retirement, \$128,561 to the retirement contribution reserve for teachers retirement, and \$500,000 to the capital reserve.

**NOTE C – FINDINGS AND QUESTIONED COSTS - MAJOR
FEDERAL AWARD PROGRAMS AUDIT**

There were no findings to report.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

Year Ended June 30, 2021

NOTE A – FINDINGS – FINANCIAL STATEMENTS AUDIT

There were no prior year audit findings.

**NOTE B – FINDINGS – MAJOR FEDERAL AWARD PROGRAMS
AUDIT**

There were no prior year audit findings.

EXTRA CLASSROOM ACTIVITY FUNDS



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITY FUNDS

BOARD OF EDUCATION NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

Report on the Financial Statement

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Norwood-Norfolk Central School District for the year ended June 30, 2021, and the related note to the financial statement.

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

Our responsibility is to express an opinion on this financial statement based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statement is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statement. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, 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 statement 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 statement.

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 statement referred to in the first paragraph presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activity Funds of Norwood-Norfolk Central School District for the year ended June 30, 2021, in accordance with the cash basis of accounting described in Note 1.

Basis of Accounting

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

Banner & Company

Watertown, New York
October 14, 2021

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2021

	Cash Balance July 01, 2020	Cash Receipts	Cash Disbursements	Cash Balance June 30, 2021
Class of:				
2020	\$ 50	\$ 94	\$ -	\$ 144
2021	13,126	6,857	19,983	-
2022	5,003	3,602	1,923	6,682
2023	3,046	8,996	4,555	7,487
2024	-	7,318	2,523	4,795
Art Club	420	-	-	420
Checking Account	219	8	-	227
CLASS Account	1,277	67	-	1,344
Chorus	6,819	-	770	6,049
Explorer's Club	7,201	-	779	6,422
Honor Society	1,743	3,457	3,543	1,657
Junior High Student Council	10,590	-	1,920	8,670
Key Club	2,121	1,662	3,253	530
Language Club	6,901	13,200	8,791	11,310
Robotics	5,366	4,555	5,604	4,317
Nexus	1,705	-	-	1,705
NNCS Musical	17,195	2,414	123	19,486
NYS Sales Tax	1,461	1,232	582	2,111
Science Club	553	-	-	553
Senior High Student Council	4,251	277	174	4,354
Student Activities	202	-	-	202
Student Council Scholarship	3,343	-	-	3,343
Travel Club	6,052	5,586	1,165	10,473
Varsity Club	12,396	2,015	1,781	12,630
Yearbook	11,003	11,780	16,908	5,875
Total	<u>\$ 122,043</u>	<u>\$ 73,120</u>	<u>\$ 74,377</u>	<u>\$ 120,786</u>

See note to financial statement.

NORWOOD-NORFOLK CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITY FUNDS – NOTE TO FINANCIAL STATEMENT

Year Ended June 30, 2021

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activity Funds of the Norwood-Norfolk Central School District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activity Funds of the Norwood-Norfolk Central School District are maintained on a cash basis and the Statement of Cash Receipts and Disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

October 14, 2021

To the President and Members
of the Board of Education of the
Norwood-Norfolk Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwood-Norfolk Central School District for the year ended June 30, 2021. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 1, 2021. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Norwood-Norfolk Central School District are described in Note 1 to the financial statements. As described in Note 3 to the financial statements, the Norwood-Norfolk Central School District changed accounting policies related to fiduciary activities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 84, *Fiduciary Activities*, in 2021. Accordingly, the cumulative effect of the accounting change as of the beginning of the year is reported in Note 18, 19, and 20 of the financial statements. We noted no transactions entered into by the Norwood-Norfolk Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of depreciation is based on economic useful lives of capital asset classes.

Management estimates actuarial assumptions that are used to determine pension asset (liabilities) and annual pension cost for the year in accordance with GASB Statement No. 68.

