

PRELIMINARY OFFICIAL STATEMENT

NEW/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 NOT be designated as "qualified tax-exempt obligations" under Section 265(b)(3) of the Code.

\$15,000,000

SALMON RIVER CENTRAL SCHOOL DISTRICT FRANKLIN AND ST. LAWRENCE COUNTIES, NEW YORK



GENERAL OBLIGATIONS

\$15,000,000 Bond Anticipation Notes, 2021 (referred to herein as the "Notes")

Dated: August 5, 2021

Due: August 5, 2022

The Notes are general obligations of the Salmon River Central School District, Franklin and St. Lawrence Counties, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes as may be levied upon all the taxable real property within the District, without limitation as to rate or amount. See "NATURE OF 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 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 in book-entry-only form, 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 in the name of Cede & Co. 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 in book-entry-only form, 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 by the purchaser(s), on or about August 5, 2021.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on July 22, 2021 by no later than 10:45 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

July 19, 2021

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 NOTES 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 NOTES HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "APPENDIX - D, MATERIAL EVENT NOTICES" HEREIN.



SALMON RIVER CENTRAL SCHOOL DISTRICT
FRANKLIN AND ST. LAWRENCE COUNTIES, NEW YORK

SCHOOL DISTRICT OFFICIALS

2021-2022 BOARD OF EDUCATION

EMILY LAUZON

President

SCOTT PREMO

Vice President

CHRISTINE JACOBS-COOK
GARY COLLETTE
JASON BROCKWAY
JORDAN LAUZON
AGNES SWEETS JACOBS
SHAWN MCMAHON
CRAIG JOCK

* * * * *

ADMINISTRATION

STANLEY HARPER

Superintendent of Schools

NATASCHA JOCK

School Business Executive

SHANNON SNYDER

District Treasurer

ASHLEY WHITE

Accounts Payable Clerk

KIM TREPTOW

Payroll Clerk



GUERCIO &
GUERCIO, LLP

GUERCIO & GUERCIO, LLP

Local Attorney



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



TRESPASZ & MARQUARDT, LLP
BOND COUNSEL

No person has been authorized by Salmon River 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 Salmon River Central School District.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
NATURE OF OBLIGATION	1	SPECIAL PROVISIONS AFFECTING	
THE NOTES.....	2	REMEDIES UPON DEFAULT	25
Description of the Notes.....	2	MARKET AND RISK FACTORS.....	26
No Optional Redemption	2	TAX MATTERS.....	27
Purpose of Issue	3	LEGAL MATTERS	28
BOOK-ENTRY-ONLY SYSTEM	3	LITIGATION	28
Certificated Notes.....	4	CONTINUING DISCLOSURE.....	28
THE SCHOOL DISTRICT	5	Historical Compliance.....	28
General Information	5	MUNICIPAL ADVISOR.....	29
Population	5	CUSIP IDENTIFICATION NUMBERS	29
Selected Wealth and Income Indicators	6	RATINGS	29
Larger Employers.....	6	MISCELLANEOUS.....	30
Unemployment Rate Statistics	6	APPENDIX – A	
District Organization	7	GENERAL FUND - Balance Sheets	
Budgetary Procedures	7	APPENDIX – A1	
Investment Policy.....	8	GENERAL FUND – Revenues, Expenditures and	
State Aid.....	8	Changes in Fund Balance	
State Aid Revenues	12	APPENDIX – A2	
District Facilities	13	GENERAL FUND – Revenues, Expenditures and	
Enrollment Trends.....	13	Changes in Fund Balance - Budget and Actual	
Employees.....	13	APPENDIX – B	
Status and Financing of Employee Pension Benefits	13	BONDED DEBT SERVICE	
Other Post-Employment Benefits.....	15	APPENDIX – B1 – B3	
Other Information.....	16	CURRENT BONDS OUTSTANDING	
Financial Statements	17	APPENDIX – C	
New York State Comptroller Report of Examination.....	17	MATERIAL EVENT NOTICES	
The State Comptroller’s Fiscal Stress Monitoring System....	17	APPENDIX – D	
TAX INFORMATION.....	18	AUDITED FINANCIAL STATEMENTS	
Taxable Assessed Valuations	18	For the Fiscal Year Ending June 30, 2020	
Tax Rate Per \$1,000 (Assessed).....	18	APPENDIX – E	
Tax Collection Procedure.....	18	FORM OF BOND COUNSEL’S OPINION	
Tax Levy and Tax Collection Record.....	18		
Real Property Tax Revenues	19		
Larger Taxpayers 2020 for 2020-2021 Tax Roll	19		
Additional Tax Information.....	19		
STAR – School Tax Exemption.....	20		
TAX LEVY LIMITATION LAW	20		
STATUS OF INDEBTEDNESS	21		
Constitutional Requirements	21		
Statutory Procedure	22		
Debt Outstanding End of Fiscal Year.....	22		
Details of Outstanding Indebtedness	23		
Debt Statement Summary.....	23		
Bonded Debt Service.....	23		
Building Aid Estimate.....	24		
Capital Project Plans	24		
Cash Flow Borrowings.....	24		
Estimated Overlapping Indebtedness	25		
Debt Ratios.....	25		

PREPARED WITH THE ASSISTANCE OF



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

OFFICIAL STATEMENT
of the
SALMON RIVER CENTRAL SCHOOL DISTRICT
FRANKLIN AND ST. LAWRENCE COUNTIES, NEW YORK
Relating To
\$15,000,000 Bond Anticipation Notes, 2021

This Official Statement, which includes the cover page, has been prepared by the Salmon River Central School District, Franklin and St. Lawrence Counties, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$15,000,000 principal amount of Bond Anticipation Notes, 2021 (referred to herein as 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.

NATURE OF OBLIGATION

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

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

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

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

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

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

"A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the city's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words,

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

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

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

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

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

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

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal 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, subject to certain statutory limitations. See “THE NOTES - Nature of the Obligation” and “TAX LEVY LIMITATION LAW” herein.

The Notes are dated August 5, 2021 and mature, without option of prior redemption, on August 5, 2022. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity. 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 May 21, 2019, the qualified voters of the District approved a proposition authorizing the District to finance certain renovations, additions, alterations and improvements to the District's existing K-12 Building and campus, as well as demolition and reconstruction of the District's existing Salt Storage Building, all to include site, access, parking and playfield improvements, demolition, utility, mechanical, plumbing and electrical improvements, the acquisition of original furnishings, fixtures and equipment at a maximum estimated cost of \$26,500,000 through the issuance of serial bonds and bond anticipation notes. The Notes are being issued pursuant to a bond resolution duly adopted by the Board of Education on June 12, 2019.

The proceeds of the Notes will fully redeem and renew \$4,000,000 bond anticipation notes currently outstanding, and will provide \$11,000,000 in new money for this purpose.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so desired by the Purchaser. At the option of the winning bidder(s) of the Notes, 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 Notes bearing the same rate of interest and CUSIP number.

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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchasers of the 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 the Notes ("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 the 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.

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 in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof. 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.

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THE SCHOOL DISTRICT

General Information

The District was centralized in 1953 and provides a public education to approximately 1,402 students from the Towns of Bangor, Bombay, Fort Covington and Westville in Franklin County and the Town of Brasher in St. Lawrence County. It encompasses an area of approximately 128 square miles. The District is located between the foothills of the Adirondack Mountains and the St. Lawrence River Valley. The District is adjacent to the Canadian border. The City of Montreal lies sixty miles to the northeast; the Village of Massena, twenty miles to the west; the Village of Malone, twenty miles to the southeast; and the Village of Potsdam, forty miles to the southwest.

The District is a mixture of residential and agricultural areas, with many of its residents commuting to Malone, Massena and Potsdam for employment.

Approximately 48% of the District's population is comprised of students from families on the St. Regis Mohawk Reservation. New York State contracts with the District to provide an education for Native American students attending the St. Regis Mohawk School ("SRM School"). Specifically, the District operates the SRM School which is owned by the State and historically has been leased to, and operated by, the District pursuant to a contract with the State (the "SRMS Contract"). The SRMS Contract provides that all expenses generated by the SRM School are funded through a State aid formula and are paid for with special State purpose monies. The State and the District extended the term of the SRMS Contract to June 30, 2030.

The District provides academic facilities for students in grade levels pre-kindergarten through grade twelve. In addition to regular academic programs, the District offers unique sequence in Mohawk language and culture for Native American students. Facilities available also include an ice skating rink, music rooms, swimming pool, three gymnasiums, shop facilities, agricultural instructional facilities, computer rooms, and athletic fields.

Fire protection services are provided by the Fort Covington Volunteer Fire Department; electricity is supplied by National grid; telephone service is provided by Verizon New York Inc., Time Warner Cable, and AT&T. Police protection is provided by the Franklin County Sheriff's Department, St. Regis Mohawk Police, and the New York State Police, Troop B.

Higher education facilities are available in the region at SUNY Canton, Potsdam, and Plattsburgh and the following private colleges: Clarkson University, Paul Smith's College, and St. Lawrence University.

Area residents find commercial and financial services in the Town of Fort Covington, as well as in the local communities of Malone and Massena.

Source: District officials.

Population

The current estimated population of the District is 8,079. (Source: 2019 U.S. Census Bureau estimate).

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Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the Towns and Counties listed below. The figures set below with respect to such Towns and Counties are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or Counties 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>2015-2019</u>	<u>2000</u>	<u>2006-2010</u>	<u>2015-2019</u>
Towns of:						
Bangor	\$ 13,679	\$ 20,972	\$ 26,163	\$ 35,708	\$ 50,938	\$ 52,917
Bombay	14,710	16,741	20,127	34,375	33,750	49,310
Fort Covington	14,932	18,926	17,809	39,205	45,543	48,696
Westville	15,809	21,847	26,633	36,964	44,608	53,684
Brasher	16,808	19,243	24,688	36,389	50,463	56,023
Counties of:						
Franklin	15,888	19,807	25,406	38,472	50,816	63,572
St. Lawrence	15,728	20,143	25,378	31,517	50,384	62,727
State of:						
New York	23,389	30,948	39,326	51,691	67,405	84,385

Note: 2016-2020 American Community Survey estimates are not available as of the date of this Official Statement.

Source: 2000 U.S. Census Bureau, and 2006-2010 and 2015-2019 5-Year American Community Survey data.

Larger Employers

The following are the five larger employers located within or in close proximity to the District.

<u>Name</u>	<u>Type</u>	<u>Number of Employees</u>
St. Regis Mohawk Tribe	Governmental Agency	600
Akwesasne Mohawk Casino	Gaming Facility/Casino	570
Salmon River CSD	Public Education	399
Tarbell Management Group	Retail/Truck Stops	300
Twinleaf	Retail/Gas Stations/Restaurants	200

Note: The list and the figures provided above are based on information prior to the outbreak of the COVID-19 pandemic.

Source: District officials.

Unemployment and Employment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Franklin County	7.3%	6.5%	5.7%	6.0%	5.1%	4.7%	8.2%
St. Lawrence County	7.7	7.3	6.6	6.7	5.6	5.3	8.2
New York State	6.3	5.3	4.9	4.7	4.1	3.8	10.0

	<u>2021 Monthly Figures</u>						
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>
Franklin County	6.5%	7.1%	6.5%	5.4%	4.8%	N/A	N/A
St. Lawrence County	7.0	7.3	6.7	5.8	4.9	N/A	N/A
New York State	9.4	9.7	8.4	7.7	6.9	N/A	N/A

Note: Unemployment rates for June and July 2021 are unavailable as of the date of this Official Statement. Unemployment drastically increased starting in mid-March of 2020 due to the COVID-19 global pandemic, although it has since begun to decrease.

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

District Organization

The District is a State municipal corporation governed by a nine-member Board of Education that is elected by the qualified voters of the school district to five-year terms. District operations are subject to the provisions of the State Education Law affecting school district; other statutes applicable to the District, include the GML, the Local Finance Law, Public Officers Law and the Real Property Tax Law.

Members of the Board of Education are elected on a rotating basis by the qualified voters at the annual elections of the District. The term of office for each board member is five years and the number of terms that may be served is unrestricted. A president is selected by the Board from its members and this person is the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets, the levy and collection of real property taxes, the authorization of debt (also subject to voter approval), the appointment of such employees as may be necessary, and such other duties as may be reasonably required to fulfill the responsibilities provided by law.

The Board of Education appoints the Superintendent of Schools, who serves under written contract which, by statute must be of no less than three and no more than five years in duration. The Superintendent is the chief executive officer of the District and the educational system. In addition, the Superintendent is typically given the right, by contract, to speak on all matters before the Board but not to vote. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the District and other education, social and recreational activities under the direction of the Board of Education. Certain other administrative and financial duties are performed by the Treasurer and Business Executive, who are appointed by the Board of Education.

Budgetary Procedures

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

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

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

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 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 proposed budget for the 2020-21 fiscal year was approved by the qualified voters on June 16, 2020. The District’s budget for the 2020-21 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy decrease of 4.50%, which was equal to the District tax levy limit of -4.50%.

The budget for the 2021-22 fiscal year was approved by the qualified voters on May 18, 2021 by a vote of 85 to 19. The District’s adopted budget for the 2021-22 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy decrease of 0.99%, which was equal to the District tax levy limit of -0.99%.

Investment Policy

The primary objectives of the District's investment policy are, in priority order, as follows:

- To conform to all applicable federal, state and other legal requirements.
- To adequately safeguard principal.
- To provide sufficient liquidity to meet all operating requirements.
- To obtain a reasonable rate of return on invested funds.

Pursuant to State law, including Sections 10 and 11 of the GML, the District is generally permitted to deposit moneys which are not required for immediate expenditure in banks or trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured by either of pledge of eligible securities, and eligible surety bond or an eligible letter of credit in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest money in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State; (4) with the approval of the State Comptroller, in tax anticipation notes or revenue anticipation notes issued by a municipality, school district, or district corporation, other than those notes issued by the District, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to enabling statute of such public benefit corporation; or (7) in case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations purchased with the proceeds of the bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided by Section 10 of the GML. The District is not presently investing in repurchase agreements.

Collateral is required for demand deposit, money market accounts and certificates of deposit not covered by Federal laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2021-2022 fiscal year, approximately 74.13% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner, in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due the outbreak of COVID-19 the State has declared a state of emergency and the Governor has taken and continues to take steps designed to mitigate the spread and impacts of COVID-19. The outbreak of COVID-19 and the dramatic steps taken by the State to address it have and are expected to continue to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. It was anticipated that the State would be required to take certain gap-closing actions, including, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. However, based on published reports of the State 2021-22 Enacted Budget, it appears that the State will not delay or reduce payments of State aid to school districts, including the School District.

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

On April 25, 2020, the State Division of the Budget (the “DOB”) announced the release of the State's Fiscal Year 2021 Enacted State Budget Financial Plan (the “Financial Plan”), which projected a \$13.3 billion (14%) shortfall in State revenues from the Executive Budget Forecast that was released in January and estimated a \$61 billion decline through Fiscal Year 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by \$10.1 billion from the Executive Budget. This represents a \$7.3 billion reduction in State spending from FY 2020 levels.

On August 13, 2020, the DOB released a first quarter update to the Financial Plan, with a revised projection of a \$14.5 billion shortfall, over \$1 billion more than was projected in April. The updated Financial Plan also noted that, in the absence of additional federal aid, the DOB began withholding 20 percent of most local aid payments in June, pursuant to the withholding authority granted in the fiscal year 2021 enacted budget. As of the date of this Official Statement, the DOB has not converted such withholds to permanent reductions, but the DOB has stated that such a conversion may be made depending on the size and timing of new federal aid, if any.

On October 30, 2020, the DOB released a mid-year update, with a revised projection of a \$14.9 billion shortfall. This update noted that the State had reduced spending through September by \$4.3 billion compared to fiscal year 2020 spending over the same period through freezing hiring, new contracts and pay raises, and through the 20% withholding of payments that began in June.

Source: NYS Dept. Of Education, State Aid Website. This source pertains only to the DOB updates detailed in the paragraphs above. Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

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

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

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

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

Potential Reductions in Federal Aid Received by the State

The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State’s current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues that may arise such as the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2021-2022 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 had declined in some prior years before increasing more recently.

School district fiscal year (2015-2016): The 2015-2016 State budget included a partial reduction in the Gap Elimination Adjustment ("GEA") with \$603 million in GEA cuts being restored, and provided an additional \$428 million in foundation aid and \$268 million in expense base aids which reimbursed school districts for prior year expenses in school construction, transportation, BOCES and special education services.

School district fiscal year (2016-2017): The 2016-17 State budget included a school aid increase of \$991 million over 2015-16, \$863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids (\$408 million), the budget also includes a \$266 million increase in Foundation Aid and an \$189 million restoration to the Gap Elimination Adjustment. The bulk of the remaining increase included \$100 million in Community Schools Aid, an aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The District is a part of the Community Schools Grant Initiative (CSGI) and received \$200,831 in grant monies from the State.

Gap Elimination Adjustment (GEA). The GEA law was first introduced for the 2010-2011 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level was divided among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA was a negative number, money that is deducted from the aid originally due to the District. The total GEA and Deficit Reduction Assessment reduction in school aid for the District amounted to approximately \$4,725,343. The District was forced to deliver programs in new and creative ways, while reducing where necessary based on student-driven needs and increasing taxes accordingly. The District did not lose any additional State aid as a result of the GEA in 2016-2017 fiscal year as the Gap Elimination Adjustment was completely eliminated in the 2016-2017 Enacted State Budget.

School district fiscal year (2017-2018): The State 2017-2018 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 2017-2018 and 2018-2019 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2018-2019): The State's 2018-2019 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-2018. Approximately \$859 million of that increase was comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid stood at \$26.03 billion statewide, a 3.4% increase over the prior year. The State's 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's 2018-2019 Enacted Budget guaranteed that all school districts receive an increase in Foundation Aid over their 2017-2018 levels. \$50 million of the Foundation Aid increase was "set aside" for certain school districts to fund community schools. The State's 2018-2019 Enacted Budget fully funded all expense-based aid for 2018-2019, including building, transportation, BOCES and special education aid. These categories served 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 2018-2019.

School district fiscal year (2019-2020): The State's 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 provided 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 increased the Community Schools set-aside funding amount by \$49.99 million to a total of \$250.0 million. This increased funding was targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-2020 Enacted Budget increased the minimum community schools funding amount from \$75,000 to \$100,000. This was in an effort to ensure that all high-need districts across the State can apply the funds to a wide-range of activities.

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

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

Federal aid received by the State

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

President Biden has signed into law the American Rescue Plan, a \$1.9 trillion COVID-19 relief package that includes \$350 billion to state, local and territorial governments to keep their frontline workers employed, distribute the vaccine, increase testing, reopen schools and maintain vital services. The American Rescue Plan also includes an additional \$1,400 payment to eligible individuals and families, enhanced unemployment aid, rental and utility assistance to low and moderate income households, an increase in food stamp benefits, additional funding for child care and an increase in child care tax credits. The District expects to receive \$7,087,908 from American Rescue Plan funds.

Although the American Rescue Plan provides for funds to be paid to the State, it is not possible to predict whether any future federal legislation will contain reduction in other federal aid to the State. Any reduction in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

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 failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asked 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.

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.

State Aid Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2015-2016	\$ 34,774,162	\$ 29,117,693	83.73%
2016-2017	38,021,397	29,961,137	78.80
2017-2018	45,596,833	31,861,805	74.14
2018-2019	41,671,492	33,367,901	80.09
2019-2020	39,730,508	34,226,883	86.15
2020-2021 (Budgeted)	33,464,548	23,819,656	71.18
2021-2022 (Budgeted)	33,782,163	25,041,168	74.13

⁽¹⁾ General fund only. Figures include interfund transfers.

Source: Audited Financial Statement for the 2015-2016 fiscal year through and including the 2019-2020 fiscal year and the adopted budgets for the 2020-2021 and 2021-2022 fiscal years of the District. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity (sq. ft.)</u>	<u>Year(s) Built/Additions</u>
Salmon River Campus School	Pre-K-12	303,349	1958, 2011
St. Regis Mohawk School	Pre-K-5	84,630	1936, 2009

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2016-17	1,555	2021-22	1,500
2017-18	1,533	2022-23	1,500
2018-19	1,562	2023-24	1,500
2019-20	1,459	2024-25	1,500
2020-21	1,402	2025-26	1,500

Source: District officials.

Employees

The number of persons employed by the District, the collective bargaining agents, if any, which represent them and the dates of 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>
192	NYSUT	June 30, 2021
182	Civil Service Employees Association	June 30, 2021 ⁽¹⁾
7	School Administrators Association of New York	June 30, 2026

⁽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 current fiscal year are as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2015-2016	\$ 644,238	\$ 1,979,814
2016-2017	581,970	1,649,116
2017-2018	602,239	1,421,484
2018-2019	604,028	1,290,729
2019-2020	637,780	1,483,368
2020-2021 (Budgeted)	666,786	1,500,000
2021-2022 (Budgeted)	777,241	1,342,601

Source: District officials.

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

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

A chart of average ERS and TRS rates as a percent of payroll (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 ⁽¹⁾

⁽¹⁾ Estimated.

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

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

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

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

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

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

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

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 during the below fiscal years, by source.

	Balance beginning at June 30:	2018	2019
<u>Changes for the year:</u>		<u>\$ 160,515,442</u>	<u>\$ 145,778,758</u>
Service cost		5,721,190	5,762,669
Interest		5,922,825	5,791,171
Differences between expected and actual experience		(21,078,434)	-
Changes in assumptions or other inputs		(750,345)	(219,706)
Changes of benefit terms		(1,124,485)	-
Benefit payments		<u>(3,427,435)</u>	<u>(3,797,495)</u>
Net Changes		<u>\$ (14,736,684)</u>	<u>\$ 7,536,639</u>
	Balance ending at June 30:	2019	2020
		<u>\$ 145,778,758</u>	<u>\$ 153,315,397</u>

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

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

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

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

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state’s OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller’s proposal, there are no restrictions on the amount a government can deposit into the trust. The proposed legislation was not enacted into law. It is not possible to predict whether the Comptroller’s proposed legislation will be reintroduced or enacted if introduced.

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 of 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, 2020 and is attached hereto as “APPENDIX – C”. Certain financial information of the District can be found attached as Appendices to the Continuing Disclosure Statement.

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

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

Seyfarth & Seyfarth CPAs, P.C., 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. Seyfarth & Seyfarth CPAs, P.C. 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. The State Comptroller’s office is currently in the process of an audit of the District’s Tax Cap Compliance. The results and report of this audit are not available as of the date of this Official Statement. It is anticipated that the report will be available on the website of the Office of the State Comptroller upon completion.

Note: Reference to website implies no warranty of accuracy of information therein, and the website 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 Fiscal Stress” or “No Designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “No Designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2020	No Designation	0.0
2019	No Designation	13.3
2018	No Designation	20.0

Note: Reference to website implies no warranty of accuracy of information therein, and the website is nor incorporated herein by reference.

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

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Towns of:					
Bangor	\$ 2,287,879	\$ 2,302,062	\$ 2,288,833	\$ 2,335,266	\$ 2,336,585
Bombay	2,075,371	74,833,483 ⁽¹⁾	74,635,913	77,054,687	75,422,851
Brasher	5,812,059	5,832,879	5,862,103	5,875,776	6,091,678
Fort Covington	58,652,216	59,346,861	60,409,072	61,579,528	62,078,189
Westville	40,572,724	41,037,592	41,629,903	42,026,101	42,432,017
Total Assessed Values	<u>\$ 109,400,249</u>	<u>\$ 183,352,877</u>	<u>\$ 184,825,824</u>	<u>\$ 188,871,358</u>	<u>\$ 188,361,320</u>
State Equalization Rates					
Towns of:					
Bangor	100.00%	97.00%	98.00%	93.86%	79.00%
Bombay	2.74%	100.00% ⁽¹⁾	100.00%	93.73%	83.00%
Brasher	93.00%	93.00%	85.00%	80.50%	78.00%
Fort Covington	94.50%	84.94%	88.00%	90.00%	85.00%
Westville	100.00%	100.00%	100.00%	100.00%	97.50%
Total Taxable Full Valuation	<u>\$ 186,919,433</u>	<u>\$ 194,385,404</u>	<u>\$ 194,144,624</u>	<u>\$ 202,444,135</u>	<u>\$ 218,191,632</u>

⁽¹⁾ Significant change from the prior year is due to revaluation.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Towns of:					
Bangor	\$ 11.38	\$ 10.97	\$ 10.88	\$ 10.90	\$ 11.47
Bombay	415.38	10.65 ⁽¹⁾	10.66	10.91	10.92
Brasher	12.51	11.45	12.55	12.70	11.62
Fort Covington	11.98	12.53	12.12	11.36	10.66
Westville	11.38	10.65	10.66	10.23	9.29

⁽¹⁾ Significant change from the prior year is due to revaluation.

Tax Collection Procedure

District taxes are due during September without penalty. There is a 2% penalty if paid after September 30, and a 3% penalty if paid on or after October 31st. On or about November 3rd, a list of all unpaid taxes in each county is given to the county for re-levy on county/town tax rolls. The District is reimbursed by the county for all unpaid taxes before the end of the fiscal year in which the taxes are levied and is thus assured 100% collection of its annual levy. During the 2020-2021 fiscal year, there was only a 2% penalty due to October 31st taking place on a weekend.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Total Tax Levy	\$ 2,029,697	\$ 2,070,291	\$ 2,070,291	\$ 2,070,291	\$ 1,977,111
Amount Uncollected ⁽¹⁾	547,563	581,781	530,652	523,816	506,191
% Uncollected	26.98%	28.10%	25.63%	25.30%	25.60%

⁽¹⁾ See "Tax Collection Procedure" herein.

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</u> ⁽¹⁾	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2015-2016	\$ 34,774,162	\$ 1,530,676	4.40%
2016-2017	38,021,397	1,601,196	4.20
2017-2018	43,596,833	1,649,795	3.78
2018-2019	41,671,492	1,665,788	4.00
2019-2020	39,730,508	1,684,612	4.24
2020-2021 (Budgeted)	33,464,548	1,992,111	5.95
2021-2022 (Budgeted)	33,782,163	1,972,568	5.84

⁽¹⁾ General fund only. Figures include interfund transfers.

Source: Audited Financial Statement for the 2015-2016 fiscal year through and including the 2019-2020 fiscal year and the adopted budgets for the 2020-2021 and 2021-2022 fiscal years of the District. This table is not audited.

Larger Taxpayers 2020 for 2020-2021 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
Franklin County	Government	\$ 23,440,980
Niagara Mohawk Power Corp/National Grid	Utility	3,400,663
TL Lodging Properties LLC	Lodging	3,755,839
St. Regis Mohawk Tribe	Government	1,910,500
Meier Land Holding LLC	Agriculture	1,735,520
Ellsworth Homestead Inc.	Agriculture	1,031,797
CSX Transportation	Railroad	950,999
Ellsworth, Donald J.	Agriculture	946,436
Verizon New York Inc.	Utility	874,186
State of New York	Government	828,989

The larger taxpayers listed have a total taxable assessed valuation of \$38,875,909, which represents 17.82% of the tax base of the District for the 2020-21 fiscal year.

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

Source: District Tax Rolls.

Additional Tax Information

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

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

Total assessed valuation of the District is estimated to be categorized as follows: Residential-53%, Agricultural-9%, Commercial-2%, State Land-6%, and Other-30%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$906 including County, Town, School District and Fire District Taxes.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and undisclosed retirement annuities (“STAR Adjusted Gross Income”) of \$90,550 or less for 2021, increased annually according to a Cost-of-Living adjustment, are eligible for an “enhanced” exemption. Other homeowners with household STAR Adjusted Gross Income not in excess of \$500,000 are eligible for a “basic” exemption on their primary residence.

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

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

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Bangor	\$ 58,300	\$ 25,060	4/9/2021
Bombay	58,680	25,030	4/9/2021
Brasher	70,700	30,000	4/9/2021
Fort Covington	60,100	25,500	4/9/2021
Westville	68,930	29,250	4/9/2021

\$328,693 of the District’s \$1,977,111 school tax levy for the 2020-2021 fiscal year is was exempt by the STAR Program. The District received all of such exempt taxes from the State in January 2021.