Management estimates actuarial assumptions that are used to determine annual post retirement cost (OPEB) for the year in accordance with GASB Statement No. 75.

We evaluated the key factors and assumptions used to develop the depreciation, pension and OPEB calculations in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached schedule represents material misstatements detected as a result of audit procedures that were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2021.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Norwood-Norfolk Central School District's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Norwood-Norfolk Central School District's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

During our audit test of compliance - §1318 Real Property Tax, it was noted that the District exceeded the 4% limitation of unexpended surplus funds within the General Fund and the District was not in compliance with the limitation requirements of the Real Property Tax Law §1318 for the fiscal year ended June 30, 2021. The finding was disclosed as a material instance of noncompliance on the 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 Governmental Auditing Standards.

Other Matters

We applied certain limited procedures to *Management's Discussion and Analysis, Schedule of Changes in the District's Total OPEB Liability and Related Ratios, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund, Schedule of District's Proportionate Share of the Net Pension Asset (Liability)– NYSLRS Pension Plan*, and the *Schedule of District's Contributions – NYSLRS Pension Plan*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on *Schedule of Change from Adopted Budget to Final Budget and Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds*, and *Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

President and Board of Education
Norwood-Norfolk Central School District
October 14, 2021
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Restriction on Use

This information is intended solely for the use of Board of Education and management of Norwood-Norfolk Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Bowers & Company

Attached Material Misstatements Corrected by Management

Fund Financials

Capital Projects Fund

Adjusting Journal Entries JE # 1		08-W.01	
To reclass fund balance to unassigned as ending fund balance will be negative.			
915.00	Assigned Unappropri Fund Bal	655,858.00	
917.00	Unassigned Fund Balance		655,858.00
Total		655,858.00	655,858.00

Government Wide Financials

Non-Current Governmental Assets

Adjusting Journal Entries JE # 1		09-01.02	
To record current year additions.			
104.00	Equipment	322,089.00	
105.00	Construction Work in Prog.(Opt	4,627,263.00	
158.00	Other (Specify)		4,949,352.00
Total		4,949,352.00	4,949,352.00

Adjusting Journal Entries JE # 3		09-01.02	
To record current year depreciation.			
158.00	Other (Specify)	1,436,391.00	
112.00	Accumulated Depr-Bldgs		1,010,427.00
113.00	Accumulated Depr-Improvements		17,512.00
114.00	Accumulated Depr-Equipment		408,452.00
Total		1,436,391.00	1,436,391.00

Adjusting Journal Entries JE # 4		6S 03.02	
To adjust OPEB deferred outflows to actual.			
496.1	Deferred Outflows, OPEB	14,736,085.00	
158.01	OPEB Expense		14,736,085.00
Total		14,736,085.00	14,736,085.00

Adjusting Journal Entries JE # 5		RP 03.03	
to record deferred outflow per GASB 68 letter			
158.00	Other (Specify)	1,100,317.00	
496.00	Deferred Outflows, Pensions		1,100,317.00
Total		1,100,317.00	1,100,317.00

Government Wide Financials – Continued

Non-Current Governmental Assets – Continued

Adjusting Journal Entries JE # 6		RP 03.05	
To record ERS deferred outflows from pensions.			
496.00	Deferred Outflows, Pensions	1,591,890.00	
158.00	Other (Specify)		1,591,890.00
Total		1,591,890.00	1,591,890.00

Adjusting Journal Entries JE # 7		09-02.01	
to remove net pension asset from trial balance. All GASB 68 pension items are liabilities for 6/30/2021			
158.00	Other (Specify)	977,638.00	
108.00	Net Pension Asset-Prop Shr		977,638.00
Total		977,638.00	977,638.00

Non-Current Governmental Liabilities

Adjusting Journal Entries JE # 1		6S 03.02	
To report full value of OPEB Liability			
125.00	Budgets for Capital Indebtedne	4,130,958.00	
683.00	OPEB Liability		4,130,958.00
Total		4,130,958.00	4,130,958.00