Approximately \$324,319 of the District’s \$1,957,568 school tax levy for 2021-2022 is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State in January, 2022.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

Debt Limit. 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 Years Ending June 30th:</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Bonds	\$ 20,100,000	\$ 17,455,000	\$ 31,615,000	\$ 28,580,000	\$ 25,375,000
Bond Anticipation Notes	4,500,000	30,965,000	0	0	0
Revenue Anticipation Notes	9,000,000	9,000,000	5,000,000	5,000,000	5,000,000
Other Debt ⁽¹⁾	<u>425,969</u>	<u>289,687</u>	<u>148,192</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	\$ 34,025,969	\$ 57,709,687	\$ 36,763,192	\$ 33,580,000	\$ 30,375,000

⁽¹⁾ Represents Leases/Energy Performance Contracts (EPCs). See "Other Obligations" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of July 19, 2021.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2021-2033	\$ 22,595,000
<u>Revenue Anticipation Notes</u>	June 24, 2022	3,000,000 ⁽¹⁾
<u>Bond Anticipation Notes</u>	August 6, 2021	<u>4,000,000</u> ⁽²⁾
Total Indebtedness		\$ 29,595,000

⁽¹⁾ To be paid at maturity with available funds of the District.

⁽²⁾ To be redeemed and renewed at maturity with a portion of the proceeds of the Notes.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared and shown as of July 19, 2021:

Full Valuation of Taxable Real Property	\$ 218,191,632
Debt Limit – 10% thereof	21,819,163

Inclusions:

Bonds	\$ 22,595,000
Bond Anticipation Notes	0
Principal of this Issue	<u>15,000,000</u>
Total Inclusions	<u>\$ 37,595,000</u>

Exclusions:

State Building Aid ⁽¹⁾	<u>\$ 24,487,559</u>
Total Exclusions	<u>\$ 24,487,559</u>

Total Net Indebtedness	<u>\$ 13,107,441</u>
Net Debt-Contracting Margin	<u>\$ 8,711,722</u>
The percent of debt contracting power exhausted is	60.07%

- ⁽¹⁾ Represents an estimate of monies receivable by the District from the State as an apportionment for debt service for school building purposes, based on the most recent request for an exclusion certificate (dated July 13, 2021) applied for and received by the District from the State Commissioner of Education. Based on preliminary 2021-2022 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. See “Building Aid Estimate” herein.

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

Bonded Debt Service

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

Building Aid Estimate

Pursuant to the provision of Chapter 760 of the Laws of the State of 1963, the District is eligible to receive a formal Building Aid Estimate from the New York State Department of Education. The District has applied and has received for such an estimate, resulting in the following calculations for the 2021-2022 fiscal year:

<u>Issue</u>	<u>Assumed Principal Balance Outstanding</u>	<u>Building Aid Ratio</u>	<u>Estimated Building Aid</u>
Serial Bonds, 2008	\$ 360,000	98.0%	\$ 352,800
QZAB Bonds, 2009	3,020,000	98.0	2,959,600
QZAB Bonds, 2011	1,990,000	98.0	1,950,200
QZAB Bonds, 2011	965,000	98.0	945,700
Serial Bonds, 2012	185,000	98.0	181,300
DASNY Bonds, 2018	14,253,000	98.0	13,967,940
Total:			<u>\$ 20,357,540</u>

As part of the State's 2001-2002 budget process, a fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The new provisions legislated, among other things, a new "assumed amortization" payout schedule for State building aid payments based on an annual "average interest rate" and mandatory periods of probable usefulness with respect to the allocation of building aid. 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 District's outstanding bonds.

Capital Project Plans

On May 21, 2019, the qualified voters approved a proposition authorizing a \$26.5 million capital project for the renovation, additions, alterations and improvements to the District's existing K-12 building and campus as well as demolition and reconstruction of the District's Salt Storage Building (the "Project"). The Project will utilize \$1.2 million of Fund Balance and will received 52.8% Native American Aid and the remaining amount will receive 98.0% State building aid. On August 6, 2020, the District issued \$4,000,000 bond anticipation notes, the proceeds of which provided new money as the first borrowing for the project. The proceeds of the Notes will renew the bond anticipation notes maturing August 6, 2021 and provide new money for the project as the Project's cash flow needs warrant.

Historically, the District has issued bonds and notes annually to finance the acquisition of buses. The District issued \$475,000 serial bonds on July 15, 2020 to finance the acquisition of such buses. The State reimburses the District for 90% of its bus purchases. The District voters approved \$475,000 for the purchase of buses on May 18, 2021 by a vote of 84 to 19. The District plans to issue serial bonds in July 2021 for the purchase of school buses.

The District will be going to the voters for a capital project for approximately \$9M in Fall 2021. The project is expected to use \$1.5M of capital reserve funds and primarily focus on the fields and site of the main building. With reserves, building aid and Native American Aid, the project will not increase taxes on residents.

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

Cash Flow Borrowings

The District issues revenue anticipation notes on an annual basis to cover expenditures associated with the operations of the New York State owned St. Regis Mohawk School. All costs to operate the school are reimbursed to the District each year after final invoices are processed by the State around January of the following school year. The operating budget of the St. Regis Mohawk School is approximately \$10.5 million.

The District currently anticipates continued cash flow borrowings in general with the pattern outlined over the past ten completed fiscal years in the table below:

<u>Fiscal Year Ending June 30th</u>	<u>Amount</u>	<u>Type</u>	<u>Issue Date</u>	<u>Due Date</u>
2012-13	\$ 12,000,000	RAN	6/22/12	6/21/13
2012-13	3,000,000	RAN	12/13/12	6/18/13
2013-14	8,000,000	RAN	6/19/13	6/19/14
2014-15	9,000,000	RAN	6/18/14	6/18/15
2015-16	9,000,000	RAN	6/17/15	6/17/16
2016-17	9,000,000	RAN	6/16/16	6/16/17
2017-18	9,000,000	RAN	6/28/17	6/28/18
2018-19	5,000,000	RAN	6/28/18	6/28/19
2019-20	5,000,000	RAN	6/27/19	6/27/20
2020-21	5,000,000	RAN	6/25/20	6/25/21
2021-22	3,000,000	RAN	6/24/21	6/24/22

Source: District records and Audited Financial Statements.

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Franklin	12/31/2019	\$ 2,233,441	\$ 1,570,604	\$ 662,837	5.18%	\$ 34,335
St. Lawrence	12/31/2019	26,355,000	-	26,355,000	0.11%	28,991
Town of:						
Bangor	12/31/2019	710,648	710,648	-	2.84%	-
Bombay	12/31/2019	36,080	36,080	-	99.66%	-
Brasher	12/31/2019	1,362,595	1,362,595	-	6.37%	-
Fort Covington	12/31/2019	165,000	165,000	-	100.00%	-
Westville	12/31/2019	-	-	-	57.61%	-
					Total:	<u>\$ 63,325</u>

(1) Bonds and bond anticipation notes are as of the close of the respective fiscal years, 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: Comptroller's Special Report on Municipal Affairs for Local Finance Years Ended in 2019 and 2020.

Debt Ratios

The following table sets forth certain ratios relating to the District's Net Indebtedness as of July 19, 2021:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 13,107,441	\$ 1,622.41	6.01%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	13,170,766	1,630.25	6.04

(a) The 2019 population of the District is estimated to be 8,079. (See "THE SCHOOL DISTRICT – Population" herein.)

(b) The District's full value of taxable real estate for the 2020-2021 fiscal year is \$218,191,632. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

(d) The District's applicable share of Net Overlapping Indebtedness is estimated to be \$63,325. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios take into account State building aid the District will receive for past and current construction building projects, per the building aid exclusion dated July 13, 2021.

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

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

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

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

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

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

Cybersecurity

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

COVID-19

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

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”.

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

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

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

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

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Trespas & 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.

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 certain Material Events, the description of which is attached hereto as "APPENDIX – C".

Historical Compliance

Except as noted below, the District is, in all material respects, in compliance with all prior undertakings pursuant to the Rule for the past five years.

- On occasion, the District did not file certain material event notices regarding credit rating changes for the bond insurer of certain bond issues as required by the District's continuing disclosure agreements for its outstanding bonds. The District has retained a dissemination agent to ensure compliance in the future with its Continuing Disclosure Undertaking and any other undertakings entered into by the District under the Rule.
- The District failed to timely file notice of an enhanced rating change as well as notice of its failure to file such event information. On December 14, 2017, Moody's Investors Services ("Moody's") upgraded the enhanced rating of the District from "A1" to "Aa3". The underlying rating of the District has not been impacted by this rating change. A material event notice disclosing the rating change and the failure to file event information was posted to the Electronic Municipal Market ("EMMA") website on March 5, 2018.

- The District's Annual Financial Information and Operating Data ("AFIOD") posted to the EMMA website for the fiscal years ending June 30, 2013 through and including 2017 did not include the information of a type contained under the caption and "Building Aid Estimate" as it was required to do so under its existing continuing disclosure undertakings for the District's General Obligation Qualified Zone Academy Bonds, 2011 (Federally Taxable - Direct Payment) and School District (Serial) Bonds, 2012, however; the building aid estimate information was contained within the section entitled "Debt Statement Summary." A notice disclosing the aforementioned was posted to the EMMA website on April 11, 2018.
- The District's AFIOD posted to the EMMA website for the fiscal years ending June 30, 2011 through and including 2017 did not include the "Civilian Labor Rate" data table as contained under the caption "Unemployment Rate Statistics" as it was required to do so under its existing continuing disclosure undertakings for the District's General Obligation Qualified Zone Academy Bonds, 2011 (Federally Taxable - Direct Payment) and School District (Serial) Bonds, 2012, however; the data was publicly available on the New York State Department of Labor website. A notice disclosing the aforementioned was posted to the EMMA website on April 11, 2018.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATINGS

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

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

Moody's Investors Service, Inc. ("Moody's") has assigned its underlying rating of "A3" to the District's outstanding bonds. A rating reflects only the view of the rating agency assigning such rating, and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, Inc., 7 World Trade Center, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Natascha Jock, School Business Executive, Salmon River Central School District, 637 County Rt. 1, Fort Covington, New York 12937, Phone: (518) 358-6608, Fax: (518) 358-3492, Email: njock@mail.fehb.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 or www.fiscaladvisorsauction.com.

SALMON RIVER CENTRAL SCHOOL DISTRICT

Dated: July 19, 2021

EMILY LAUZON
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>ASSETS</u>					
Cash:					
Unrestricted	\$ 3,500,186	\$ 7,299,498	\$ 2,330,801	\$ 707,946	\$ 5,558,968
Restricted	814,873	807,254	809,805	6,522,263	6,583,601
Receivables:					
Taxes	-	-	-	-	-
Other	1,204,063	1,151,747	1,868,113	3,379,755	2,886,014
Due from Other Funds	6,031,664	2,377,972	3,110,276	2,525,729	3,119,213
State and Federal Aid	8,250,687	10,119,730	11,583,699	6,974,286	5,363,828
Overpayments & collections in advance	7,600	-	-	2,226	60,124
Inventories	-	-	-	-	-
Deferred Expenditures	-	-	-	-	-
TOTAL ASSETS	<u><u>\$ 19,809,073</u></u>	<u><u>\$ 21,756,201</u></u>	<u><u>\$ 19,702,694</u></u>	<u><u>\$ 20,112,205</u></u>	<u><u>\$ 23,571,748</u></u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 221,882	\$ 1,265,037	\$ 698,981	\$ 165,549	\$ 2,454,796
Accrued Liabilities	26,108	38,524	25,344	12,052	19,460
Accrued Interest	63,161	364,478	688	828	1,035
Due to Other Funds	-	-	-	-	-
Due to Other Governments	-	3,074	344	-	-
Due to Teachers' Retirement System	1,693,626	1,479,807	1,339,592	1,523,321	1,276,408
Due to Employees' Retirement System	145,010	149,855	154,218	153,553	166,697
Overpayments	-	-	-	-	-
Notes Payable	9,000,000	9,000,000	5,000,000	5,000,000	5,000,000
TOTAL LIABILITIES	<u><u>11,149,787</u></u>	<u><u>12,300,775</u></u>	<u><u>7,219,167</u></u>	<u><u>6,855,303</u></u>	<u><u>8,918,396</u></u>
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	814,873	807,254	809,805	6,522,263	6,583,601
Assigned	538,159	650,737	548,437	617,922	664,095
Unassigned	7,306,254	7,997,435	11,125,285	6,116,717	7,405,656
TOTAL FUND EQUITY	<u><u>8,659,286</u></u>	<u><u>9,455,426</u></u>	<u><u>12,483,527</u></u>	<u><u>13,256,902</u></u>	<u><u>14,653,352</u></u>
TOTAL LIABILITIES & FUND EQUITY	<u><u>\$ 19,809,073</u></u>	<u><u>\$ 21,756,201</u></u>	<u><u>\$ 19,702,694</u></u>	<u><u>\$ 20,112,205</u></u>	<u><u>\$ 23,571,748</u></u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 1,529,874	\$ 1,530,676	\$ 1,601,196	\$ 1,649,795	\$ 1,665,788
Other Tax Items	477,140	474,309	447,796	432,999	422,533
Charges for Services	7,179,173	2,700,108	5,005,341	5,676,867	5,190,688
Use of Money & Property	112,335	154,632	144,474	203,280	256,333
Sale of Property and Compensation for Loss	117,323	89,651	71,966	41,027	109,046
Miscellaneous	448,160	260,366	417,369	2,838,712	339,405
Interfund Revenues	-	-	1,260	949	960
Revenues from State Sources	28,492,483	29,117,693	29,961,137	31,861,805	33,367,901
Revenues from Federal Sources	393,864	362,631	346,866	271,296	308,020
Total Revenues	<u>\$ 38,750,352</u>	<u>\$ 34,690,066</u>	<u>\$ 37,997,405</u>	<u>\$ 42,976,730</u>	<u>\$ 41,660,674</u>
Other Sources:					
Interfund Transfers	<u>509,575</u>	<u>84,096</u>	<u>23,992</u>	<u>620,103</u>	<u>10,818</u>
Total Revenues and Other Sources	<u>39,259,927</u>	<u>34,774,162</u>	<u>38,021,397</u>	<u>43,596,833</u>	<u>41,671,492</u>
<u>EXPENDITURES</u>					
General Support	\$ 4,287,052	\$ 4,106,818	\$ 4,066,633	\$ 4,501,693	\$ 4,854,980
Instruction	14,674,769	15,845,920	17,501,707	18,065,810	18,895,680
Pupil Transportation	627,707	610,667	660,285	618,927	662,686
Community Services	21,567	25,248	19,677	18,793	18,469
Employee Benefits	10,252,618	10,417,427	10,403,060	10,430,485	10,621,793
Debt Service	3,773,390	3,935,190	4,340,746	6,637,337	5,289,168
Total Expenditures	<u>\$ 33,637,103</u>	<u>\$ 34,941,270</u>	<u>\$ 36,992,108</u>	<u>\$ 40,273,045</u>	<u>\$ 40,342,776</u>
Other Uses:					
Interfund Transfers	<u>498,753</u>	<u>254,715</u>	<u>233,149</u>	<u>295,687</u>	<u>555,341</u>
Total Expenditures and Other Uses	<u>34,135,856</u>	<u>35,195,985</u>	<u>37,225,257</u>	<u>40,568,732</u>	<u>40,898,117</u>
Excess (Deficit) Revenues Over Expenditures	<u>5,124,071</u>	<u>(421,823)</u>	<u>796,140</u>	<u>3,028,101</u>	<u>773,375</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	3,957,038	9,081,109	8,659,286	9,455,426	12,483,527
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 9,081,109</u>	<u>\$ 8,659,286</u>	<u>\$ 9,455,426</u>	<u>\$ 12,483,527</u>	<u>\$ 13,256,902</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:

	2020			2021	2022
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
REVENUES					
Real Property Taxes	\$ 1,670,291	\$ 1,684,612	\$ 1,684,612	\$ 1,992,111	\$ 1,972,568
Other Tax Items	415,000	400,679	404,223	-	-
Charges for Services	6,429,920	6,429,920	5,716,733	6,562,690	6,341,641
Use of Money & Property	148,442	148,442	240,889	145,942	145,942
Sale of Property and Compensation for Loss	10,190	10,190	57,940	10,190	-
Miscellaneous	263,500	263,500	424,806	192,000	172,190
Interfund Revenues	-	-	904	-	-
Revenues from State Sources	34,732,964	34,732,964	34,674,477	23,819,656	25,041,168
Revenues from Federal Sources	207,208	207,208	137,795	741,959	108,654
Total Revenues	<u>\$ 43,877,515</u>	<u>\$ 43,877,515</u>	<u>\$ 43,342,379</u>	<u>\$ 33,464,548</u>	<u>\$ 33,782,163</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>78,882</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>43,877,515</u>	<u>43,877,515</u>	<u>43,421,261</u>	<u>33,464,548</u>	<u>33,782,163</u>
EXPENDITURES					
General Support	\$ 6,548,595	\$ 6,437,446	\$ 6,305,561	\$ 4,393,825	\$ 3,916,925
Instruction	18,596,837	20,866,977	18,930,742	13,624,524	14,192,406
Pupil Transportation	2,024,000	898,850	738,082	2,392,600	2,437,140
Community Services	19,000	19,000	18,846	20,000	17,000
Employee Benefits	11,824,937	10,682,164	10,567,290	8,580,656	8,680,614
Debt Service	4,999,570	4,999,570	4,969,491	4,679,729	4,725,669
Total Expenditures	<u>\$ 44,012,939</u>	<u>\$ 43,904,007</u>	<u>\$ 41,530,012</u>	<u>\$ 33,691,334</u>	<u>\$ 33,969,754</u>
Other Uses:					
Interfund Transfers	<u>470,000</u>	<u>591,430</u>	<u>494,799</u>	<u>370,000</u>	<u>370,000</u>
Total Expenditures and Other Uses	<u>44,482,939</u>	<u>44,495,437</u>	<u>42,024,811</u>	<u>34,061,334</u>	<u>34,339,754</u>
Excess (Deficit) Revenues Over Expenditures	<u>(605,424)</u>	<u>(617,922)</u>	<u>1,396,450</u>	<u>(596,786)</u>	<u>(557,591)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	605,424	617,922	13,256,902	596,786	557,591
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 14,653,352</u>	<u>\$ -</u>	<u>\$ -</u>

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

APPENDIX - B
Salmon River CSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest ⁽¹⁾	Total
2022	\$ 3,755,000	\$ 920,668.76	\$ 4,675,668.76
2023	3,865,000	793,836.88	4,658,836.88
2024	2,810,000	650,431.25	3,460,431.25
2025	1,580,000	571,944.38	2,151,944.38
2026	1,540,000	512,573.75	2,052,573.75
2027	1,300,000	452,375.00	1,752,375.00
2028	1,260,000	391,750.00	1,651,750.00
2029	1,325,000	328,750.00	1,653,750.00
2030	1,395,000	262,500.00	1,657,500.00
2031	1,460,000	192,750.00	1,652,750.00
2032	1,535,000	119,750.00	1,654,750.00
2033	860,000	43,000.00	903,000.00
TOTALS	\$ 22,685,000	\$ 5,240,330.01	\$ 27,925,330.01

⁽¹⁾ A portion of the interest expense is returned to the District as part of a direct pay subsidy related to QZAB bond financings.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2008 Capital Project			2009 QZAB ⁽¹⁾		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 115,000	\$ 15,480.00	\$ 130,480.00	\$ 1,005,000	\$ 37,750.00	\$ 1,042,750.00
2023	120,000	10,535.00	130,535.00	1,015,000	25,187.50	1,040,187.50
2024	125,000	5,375.00	130,375.00	1,000,000	12,500.00	1,012,500.00
TOTALS	\$ 360,000	\$ 31,390.00	\$ 391,390.00	\$ 3,020,000	\$ 75,437.50	\$ 3,095,437.50

Fiscal Year Ending June 30th	2011 QSCB ⁽¹⁾			2011 QZAB ⁽¹⁾		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 190,000	\$ 6,960.00	\$ 196,960.00	\$ 970,000	\$ 119,705.00	\$ 1,089,705.00
2023	190,000	5,440.00	195,440.00	1,020,000	62,475.00	1,082,475.00
2024	195,000	3,900.00	198,900.00	-	-	-
2025	195,000	2,340.00	197,340.00	-	-	-
2026	195,000	780.00	195,780.00	-	-	-
TOTALS	\$ 965,000	\$ 19,420.00	\$ 984,420.00	\$ 1,990,000	\$ 182,180.00	\$ 2,172,180.00

⁽¹⁾ The District is eligible to receive a payment from the United States Treasury Department for 100% of the interest owed for these bonds. For years in which sequestration occurs, the District may receive less than 100%.

Fiscal Year Ending June 30th	2012 Capital Project			2016 Serial Bonds - Buses		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 60,000	\$ 5,400.00	\$ 65,400.00	\$ 95,000	\$ 890.63	\$ 95,890.63
2023	60,000	3,750.00	63,750.00	-	-	-
2024	65,000	1,950.00	66,950.00	-	-	-
TOTALS	\$ 185,000	\$ 11,100.00	\$ 196,100.00	\$ 95,000	\$ 890.63	\$ 95,890.63

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2017 Serial Bonds - Buses			2018 DASNY - Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 95,000	\$ 2,992.50	\$ 97,992.50	\$ 940,000	\$ 711,750.00	\$ 1,651,750.00
2023	95,000	997.50	95,997.50	985,000	664,750.00	1,649,750.00
2024	-	-	-	1,035,000	615,500.00	1,650,500.00
2025	-	-	-	1,090,000	563,750.00	1,653,750.00
2026	-	-	-	1,150,000	509,250.00	1,659,250.00
2027	-	-	-	1,200,000	451,750.00	1,651,750.00
2028	-	-	-	1,260,000	391,750.00	1,651,750.00
2029	-	-	-	1,325,000	328,750.00	1,653,750.00
2030	-	-	-	1,395,000	262,500.00	1,657,500.00
2031	-	-	-	1,460,000	192,750.00	1,652,750.00
2032	-	-	-	1,535,000	119,750.00	1,654,750.00
2033	-	-	-	860,000	43,000.00	903,000.00
TOTALS	\$ 190,000	\$ 3,990.00	\$ 193,990.00	\$ 14,235,000	\$ 4,855,250.00	\$ 19,090,250.00

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2018			2019		
	Serial Bonds - Buses			Serial Bonds - Buses		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 95,000	\$ 7,421.88	\$ 102,421.88	\$ 100,000	\$ 5,850.00	\$ 105,850.00
2023	95,000	4,453.13	99,453.13	100,000	4,225.00	104,225.00
2024	95,000	1,484.38	96,484.38	105,000	2,559.38	107,559.38
2025	-	-	-	105,000	853.13	105,853.13
2026	-	-	-	-	-	-
TOTALS	\$ 285,000	\$ 13,359.38	\$ 298,359.38	\$ 410,000	\$ 13,487.50	\$ 423,487.50

Fiscal Year Ending June 30th	2020			2021		
	Serial Bonds - Buses			Serial Bonds - Buses		
	Principal	Interest	Total	Principal	Interest	Total
2022	\$ 90,000	\$ 6,468.75	\$ 96,468.75	\$ -	\$ -	\$ -
2023	95,000	3,680.00	98,680.00	90,000	8,343.75	98,343.75
2024	95,000	2,943.75	97,943.75	95,000	4,218.75	99,218.75
2025	95,000	1,970.00	96,970.00	95,000	3,031.25	98,031.25
2026	100,000	700.00	100,700.00	95,000	1,843.75	96,843.75
2027	-	-	-	100,000	625.00	100,625.00
TOTALS	\$ 475,000	\$ 15,762.50	\$ 490,762.50	\$ 475,000	\$ 18,062.50	\$ 493,062.50

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

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

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

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

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

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

The 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 material event notices described above, if any, on or before the date specified.

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

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

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

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SALMON RIVER CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2020

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.

Salmon River Central School District

Table of Contents

June 30, 2020

	Page
Independent Auditor's Report	1-3
Management's Discussion and Analysis	4-15
Basic Financial Statements	
Statement of Net Position	16
Statement of Activities and Changes in Net Position	17
Balance Sheet - Governmental Funds	18
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds	19
Statement of Fiduciary Net Position - Fiduciary Funds	20
Statement of Changes in Fiduciary Net Position - Fiduciary Funds	20
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position	21-22
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to Statement of Activities and Changes in Net Position	23-24
Notes to Basic Financial Statements	25-57
Required Supplementary Information	
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	58-59
Schedule of Change in Net Other Post Employment Benefit Liability	60
Schedule of Proportionate Share of Net Pension Asset/Liability-TRS	61
Schedule of Proportionate Share of Net Pension Liability-ERS	62
Schedule of District Contributions-TRS Pension Plan	63
Schedule of District Contributions-ERS Pension Plan	64

Salmon River Central School District

Table of Contents

June 30, 2020

Supplementary Information

Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit-General Fund	65
---	----

Schedule of Capital Projects Fund - Project Expenditures and Financing Resources	66
--	----

Schedule of Revenues and Expenditures for the Mohawk School - General Fund	67
--	----

Combined Balance Sheet-Non-Major Governmental Funds	68
---	----

Combined Statement of Revenues, Expenditures and Changes in Fund Balances-Non-Major Governmental Funds	69
--	----

Investment in Capital Assets, Net of Related Debt	70
---	----

Extraclassroom Activity Fund

Independent Auditor's Report	71-72
------------------------------	-------

Statement of Assets and Liabilities Arising from Cash Transactions	73
--	----

Schedule of Cash Receipts, Disbursements and Ending Balances	74
--	----

Notes to Financial Statements	75
-------------------------------	----

Federal Award Program Information

Schedule of Expenditures of Federal Awards	76
--	----

Notes to Schedule of Expenditures of Federal Awards	77
---	----

Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	78-79
---	-------

Report on Compliance For Each Major Federal Program; Report on Internal Control over Compliance; and Report on Schedule of Expenditures of Federal Awards Required by Uniform Guidance	80-82
--	-------

Schedule of Findings and Questioned Costs	83-86
---	-------

Summary Schedule of Prior Year Audit Findings	87
---	----

Seyfarth & Seyfarth CPAs, P.C.
564 East Main Street
Malone, NY 12953
(518) 483-0880

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

Independent Auditor's Report

To the Board of Education
Salmon River 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 Salmon River Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Salmon River Central School District's management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Opinions

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4 through 15 and the budgetary comparison and information on other post employment benefits, ERS and TRS pension plans on pages 58 through 64 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 Salmon River Central School District's basic financial statements. The accompanying information as contained in the Reference Manual for Audits of General Purpose Financial Statements of New York State School Districts and the combining and individual nonmajor fund financial statements, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the audit requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is also not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2020 on our consideration of Salmon River 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 Salmon River 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 Salmon River Central School District's internal control over financial reporting and compliance.


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

October 14, 2020

Management Discussion and Analysis
Financial Statements
For the Year Ended June 30, 2020

**Salmon River Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2020**

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2020. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

School District Overview and Highlights

The Salmon River Central School District is located in northern New York State on the Canadian Border. Centralized in 1953, the District provides a public education to approximately 1,500 students from the towns of Bangor, Bombay, Fort Covington and Westville in Franklin County, the town of Brasher in St. Lawrence County and the Saint Regis Mohawk Indian Reservation. It encompasses an area of approximately 128 square miles with an estimated population of 6,800. The District is a mixture of residential and agricultural areas, with many of its residents commuting to Malone, Massena and Potsdam for employment.

The District operates two (2) facilities: the Campus School (pre k-12th grade) located in the town of Fort Covington and the St. Regis Mohawk School (pre k - 5th grades) located in the town of Bombay. Approximately 59% of the School District population is comprised of students from families living on the St. Regis Mohawk Reservation and 66% of the student body is of Native American heritage. Salmon River is also unique in that education is provided to both Canadian and New York children from the Reservation via contracts with the State of New York to provide transportation and education for these students.

The St. Regis Mohawk School (SRMS) is owned by the State of New York, but operated by the District. As per the reservation school contract with the State, all expenses generated by the St. Regis Mohawk School are funded through State formula aid with the balance due billed to and paid for with special State purpose monies. This contract expires on June 30, 2020. The District currently obtains a revenue anticipation note (RAN) to cover the expenditures for the SRMS until New York State sends reimbursement. The amount currently due is \$185,364.

Native Americans have a choice of School Districts they can attend when the reservation borders more than one district. New York State pays tuition under an approved formula for these students to attend Salmon River Central Schools since they reside on tax exempt land of the School District. The tuition contract expires on June 30, 2020. The amount currently due is \$4,431,075.

New York State also pays 100% of the transportation costs for Native American students that choose to attend the Campus School. These costs are reimbursed based on the ratio of bus runs used for the Reservation area compared to the total number of bus runs. The ratio is approximately 65.85% for the 2019-2020 year. The transportation contract is an annual contract that renews automatically. The amount currently due the District is \$1,941,474.