Adjusting Journal Entries JE # 2		RP 03.02	
to record TRS pension liability			
638.00	Net Pension Liability	1,223,011.00	
125.00	Budgets for Capital Indebtedne		1,223,011.00
Total		1,223,011.00	1,223,011.00

Adjusting Journal Entries JE # 3		RP 03.02	
to record TRS deferred inflow per GASB 68 letter			
697.00	Deferred Inflows Pension	950,594.00	
125.00	Budgets for Capital Indebtedne		950,594.00
Total		950,594.00	950,594.00

Adjusting Journal Entries JE # 4		RP 03.05	
To record ERS net pension liability and deferred inflows.			
125.00	Budgets for Capital Indebtedne	3,304,386.00	
638.00	Net Pension Liability		8,025.00
697.00	Deferred Inflows Pension		3,296,361.00
Total		3,304,386.00	3,304,386.00



CERTIFIED PUBLIC ACCOUNTANTS • BUSINESS CONSULTANTS

To the Board of Education
Norwood-Norfolk Central School District

In planning and performing our audit of the financial statements of Norwood-Norfolk Central School District for the year ended June 30, 2021, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control over financial reporting (internal control) as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of a matter that is an opportunity for strengthening internal controls and operating efficiency. The following summarizes our comment and recommendation regarding the matter. This letter does not affect our report dated October 14, 2021, on the financial statements of Norwood-Norfolk Central School District.

Condition: Non-Compliance with Federal Regulations

The School District did not comply with federal regulation 7CFR Part 210.14(b) which requires the School Food Service fund balance not to exceed three months' worth of expenses. The District has excess fund balance of \$240,111 as of June 30, 2021.

Recommendation

We recommend that management review fund balance and devise a plan to reduce excess fund balance in the School Food Service Fund.

Management's Response

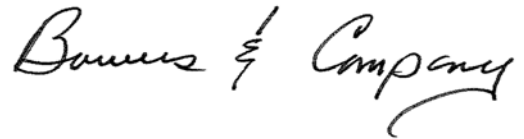
The Norwood-Norfolk Central School Board of Education understands the District is maintaining a fund balance which exceeds the amount allowed by federal regulation. To reduce the excess fund balance, the District intends to purchase new kitchen equipment including warming ovens, ice machine, movable carts, buffalo chopper and an automatic slicer. In addition, the district intends to update the High School cafeteria seating area to encourage safe and positive social interactions while providing a welcoming environment to promote the school food service program.

Board of Education
Norwood-Norfolk Central School District
October 14, 2021
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We will review the status of the comment during our next audit engagement. We have already discussed the comment and suggestion with various District personnel, and we will be pleased to discuss it in further detail at your convenience, to perform any additional study of the matter, or to assist you in implementing the recommendation.

This communication is intended solely for the information and use of management, the Board of Education, and others within the District, and is not intended to be, and should not be, used by anyone other than these specified parties.

Sincerely,

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the "Sincerely," text.

Watertown, New York
October 14, 2021

FORM OF OPINION OF BOND COUNSEL

July 26, 2022

Norwood-Norfolk Central School District
7852 State Highway 56
Norwood, New York 13668

Re: Norwood-Norfolk Central School District, St. Lawrence County, New York
\$8,055,000 Bond Anticipation Notes, 2022 (Renewals) CUSIP No.: 669623

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$8,055,000 Bond Anticipation Notes, 2022 (Renewals) (the "Notes") of Norwood-Norfolk Central School District, County of St. Lawrence, State of New York (the "District"). The Notes are dated July 26, 2022 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District and a Certificate of Determination dated on or before July 26, 2022 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

In our opinion, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not 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 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 District, together with other legally available sources of revenue, if any, will be sufficient to enable the 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 District would materially affect the ability of the 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 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