The funds generated from these contracts, in conjunction with State Aid, the State's School Tax Relief (STAR) program and our local school tax contributions provide the basis for the School District's financial structure. Access to State and Federal grants, along with Native American Aid, has assisted the District in maintaining a very reasonable five (5) year average tax rate per thousand dollars of \$10.38 on full property value.

The State has calculated our combined wealth measure to be 0.181. To put this number into perspective, 1.0 equals the average wealth for a District. This number continues to place us as the *absolute poorest school district in the State* as measured by our income and property wealth. Based on the 2020-21 State Aid Factors data, the State average property value and income behind each pupil was \$668,700 and \$299,700 respectfully. Our corresponding figures were \$112,883 and \$47,575. As these figures clearly express, we are a District burdened with substantial poverty and a lack of wealth.

The School District employs approximately 400 full and part time professional and support staff. These employees are organized into three (3) collective bargaining units (teaching staff, support staff and administration). The teaching staffs' contract agreement will expire on June 30, 2021. The administrators' contract negotiations were extended one year and the new contract will expire on June 30, 2021. The support staff contract was extended one year as well and the contract will expire June 30, 2021.

Student enrollment declined this school year at 1,459. The reason for this decline in enrollment is due in part to the new immunization laws that were passed. Many students chose to home school or go to school in Canada rather than get the required immunizations that had previously been exempt due to religious beliefs. Enrollment projections based on data from an FEH BOCES study confirm continued steady enrollment for several years to come.

The voters approved a \$26.5M capital project in May 2019. The project was approved on June 2, 2020 by New York State and bids are scheduled to be opened fall 2020. The project is expected to begin in April 2021 and be completed in September 2022. The project will complete the renovations that were started in the 2009 and 2013 capital projects. The work includes renovations to the high school and middle school. Funding for the project will included approximately \$13M in bonds and \$13.5M in Native American Building Aid.

Overview of Financial Statements

This annual report consists of three parts: MD&A (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

- The first two statements are district-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the School District, reporting the School District's operations in more detail than the district-wide statements. The fund financial statements concentrate on the School District's most significant funds with all other non-major funds listed in total in one column.
- The governmental funds statements tell how basic services, such as regular and special education, were financed in the short term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a trustee or agent for the benefit of others.

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

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

Major Features of the District-Wide and Fund Financial Statements			
	District-Wide	Fund Financial Statements	
		Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities' monies
Required Financial Statements	1. Statement of Net 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 resources focus
Type of Asset/Deferred outflows of resources/liabilities/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) 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

District-Wide Statements:

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities, regardless of when cash is received or paid.

The two district-wide statements report the School District's net position and how it has changed. Net position — the difference between the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources — is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the School District's overall health, you need to consider additional non-financial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

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

Fund Financial Statements:

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

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

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets 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 School District programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship and/or differences between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of School District as a Whole

Net assets may serve over time as a useful indicator of a government's financial position.

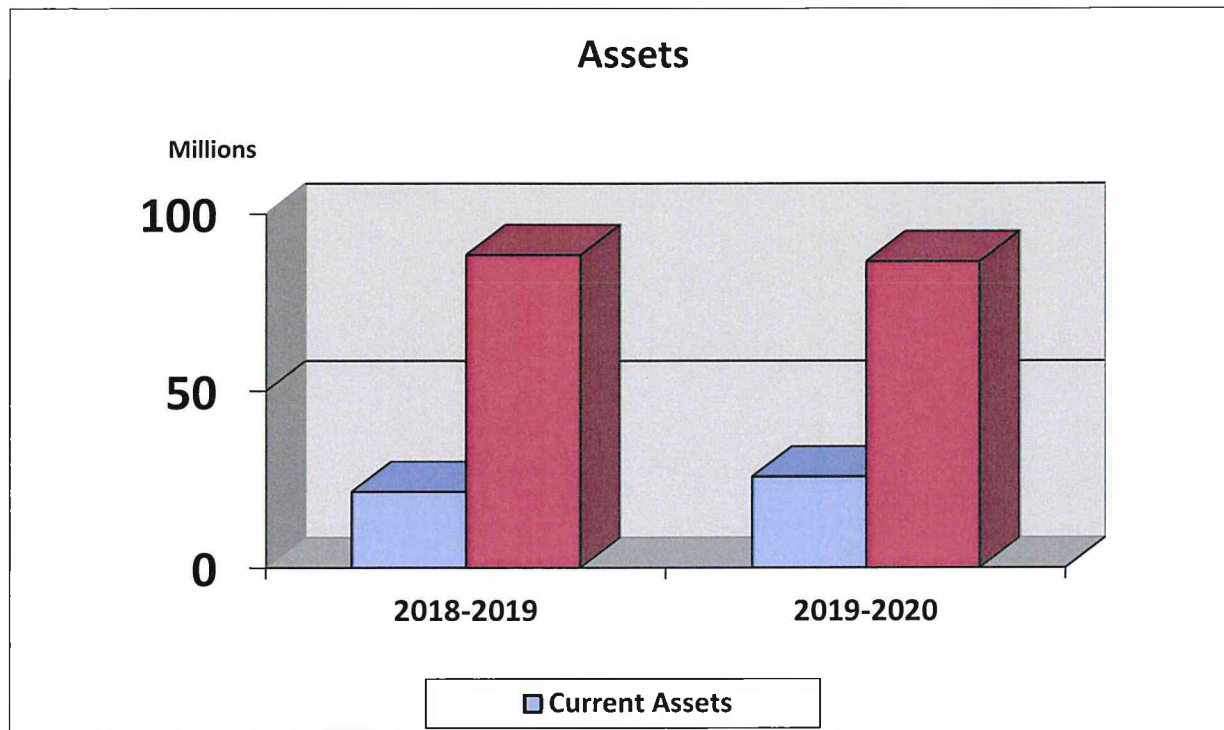
The net assets reflect mainly reserved and unreserved fund balance. The School District's net assets also reflect its investment in capital assets less any related debt used to acquire those assets that is still outstanding. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The debt is paid through the use of state building aid, Native American aid and EXCEL aid. The remaining balance of unrestricted net assets may be used to meet the School District's ongoing activities. The current assets are shifting from cash to capital assets. This reflects the payments made for the capital project in progress.

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

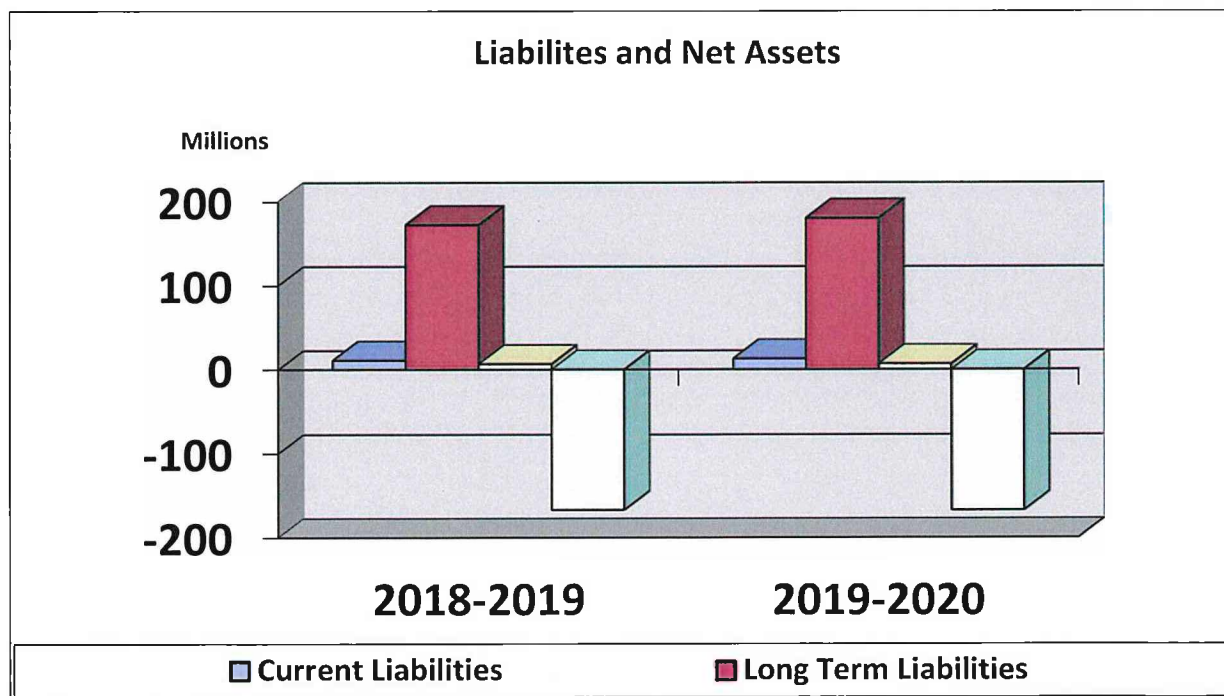
Condensed Statement of Net Position:

ASSETS:	2018-2019	2019-2020
Current and other assets	\$21,486,356	\$25,744,928
Capital assets, net	<u>88,356,848</u>	<u>86,520,817</u>
Total Assets:	109,843,204	112,265,745
DEFERRED OUTFLOWS OF RESOURCES	<u>11,841,034</u>	<u>13,144,943</u>
Total Assets and Deferred Outflows of Resources	<u>121,684,238</u>	<u>125,410,688</u>
 LIABILITIES:		
Current liabilities	10,983,607	12,835,849
Long-term debt outstanding	<u>172,347,157</u>	<u>180,354,977</u>
Total Liabilities:	183,330,764	193,190,826
DEFERRED INFLOWS OF RESOURCES	<u>40,710,524</u>	<u>33,990,639</u>
Total Liabilities and Deferred Inflows of Resources	<u>224,041,288</u>	<u>227,181,465</u>
 NET POSITION:		
Invested in capital assets, net of related debt	57,526,993	59,051,589
Restricted	6,522,263	6,583,601
Unrestricted	<u>(166,406,306)</u>	<u>(167,405,967)</u>
Total Net Position	<u>\$(102,357,050)</u>	<u>\$(101,770,777)</u>

In general, current assets are those assets that are available to satisfy current obligations and current liabilities are those liabilities that will be paid within one year. Current assets consist primarily of cash equivalents of \$12.1 million, and state and federal aid receivable of \$8.4 million.



The change in net liabilities is due largely to the implementation of new GASB 45 rules requiring Districts to show long-term employment benefits as a liability. This represents mainly the long term health insurance benefit for our retired and active employees. The impact to the statements this year for GASB 45 caused the unrestricted net assets to become negative as there are not enough assets available to cover the \$153 million in other post employment benefits liabilities. This is not uncommon given that the liability is not required to be fully funded.



Liabilities consist primarily of long-term debt of \$21.7 million, short-term payables of \$5 million, short-term bonds payable of \$5 million, and post-employment benefits of \$153 million.

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

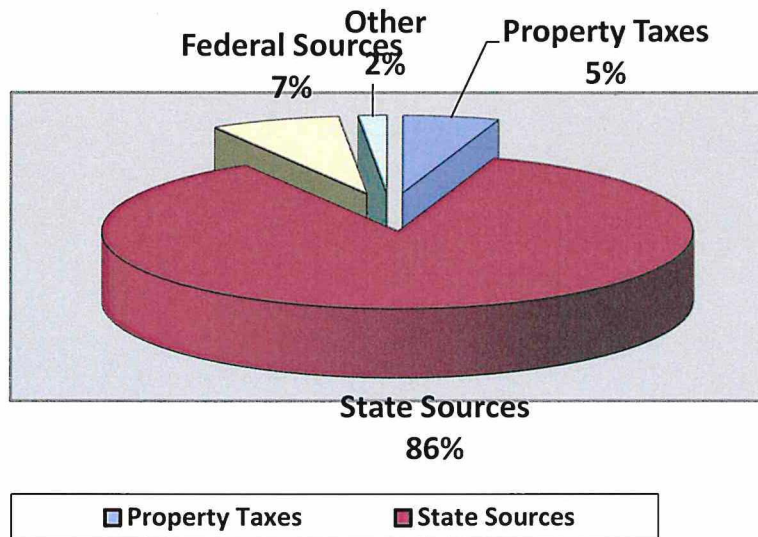
The following schedule summarizes the School District's activities. The complete Statement of Activities can be found in the School District's basic financial statements.

	<u>2018-2019</u>	<u>2019-2020</u>
Revenues		
Property and other tax items	\$2,088,321	\$2,088,835
Use of money and property	108,084	100,818
Sale of property and compensation for loss	0	0
Miscellaneous	455,505	515,196
State sources	32,642,942	34,226,883
Federal sources	3,112,341	2,798,776
Total Revenues	<u>\$38,407,193</u>	<u>\$39,730,508</u>
Expenses		
General support	\$ 8,536,727	\$10,201,066
Instruction	20,694,801	23,776,719
Pupil transportation	3,362,562	3,738,744
Debt service	1,467,896	1,102,124
Community service	23,606	26,585
Capital outlay – Mohawk School	0	0
School lunch program - cost of food sales	392,333	298,997
Total Expenses	<u>\$34,477,925</u>	<u>\$39,144,235</u>
Change in Net Assets	<u>\$3,929,268</u>	<u>\$ 586,273</u>

The School District is heavily dependent on State, Federal and Native American aid for its funding. Together they account for 95% of our total revenue dollar.

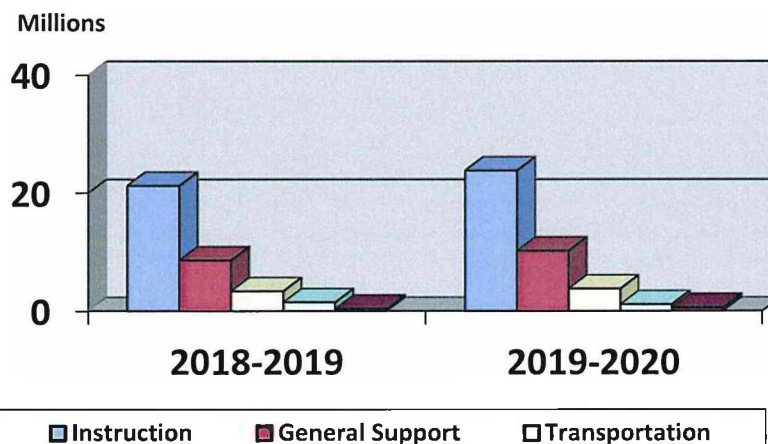
It should be noted that the district's tax levy contributes only 5% of our total revenues or \$2,088,835 with the STAR program. Our District has always made a strong effort to keep taxes at a reasonable level. In the 2019-20 year, the tax levy will remain unchanged. The District remained within the 2% tax cap and residents will be eligible for the tax freeze incentives issued by NYS.

Sources of Revenues for 2019-2020



Our District's expenses are predominantly related to instruction, which represents 61% of our total costs. Also, like most districts, our rising employee benefits fees, increasing energy costs and under-funded school lunch program continue to be financial challenges to our budget. The District currently pays \$25,464 for a family health insurance plan and this is expected to continue to rise 6-8% per year. Within 5 years, the plan will cost over \$32,000 per family plan if there is no change in riders or employee contributions. Currently all employees are contributing to their health insurance plans. This will help reduce the overall cost of employee health insurance but more is needed to help with the burden health insurance is placing on an already tight budget.

Comparison of Expenditures 2018-2019 and 2019-2020



To manage our future energy costs, the District included a geo thermal heating/cooling system in our building project. This system has allowed the District to add 100,000 square feet to the building without increasing the gallons of fuel used.

Our transportation department has switched to a 5 year bus replacement plan to ensure that the District has a safe fleet of buses and utilizes the 90% transportation aid that is received. Each year 4 buses will be replaced. Bonds are issued for the replacement of the buses and aid flows on a similar schedule to the debt payments.

The District has a locked-in bid price for fuel oil and purchases electricity through cooperative purchasing, but prices for these commodities fluctuate every year. The price of fuel is expected to remain steady next year.

The financial statements also include the activity of the Special Aid funds, which are comprised of a number of State and Federal grant programs and the school lunch fund, also known as the cafeteria fund.

General Fund Budget Overview

It should be explained that the District's general fund is comprised of two (2) individual budgets. The first is approved by the voters in May and totals \$34,061,334. It covers the operation of the main campus school in preK–12th grade.

The second budget is for the operation of the St. Regis Mohawk Elementary School. This is a preK–5th grade building educating only Native American children living on the St. Regis Mohawk Reservation. This budget is negotiated annually with the State of New York and totaled \$9,888,423. The revenues to support this building/program are totally funded with state aid. Unfortunately, the formula aid that is attributable to the attendance of students at the St. Regis Mohawk School is very difficult to compute in a timely manner, causing local cash flow problems and making it difficult to accurately report fund balance. Each year, the District utilizes a Revenue Anticipation Note to cover spending in anticipation of the Native American aid for the Mohawk School.

This administration is challenged in its ability to accurately predict state aid. This is directly associated with estimating state tuition payments on eligible Native American students educated at the campus school. The District and State representatives are scheduled to review the tuition formula and pertinent data in an attempt to better identify a just and realistic amount for this service. As our percentage of Native American students increase, so will our difficulty to predict revenues from this source. We must also remain vigilant in our effort to make sure educational funding for Salmon River is both adequate and equitable for our unique District.

The main expenditure budget variance was in the instructional media category due to the COVID-19 closure and providing remote instruction from March 17th through June 30th and beyond. The budget was adjusted to make sure the District had the infrastructure and equipment to provide remote learning due to this unexpected event.

As the District completed the year, its governmental funds reported a General fund balance of \$14,689,064. This amount is above the 4% limit specified by Real Property Tax Law. However, as our salary and operating expenses increase along with the unpredictability of State Aid, the District feels it is necessary to continue to maintain strong reserves. The District has a long range plan to use limited amounts from our reserves in the coming years to offset the loss of the Foundation Aid increases promised by the State.

Analysis of the School District's Other Funds

Capital Projects Fund

The voters approved a \$26.5M capital project in May 2019. The project was approved by New York State on June 2, 2020 and is expected to start in the fall 2020 and be completed in September 2022. The project will complete the renovations that were started in the 2009 and 2013 capital projects. The work includes renovations to the high school and middle school. Funding for the project will include approximately \$13M in bonds and \$13.5M in Native American Building Aid.

School Lunch (Cafeteria) Fund

The school lunch program continues to be supported by funds from the general fund. Revenues generated from the National School Lunch Program and the District's lunch program is stable with healthy student participation, but does not meet expenses. It should be noted that labor, employees' retirement and health insurance costs continue to increase each year. The lack of financial resources in the community and our District's commitment to preparing quality food has limited this program's ability to be self-sustaining, but we are making several changes to bring the program close to self-sufficiency.

The cafeteria increased its deficit from \$438,029 in the previous year to \$494,799 this school year.

The District has remained in the Universal Free Breakfast Program to help promote more children to eat breakfast in the morning when it is offered free of charge.

Special Aid Funds

The special aid fund provides the district with a variety of instructional programs supported by State and Federal grants. Title I and Title VI provide significant revenue for the district. These grants allow us to create programs that complement the district's educational objectives while allowing sensitivity to our culturally diverse student population.

The revenues for our Native American transportation contract are included in this fund as well. This contract with the State provides revenue to the District to cover the cost of transporting Native American students to and from the reservation. The amount of funds provided is meant to cover all expenses related to this service.

The special aid funds will continue to decline. When this happens, the general fund must pick up the differences because these programs cannot be cut. With the No Child Left Behind initiative, remediation programs are more important than ever. Federal and State Aid budgets are personnel driven like all of our budgets. With the record increases in fringe benefits, decreases will compound the general fund impact. Any decrease in grants equates to a much larger loss when contractual increases are figured in. Please note that the grant fiscal year generally runs from September to August, while the school's fiscal year runs from July to June.

Capital Assets

By the end of June 2020, the District invested approximately \$86,520,817 in a broad range of capital assets including school buildings, the bus garage, school buses, computers, audio-visual and classroom equipment. The District purchased 4 buses in the 2019-2020 school year. For this coming year, we will be purchasing another 4 new buses based on voter approval in May 2020. We have a 5 year bus replacement plan to bring the District fleet more up-to-date.

Long-Term Debt

The District's outstanding debt as of June 30, 2020 was \$21,735,000. This represents a series of borrowings for the \$50 million capital project that started in 2009 and the \$36.5 million project that started in 2015. In 2009 and 2011, the District was able to secure Quality Zone Academy Bonds (QZABs) that offered the District refundable interest over the life of the bond. In essence, the District will pay approximately 1.25% interest on these bonds. In 2011, the District also secured a Quality School Construction Bond (QSCB) that offered the District with another low interest bond with a rate of .8%. These low interest bonds have helped minimize any local tax share for the capital project.

Factors Bearing on the District's Future

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

- As mentioned above, this District is very heavily dependent on State Aid. During state budget preparations for next year, most formula aids were frozen, including Foundation Aid. With the State continually decreasing aid and the property tax cap in place the District will have an extremely difficult time to maintain staffing and programming at the levels needed to educate our children properly. The District is currently supporting our programs by committing approximately 4% of our fund balance to support our current level of staffing. In previous years, we have reduced our staff by not replacing retired staff and cutting teaching positions. Providing quality education with a shrinking staff and growing student population is posing challenges to our ability to provide a sound basic education to our students living in poverty.
- The last phase of capital projects will start in 2020-21 school year. The \$26.5 project will complete work in the Middle and High School. The District plans to use a portion of fund balance to cover the costs of the project beyond any State and Native American Building Aid.

Contacting the School District's Financial Management

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

Natascha L. Jock, School Business Executive
Salmon River Central School
Fort Covington, New York 12937
(518) 358-6608
njock@srk12.org

Salmon River Central School District
Statement of Net Position
June 30, 2020

ASSETS

Cash		
Unrestricted	\$	5,678,874
Restricted		6,583,601
Receivables		
Taxes		-
Other		2,886,090
Due from fiduciary funds		-
State and Federal aid		8,451,304
Inventories		84,856
Overpayments and collections in advance		60,124
Prepaid expenditures		-
Capital assets, net		86,520,817
Net pension asset-proportionate share		2,000,079
Total Assets		<u>112,265,745</u>

DEFERRED OUTFLOWS OF RESOURCES

Deferred gain on advance refunding of debt		9,383
Other post employment benefits		3,821,494
Pensions		9,314,066
Total Deferred Outflows of Resources		<u>13,144,943</u>

LIABILITIES

Payables		
Accounts payable		2,592,051
Accrued expenses		19,460
Due to other governments		134
Accrued interest		53,782
Unearned revenues		-
Notes payable		
Bond anticipation		-
Revenue anticipation		5,000,000
Long-term liabilities		
Due and payable within one year		
Bonds payable		3,640,000
Compensated absences payable		87,317
Due to Teachers' Retirement System		1,276,408
Due to Employees' Retirement System		166,697
Due and payable after one year		
Bonds payable		21,735,000
Compensated absences payable		875,333
Other post employment benefits		153,315,397
Net pension liability-proportionate share		4,429,247
Total Liabilities		<u>193,190,826</u>

DEFERRED INFLOWS OF RESOURCES

Deferred premium on debt issuance		2,103,612
Other post employment benefits		28,687,777
Pensions		3,199,251
Total Deferred Inflows of Resources		<u>33,990,640</u>

NET POSITION

Net investment in capital assets		59,051,588
Restricted		6,583,601
Unrestricted (deficit)		(167,405,967)
Total Net Position		<u>\$ (101,770,778)</u>

Salmon River Central School District
Statement of Activities and Changes in Net Position
For the Year Ended June 30, 2020

		Program Revenues		Net
	Expenses	Charges for	Operating	Revenue and
		Services	Grants	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 10,285,309	\$ 84,243	\$ -	\$ 10,201,066
Indirect cost	-	-	-	-
Instruction	33,801,647	10,024,927	-	23,776,720
Pupil transportation	3,820,587	81,843	-	3,738,744
Community service	26,585	-	-	26,585
Debt service - interest	1,102,124	-	-	1,102,124
Capital outlay - Mohawk School	-	-	-	-
Other expenditures	-	-	-	-
School lunch program	435,013	72,067	63,949	298,997
Total Functions and Programs	<u>49,471,265</u>	<u>10,263,080</u>	<u>63,949</u>	<u>39,144,236</u>
GENERAL REVENUES				
Real property taxes				1,684,612
Other tax items				404,223
Use of money and property				100,818
Sale of property and compensation for loss				-
Miscellaneous				515,196
State sources				34,226,883
Federal sources				2,758,472
Medicaid reimbursement				40,304
Total General Revenues				<u>39,730,508</u>
Change in Net Position				586,272
Net Position-Beginning of year				(102,357,050)
Total Net Position-End of year				<u><u>\$ (101,770,778)</u></u>

Salmon River Central School District
Balance Sheet - Governmental Funds
June 30, 2020

	General	Special Aid	Non-Major	Total Governmental Funds
ASSETS				
Cash				
Unrestricted	\$ 5,558,968	\$ -	\$ 119,906	\$ 5,678,874
Restricted	6,583,601	-	-	6,583,601
Receivables				
Taxes	-	-	-	-
Other	2,886,014	-	76	2,886,090
Due from other funds	3,119,213	-	-	3,119,213
State and Federal aid	5,363,828	2,992,583	94,893	8,451,304
Inventories	-	-	84,856	84,856
Overpayments and collections in advance	60,124	-	-	60,124
Deferred expenditures	-	-	-	-
Total Assets	<u>\$ 23,571,748</u>	<u>\$ 2,992,583</u>	<u>\$ 299,731</u>	<u>\$ 26,864,062</u>
LIABILITIES				
Payables				
Accounts payable	\$ 2,454,796	\$ 137,255	\$ -	\$ 2,592,051
Accrued liabilities	19,460	-	-	19,460
Accrued interest	1,035	-	-	1,035
Due to other funds	-	2,855,328	263,885	3,119,213
Due to other governments	-	-	134	134
Due to Teachers' Retirement System	1,276,408	-	-	1,276,408
Due to Employees' Retirement System	166,697	-	-	166,697
Overpayments and collections in advance	-	-	-	-
Notes payable				
Bond anticipation	-	-	-	-
Revenue anticipation	5,000,000	-	-	5,000,000
Total Liabilities	<u>8,918,396</u>	<u>2,992,583</u>	<u>264,019</u>	<u>12,174,998</u>
FUND BALANCES				
Nonspendable	-	-	84,856	84,856
Restricted				
Workers' compensation reserve	547,411	-	-	547,411
Unemployment insurance reserve	275,567	-	-	275,567
Reserve for retirement contributions-ERS	3,223,892	-	-	3,223,892
Reserve for retirement contributions-TRS	244,562	-	-	244,562
Reserve for employee benefits and accrued liabilities	778,062	-	-	778,062
Capital reserve	1,514,107	-	-	1,514,107
Assigned				
Assigned appropriated fund balance	596,786	-	-	596,786
Assigned unappropriated fund balance				
General support	20,006	-	-	20,006
Instruction	7,080	-	-	7,080
Transportation	40,223	-	35,712	75,935
Unassigned fund balance	7,405,656	-	(84,856)	7,320,800
Total Fund Balances	<u>14,653,352</u>	<u>-</u>	<u>35,712</u>	<u>14,689,064</u>
Total Liabilities and Fund Balances	<u>\$ 23,571,748</u>	<u>\$ 2,992,583</u>	<u>\$ 299,731</u>	<u>\$ 26,864,062</u>

Salmon River Central School District
Statement of Revenues, Expenditures and Changes in Fund Balance - Governmental Funds
For the Year Ended June 30, 2020

	General	Special Aid	Non-Major	Total Governmental Funds
REVENUES				
Real property taxes	\$ 1,684,612	\$ -	\$ -	\$ 1,684,612
Other tax items	404,223	-	-	404,223
Charges for services	5,716,733	-	-	5,716,733
Use of money and property	240,889	-	134	241,023
Sale of property and compensation for loss	57,940	-	-	57,940
Miscellaneous	424,806	41,538	10,000	476,344
Interfund revenues	904	-	-	904
State sources	34,674,477	3,847,487	19,906	38,541,870
Medicaid reimbursement	40,304	-	-	40,304
Federal sources	97,491	1,888,138	772,843	2,758,472
Surplus food	-	-	63,949	63,949
Sales - school lunch	-	-	72,067	72,067
Total Revenues	<u>43,342,379</u>	<u>5,777,163</u>	<u>938,899</u>	<u>50,058,441</u>
EXPENDITURES				
General support	6,305,561	-	534,111	6,839,672
Indirect cost	-	904	-	904
Instruction	18,930,742	3,563,906	-	22,494,648
Pupil transportation	738,082	2,147,265	450,494	3,335,841
Community service	18,846	-	-	18,846
Employee benefits	10,567,290	-	470,074	11,037,364
Debt service				
Principal	3,705,000	-	-	3,705,000
Interest	1,264,491	-	-	1,264,491
Cost of sales	-	-	435,013	435,013
Capital outlay	-	-	-	-
Total Expenditures	<u>41,530,012</u>	<u>5,712,075</u>	<u>1,889,692</u>	<u>49,131,779</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,812,367</u>	<u>65,088</u>	<u>(950,793)</u>	<u>926,662</u>
OTHER FINANCING SOURCES AND USES				
Operating transfers in	78,882	-	494,799	573,681
Operating transfers out	(494,799)	(65,088)	(13,794)	(573,681)
Proceeds from debt	-	-	500,000	500,000
BAN redeemed from appropriations	-	-	-	-
Total Other Sources and Uses	<u>(415,917)</u>	<u>(65,088)</u>	<u>981,005</u>	<u>500,000</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	1,396,450	-	30,212	1,426,662
Fund Balances - Beginning of year	13,256,902	-	5,500	13,262,402
Fund Balances - End of year	<u>\$ 14,653,352</u>	<u>\$ -</u>	<u>\$ 35,712</u>	<u>\$ 14,689,064</u>

Salmon River Central School District
Statement of Fiduciary Net Position - Fiduciary Funds
June 30, 2020

	Private Purpose Trusts	Agency
ASSETS		
Cash	\$ 117,623	\$ 144,964
Due from other governments	-	-
Total Assets	<u>\$ 117,623</u>	<u>\$ 144,964</u>
LIABILITIES		
Due to governmental funds	\$ -	\$ -
Extraclassroom activity balances	-	144,370
Other liabilities	-	594
Total Liabilities	<u>-</u>	<u>\$ 144,964</u>
NET POSITION		
Restricted for other purposes	\$ 68,382	
Non restricted for other purposes	49,241	
Total Net Position	<u>\$ 117,623</u>	

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

	Private Purpose Trusts
ADDITIONS	
Investment earnings	\$ 178
Gifts and contributions	7,000
	<u>7,178</u>
DEDUCTIONS	
Scholarships and awards	<u>5,175</u>
Change in Net Position	2,003
Net Position - Beginning of year	<u>115,620</u>
Net Position - End of year	<u>\$ 117,623</u>

Salmon River Central School District
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2020

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash	\$ 12,262,475	\$ -	\$ -	\$ 12,262,475
Taxes receivable	-	-	-	-
Other receivables	2,886,090	-	-	2,886,090
Due from other funds	3,119,213	-	(3,119,213)	-
State and Federal aid	8,451,304	-	-	8,451,304
Inventories	84,856	-	-	84,856
Overpayments and collections in advance	60,124	-	-	60,124
Prepaid expenditures	-	-	-	-
Capital assets, net	-	86,520,817	-	86,520,817
Net pension asset-proportionate share	-	2,000,079	-	2,000,079
Total Assets	<u>26,864,062</u>	<u>88,520,896</u>	<u>(3,119,213)</u>	<u>112,265,745</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred gain on advance refunding of debt	-	9,383	-	9,383
Other post employment benefits	-	3,821,494	-	3,821,494
Pensions	-	9,314,066	-	9,314,066
Total Deferred Outflows of Resources	<u>-</u>	<u>13,144,943</u>	<u>-</u>	<u>13,144,943</u>
 Total Assets and Deferred Outflows of Resources	<u>\$ 26,864,062</u>	<u>\$ 101,665,839</u>	<u>\$ (3,119,213)</u>	<u>\$ 125,410,688</u>
LIABILITIES				
Accounts payable	2,592,051	-	-	2,592,051
Accrued liabilities	19,460	-	-	19,460
Due to other funds	3,119,213	-	(3,119,213)	-
Due to other governments	134	-	-	134
Accrued interest	1,035	52,747	-	53,782
Due to Teachers' Retirement System	1,276,408	-	-	1,276,408
Due to Employees' Retirement System	166,697	-	-	166,697
Overpayments and collections in advance	-	-	-	-
Bond anticipation note	-	-	-	-
Revenue anticipation note	5,000,000	-	-	5,000,000
Compensated absences payable	-	962,650	-	962,650
Bonds payable	-	25,375,000	-	25,375,000
Other post employment benefits	-	153,315,397	-	153,315,397
Net pension liability-proportionate share	-	4,429,247	-	4,429,247
Total Liabilities	<u>12,174,998</u>	<u>184,135,041</u>	<u>(3,119,213)</u>	<u>193,190,826</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred premium on debt issuance	-	2,103,612	-	2,103,612
Other post employment benefits	-	28,687,777	-	28,687,777
Pensions	-	3,199,251	-	3,199,251
Total Deferred Inflows of Resources	<u>-</u>	<u>33,990,640</u>	<u>-</u>	<u>33,990,640</u>
FUND EQUITY/NET POSITION	<u>14,689,064</u>	<u>(116,459,842)</u>	<u>-</u>	<u>(101,770,778)</u>
 Total Liabilities, Deferred Inflows of Resources and Fund Equity/Net Position	<u>\$ 26,864,062</u>	<u>\$ 101,665,839</u>	<u>\$ (3,119,213)</u>	<u>\$ 125,410,688</u>

Salmon River Central School District
Reconciliation of Governmental Funds Balance Sheet to Statement of Net Position
June 30, 2020

Fund Balances - total governmental funds		\$ 14,689,064
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds		
Governmental capital assets	111,359,338	
Less: accumulated depreciation	<u>(24,838,521)</u>	86,520,817
Interest payable used in governmental activities is not payable from current resources and therefore not reported in the governmental funds		(52,747)
Long-term liabilities are not due and payable in the current year and therefore are not reported in the governmental funds		
Long-term debt	(25,375,000)	
Compensated absences	<u>(962,650)</u>	(26,337,650)
Other post employment benefits are not due and payable in the current period and therefore are not reported in the funds		(153,315,397)
Proportionate share of net pension asset/liability are not financial resources and not due and payable in the current year and therefore are not reported in the governmental funds		
Net pension asset	2,000,079	
Net pension liability	<u>(4,429,247)</u>	(2,429,168)
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the governmental funds		
Deferred outflows related to pensions	9,314,066	
Deferred inflows related to pensions	<u>(3,199,251)</u>	6,114,815
Deferred outflows and inflows of resources related to other post employment benefits are applicable to future periods and, therefore, are not reported in the governmental funds		
Deferred outflows related to other post employment benefits	3,821,494	
Deferred inflows related to other post employment benefits	<u>(28,687,777)</u>	(24,866,283)
Deferred outflows and inflows of resources related to debt are applicable to future periods and, therefore, are not reported in the governmental funds		
Deferred gain on advance refunding of debt	9,383	
Deferred premiums on debt issuance	<u>(2,103,612)</u>	(2,094,229)
Net Position of Governmental Activities		<u><u>\$ (101,770,778)</u></u>

Salmon River Central School District

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

For the Year Ended June 30, 2020

	Total Governmental Funds	Long-Term Assets, Liabilities	Reclassifications and Eliminations	Statement of Activities Totals
REVENUES				
Real property taxes	\$ 1,684,612	\$ -	\$ -	\$ 1,684,612
Other tax items	404,223	-	-	404,223
Charges for services	5,716,733	-	-	5,716,733
Use of money and property	241,023	-	-	241,023
Sale of property and compensation for loss	57,940	-	-	57,940
Miscellaneous	476,344	-	-	476,344
Interfund revenues	904	-	(904)	-
State sources	38,541,870	-	-	38,541,870
Medicaid reimbursement	40,304	-	-	40,304
Federal sources	2,758,472	-	-	2,758,472
Surplus food	63,949	-	-	63,949
Sales - school lunch and store	72,067	-	-	72,067
Total Revenues	<u>50,058,441</u>	<u>-</u>	<u>(904)</u>	<u>50,057,537</u>
EXPENDITURES				
General support	6,839,672	1,861,479	1,584,158	10,285,309
Indirect cost	904	-	(904)	-
Instruction	22,494,648	65,641	11,241,358	33,801,647
Pupil transportation	3,335,841	(39,134)	523,880	3,820,587
Community service	18,846	-	7,739	26,585
Employee benefits	11,037,364	2,319,771	(13,357,135)	-
Debt service	4,969,491	(3,867,367)	-	1,102,124
Unallocated depreciation	-	-	-	-
Cost of sales	435,013	-	-	435,013
Other expenditures	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>49,131,779</u>	<u>340,390</u>	<u>(904)</u>	<u>49,471,265</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>926,662</u>	<u>(340,390)</u>	<u>-</u>	<u>586,272</u>
OTHER SOURCES AND USES				
Proceeds from debt	500,000	(500,000)	-	-
Payment to escrow agent	-	-	-	-
Operating transfers in	573,681	-	(573,681)	-
Operating transfers out	(573,681)	-	573,681	-
Total Other Sources and Uses	<u>500,000</u>	<u>(500,000)</u>	<u>-</u>	<u>-</u>
Net Change for the Year	<u>\$ 1,426,662</u>	<u>\$ (840,390)</u>	<u>\$ -</u>	<u>\$ 586,272</u>

Salmon River Central School District

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

Net Change in Fund Balances - total governmental funds		\$ 1,426,662
Amounts reported for governmental activities in the Statement of Activities are different because:		
Revenues in the Statement of Activities that do not provide current resources are not reported as revenues in the funds		
Disposal of capital assets		-
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is depreciated over their estimated useful lives:		
Expenditures for capital assets	654,387	
Less: current year depreciation	<u>(2,490,418)</u>	(1,836,031)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Other costs related to debt issuance and retirement are expenditures in the governmental funds, but are deferred and amortized on the Statement of Net Position		
Bond premium amortization	166,885	
Bond proceeds	(500,000)	
Deferred refunding interest	(11,259)	
Repayment of bonds	<u>3,705,000</u>	3,360,626
Interest expense reported in the Statement of Activities does not require the use of current financial resources and is therefore not reported as an expenditure in governmental funds		6,741
Compensated absences in the Statement of Activities does not require the use of current financial resources and is therefore not reported as an expenditure in governmental funds		(51,955)
Other post employment benefits in the Statement of Activities does not require the use of current resources and are therefore not reported as expenditures in the governmental funds		(145,927)
Governmental funds report district pension contributions as expenditures. However in the Statement of Activities, the cost of pension benefits earned net of employee contributions is reported as pension expense.		
Pension contribution expense	1,760,801	
Cost of benefits earned net of employee contributions	<u>(3,934,645)</u>	(2,173,844)
Change in Net Position of Governmental Funds		<u>\$ 586,272</u>

Salmon River Central School District

Notes to Financial Statements

June 30, 2020

Note 1 – Summary of certain significant accounting policies:

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

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

A) Reporting Entity:

The Salmon River Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 9 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

i) Extraclassroom Activity Funds:

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

B) Joint Venture:

The Salmon River Central School District is one of 10 component school districts in the Franklin-Essex-Hamilton BOCES. A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (§1950(6)). In addition, BOCES Boards are also 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.

C) Basis of Presentation:

i) District-Wide Statements:

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

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

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

ii) Fund Financial Statements:

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

The District reports the following major governmental funds:

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

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and State grants, that are legally restricted to expenditures for specified purposes, child nutrition and school store operations 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.

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

The District reports the following fiduciary funds:

Fiduciary Funds

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

Private purpose trust funds: These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

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

D) Measurement Focus and Basis of Accounting:

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

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, 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.

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

E) Cash and Investments:

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

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

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

Investments are stated at fair value.

F) Property Taxes:

Real property taxes are levied annually by the Board of Education no later than September 1 and became a lien on August 7, 2019. Taxes are collected during the period September 1, 2019 to November 4, 2019.

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

G) Accounts Receivable:

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

H) Inventories:

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

A reserve for inventories has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Salmon River Central School District

Notes to Financial Statements

June 30, 2020

I) Due to/from Other Funds:

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

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

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

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

J) Capital Assets:

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

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

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	\$ 15,000	Straight-line	50 years
Building Improvements	15,000	Straight-line	20 years
Furniture and Equipment	5,000	Straight-line	15 years
Vehicles	5,000	Straight-line	8 years

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

K) Vested Employee Benefits:

Compensated absences

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

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

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

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

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

L) Other benefits:

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

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

M) Budgetary Procedures and Budgetary Accounting:

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

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected 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.

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

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

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end 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.

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

N) Unearned Revenue:

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

O) Restricted Resources:

When an expense is incurred for purposes for which both restricted and unrestricted net assets 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.

P) Equity classifications:

District-wide statements:

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

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

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

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

Salmon River Central School District

Notes to Financial Statements

June 30, 2020

Fund statements:

Beginning with the fiscal year 2011, the District implemented GASB 54 “Fund Balance Reporting and Governmental Type Definitions”. This Statement provides more clearly defined fund balance categories to make the nature and extent of the constraints placed on a government’s fund balance more transparent. The following classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

Nonspendable fund balance – amounts that are not in a spendable form (such as inventory) or are required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$84,856.

Restricted fund balance – 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 School District has established the following restricted fund balances:

Workers’ Compensation Reserve

Workers’ Compensation Reserve (GML §6-j) is 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. The reserve is accounted for in the General Fund.

Unemployment Insurance

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Retirement Contributions

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

Employee Benefit Accrued Liability Reserve

Reserve for Employee Benefit Accrued Liability (GML §6-p) is used to reserve funds for the payment of accrued employee benefits due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

Capital

According to Education Law §3651, this reserve 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.

Restricted fund balance includes the following:

General Fund:

Workers' Compensation Reserve	\$ 547,411
Unemployment Insurance Reserve	275,567
Retirement Contribution Reserve-ERS	3,223,892
Retirement Contribution Reserve-TRS	244,562
Reserve for Employee Benefits and Accrued Liabilities	778,062
Capital Reserve	<u>1,514,107</u>
 Total Restricted Funds	 <u><u>\$ 6,583,601</u></u>

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Assigned fund balance – amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the government delegates authority. All encumbrances of the General fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$67,309.

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

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

Order of Use of Fund Balance:

The District's policy is to apply expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, nonspendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the general fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

Q) Accrued liabilities and long-term obligations:

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

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

Salmon River Central School District

Notes to Financial Statements

June 30, 2020

R) Deferred Outflows and Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item arises from a premium on debt issuance. 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 liability (ERS System) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The last item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Pension Obligations

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

Plan Description and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

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

Employees' Retirement System (ERS)

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

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

At June 30, 2020, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2020 for ERS and June 30, 2019 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Net pension asset/(liability)	\$ (4,429,247)	\$ 2,000,079
District's portion of the Plan's total net pension asset/(liability)	0.0167264%	0.076985%

For the year ended June 30, 2020, the District recognized pension expense of \$1,510,314 for ERS and pension expense of \$2,424,331 for TRS. At June 30, 2020, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	ERS	TRS	ERS	TRS
Difference between expected and actual experience	\$ 260,679	\$ 1,355,403	\$ -	\$ 148,730
Change of assumptions	89,184	3,778,416	77,009	921,285
Net difference between projected and actual investment earnings	2,270,648	-	-	1,603,960
Changes in proportion and difference between the District's contributions and proportionate share of contributions	61,175	182,765	30,690	417,577
District's contributions subsequent to the measurement date	166,697	1,149,099	-	-
Total	<u>\$ 2,848,383</u>	<u>\$ 6,465,683</u>	<u>\$ 107,699</u>	<u>\$ 3,091,552</u>

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Year ended:

	ERS	TRS
2020		\$ 855,753
2021	\$ 432,959	8,305
2022	645,312	852,473
2023	827,996	580,853
2024	667,720	24,883
Thereafter		(97,234)

Actuarial Assumptions

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

	ERS	TRS
Measurement date	March 31, 2020	June 30, 2019
Actuarial valuation date	April 1, 2019	June 30, 2018
Interest rate	6.80%	7.10%
Salary scale	4.2%	1.90%-4.72%
Decrement tables	April 1, 2010 - March 31, 2015	July 1, 2009- June 30, 2014
	System Experience	System Experience
Inflation rate	2.5%	2.20%

For ERS, annuitant mortality rates are based on April 1, 2010 – March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries Scale of MP2014, applied on a generational basis.

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

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

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

Discount Rate

The discount rate used to calculate the total pension liability was 6.8% for ERS and 7.1% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

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

The following presents the District's proportionate share of the net pension asset/(liability) calculated using the discount rate of 6.8% for ERS and 7.1% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentage point lower (5.8% for ERS and 6.1% for TRS) or 1-percentage point higher (7.8% for ERS and 8.1% for TRS) than the current rate :

	1% Decrease (5.8%)	Current Assumption (6.8%)	1% Increase (7.8%)
ERS			
Employer's proportionate share of the net pension asset (liability)	\$ (8,128,920)	\$ (4,429,247)	\$ (1,021,834)

	1% Decrease (6.10%)	Current Assumption (7.10%)	1% Increase (8.10%)
TRS			
Employer's proportionate share of the net pension asset (liability)	\$ (9,028,148)	\$ 2,000,079	\$ 11,251,517

Pension Plan Fiduciary Net Position

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

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2020 represent the projected employer contribution for the period of April 1, 2020 through June 30, 2020 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2020 amounted to \$166,697.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2020 are paid to the System in September, October and November 2020 through a state aid intercept. Accrued retirement contributions as of June 30, 2020 represent employee and employer contributions for the fiscal year ended June 30, 2020 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2020 amounted to \$1,276,408.

S) New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2020, the District implemented the following new standards issued by GASB. These standards had no significant impact on the District.

GASB issued Statement No. 83, *Certain Asset Retirement Obligations*, effective for the year ending June 30, 2020.

GASB issued Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements*, effective for the year ending June 30, 2020.

T) Future Changes in Accounting Standards

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

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. 90, *Accounting and Financial Reporting for Majority Equity Interest*, effective for the year ending June 30, 2021.

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

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Note 2 – Explanation of Certain Differences Between Governmental Fund Statements and District-Wide Statements:

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

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

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

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

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

i) Long-term revenue differences:

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

ii) Capital related differences:

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Long-term debt transaction differences:

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

iii) 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 pension expense.

iv) OPEB differences:

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

Note 3 – Stewardship, compliance and accountability:

The District's unreserved and undesignated fund balance was in excess of the New York State Real Property Tax Law limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

Note 4 – Custodial credit and concentration of credit:

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

The District's aggregate bank balances included balances not covered by depository insurance at year end. All balances were collateralized with securities held by the pledging financial institution, but not in the District's name. Bank balances totaled approximately \$6,963,000.

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$6,583,601 within the governmental funds and \$117,623 in the fiduciary funds.

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Note 5 – Investment pool:

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. The District's total NYCLASS balance at June 30, 2020 was approximately \$5,997 000.

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

Note 6 – Participation in BOCES:

During the year ended June 30, 2020, the District was billed \$7,724,001 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year ended June 30, 2020, the District did not issue serial bonds on behalf of BOCES.

On May 9, 2017 the District entered into a joint agreement with Franklin-Essex-Hamilton BOCES and all other component school districts of the BOCES for the construction of improvements to the BOCES' North Franklin Educational Center and the Adirondack Educational Center pursuant to Section 1950 of the Education Law. The District agreed to make 3 installment payments for their share of the capital project cost. During 2018-19, \$402,421 was paid through the capital expense contract code. The District paid \$1,667,544 on July 15, 2019 and has agreed to pay \$1,115,421 on July 15, 2020.

The District's share of BOCES aid amounted to \$5,044,993.

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Note 7 - Capital assets:

Capital asset balances and activity for the year ended June 30, 2020 were as follows:

	Beginning Balance	Additions	Retirements/ Reclassific.	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 118,242	\$ -	\$ -	\$ 118,242
Construction in progress	-	-	-	-
Total nondepreciable historical cost	<u>118,242</u>	<u>-</u>	<u>-</u>	<u>118,242</u>
Capital assets that are depreciated:				
Buildings	105,162,130	-	-	105,162,130
Machinery and equipment	5,424,579	654,387	-	6,078,966
Total depreciable historical cost	<u>110,586,709</u>	<u>654,387</u>	<u>-</u>	<u>111,241,096</u>
Less accumulated depreciation:				
Buildings	18,996,007	2,002,356	-	20,998,363
Machinery and equipment	3,352,096	488,062	-	3,840,158
Total accumulated depreciation	<u>22,348,103</u>	<u>2,490,418</u>	<u>-</u>	<u>24,838,521</u>
Total depreciable historical cost, net	<u>\$ 88,356,848</u>	<u>\$(1,836,031)</u>	<u>\$ -</u>	<u>\$ 86,520,817</u>

Depreciation expense was charged to governmental activities as follows:

Administrative services	\$ 2,060,276
Regular instruction	18,784
Pupil transportation	411,358
	<u>\$ 2,490,418</u>

Note 8 – Short-term debt:

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

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

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

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

	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
RAN Maturing 6/26/20 at 2.00%	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
RAN Maturing 6/25/21 at 1.50%	-	5,000,000	-	5,000,000

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

Interest paid	\$ 99,722
Less interest accrued in the prior year	(828)
Plus interest accrued in the current year	<u>1,035</u>
Total expense	<u><u>\$ 99,929</u></u>

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Note 9 – Long-term debt:

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government activities:					
Serial Bonds 2008	\$ 575,000	\$ -	\$ 105,000	\$ 470,000	\$ 110,000
QZABs 2009	5,000,000	-	985,000	4,015,000	995,000
QZABs 2011	3,795,000	-	880,000	2,915,000	925,000
QSCBs 2011	1,345,000	-	190,000	1,155,000	190,000
Serial Bonds 2012	300,000	-	55,000	245,000	60,000
Bus Bond 2014	40,000	-	40,000	-	-
Serial Bonds 2014	240,000	-	240,000	-	-
Bus Bond 2015	185,000	-	90,000	95,000	95,000
Bus Bond 2016	285,000	-	95,000	190,000	95,000
Bus Bond 2017	375,000	-	90,000	285,000	95,000
DASNY Bonds 2018	15,980,000	-	850,000	15,130,000	895,000
Bus Bond 2018	460,000	-	85,000	375,000	90,000
Bus Bond 2019	-	500,000	-	500,000	90,000
Total bonds payable	28,580,000	500,000	3,705,000	25,375,000	3,640,000
Other liabilities					
Compensated absences	910,695	51,955	-	962,650	87,317
Total long-term liabilities	<u>\$ 29,490,695</u>	<u>\$ 551,955</u>	<u>\$ 3,705,000</u>	<u>\$ 26,337,650</u>	<u>\$ 3,727,317</u>

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Existing serial and statutory bond obligations:

<u>Description of issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2020</u>
Serial Bonds	2008	2024	4.25%	\$ 470,000
QZABs	2009	2024	1.25%	4,015,000
QZABs	2011	2023	5.50%	2,915,000
QSCBs	2011	2025	0.80%	1,155,000
Serial Bonds	2012	2024	2.50%	245,000
Bus Bond	2015	2020	1.75%	95,000
Bus Bond	2016	2021	1.75%	190,000
Bus Bond	2017	2022	2.10%	285,000
DASNY Bonds	2018	2033	5.00%	15,130,000
Bus Bond	2018	2023	3.13%	375,000
Bus Bond	2019	2024	1.625%	500,000
				<u>\$ 25,375,000</u>

The following is a summary of debt service requirements:

	<u>Serial Bonds</u>		<u>Other Debt</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
Fiscal year ended June 30,				
2021	\$ 3,175,000	\$ 1,014,858	\$ 465,000	\$ 30,192
2022	3,280,000	897,045	385,000	17,156
2023	3,390,000	772,137	290,000	9,675
2024	2,420,000	639,225	200,000	4,043
2025	1,285,000	566,090	105,000	853
2026-2030	6,525,000	1,944,780	-	-
2031-2033	3,855,000	355,500	-	-
	<u>\$ 23,930,000</u>	<u>\$ 6,189,635</u>	<u>\$ 1,445,000</u>	<u>\$ 61,919</u>

Other debt consists of the Bus Bonds.

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

In prior years, the District defeased certain general obligations and other bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. The defeased bonds were fully repaid as of June 30, 2020.

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

Interest paid	\$ 1,164,562
Amortized bond premium	(166,885)
Less interest accrued in the prior year	(59,488)
Plus interest accrued in the current year	52,747
amortization of bond costs	<u>11,259</u>
Total expense	<u><u>\$ 1,002,195</u></u>

Note 10 – Interfund balances and activity:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>
General Fund	\$3,119,213	\$ -
Special Aid Fund	-	2,855,328
School Lunch Fund	-	263,885
Capital Projects Fund	-	-
Total Government Agencies	<u>3,119,213</u>	<u>3,119,213</u>
Fiduciary Agency Fund	<u>-</u>	<u>-</u>
Totals	<u><u>\$3,119,213</u></u>	<u><u>\$ 3,119,213</u></u>

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

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

All interfund payables are expected to be repaid within one year.

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Note 11 – Post-employment (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 general and public safety employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

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

Inactive employees or beneficiaries currently receiving benefit payments	254
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	386
	<hr/>
	640
	<hr/> <hr/>

Total OPEB Liability

The District’s total OPEB liability of \$153,315,397 was measured as of July 1, 2019 and was determined by an actuarial valuation as of that date.

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

Salmon River Central School District

Notes to Financial Statements

June 30, 2020

Inflation	2.40%
Salary Increases	3.25%
Discount Rate	3.5%, as of the measurement date
Healthcare Cost Trend Rates	8.00% for 2020, decreasing 0.50% per year through 2022 then varies to an ultimate rate of 4.13% for 2089
Retirees' Share of Benefit-Related Costs	Pre 6/30/19 retirees receive 100% coverage from the District Future retirees contribute based on contract

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

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

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

Changes in the Total OPEB Liability

Balance at July 1, 2018	<u>\$ 145,778,758</u>
Service cost	5,762,669
Interest	5,791,171
Changes in benefit terms	-
Differences between expected and actual experience	-
Changes in assumptions and other inputs	(219,706)
Benefit payments	<u>(3,797,495)</u>
Net changes	<u>7,536,639</u>
Balance at July 1, 2019	<u><u>\$ 153,315,397</u></u>

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

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

	1% Decrease 2.50%	Discount Rate 3.50%	1% Increase 4.50%
Total OPEB Liability	\$ 182,674,382	\$ 153,315,397	\$ 130,141,664

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

	1% Decrease	Current Trend Rates	1% Increase
Total OPEB Liability	\$ 126,392,065	\$ 153,315,397	\$ 188,838,135

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

For the year ended June 30, 2020, the District recognized OPEB expense of \$3,967,421. At June 30, 2020, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ -	\$ 14,311,682
Change of assumptions or other inputs	-	14,376,095
Employer contributions subsequent to the measurement date	3,821,494	-
Total	<u>\$ 3,821,494</u>	<u>\$ 28,687,777</u>

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

Year Ended June 30,	
2021	\$ (7,586,419)
2022	(7,586,419)
2023	(7,586,419)
2024	(5,076,757)
2025	(840,641)
2026 and Thereafter	(11,122)
	<u>\$ (28,687,777)</u>

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Note 12 – Pension plans:

General information:

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

Provisions and administration:

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

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

Funding policies:

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

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

<u>Year</u>	<u>TRS</u>	<u>ERS</u>
June 30, 2020	\$ 1,483,368	\$ 637,780
June 30, 2019	1,290,729	604,029
June 30, 2018	1,421,484	602,239

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

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

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

Note 13 – Risk management:

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

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

Note 14 – Contingencies and commitments:

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

Note 15 – Fund balances:

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

Salmon River Central School District
Notes to Financial Statements
June 30, 2020

Note 16 – Use of estimates:

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

Note 17 – Subsequent events:

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

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

Salmon River Central School District
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources				
Real property taxes	\$ 1,670,291	\$ 1,684,612	\$ 1,684,612	\$ -
Other tax items	415,000	400,679	404,223	3,544
Charges for services	6,429,920	6,429,920	5,716,733	(713,187)
Use of money and property	148,442	148,442	240,889	92,447
Sale of property and compensation for loss	10,190	10,190	57,940	47,750
Miscellaneous	263,500	263,500	424,806	161,306
Interfund revenues	-	-	904	904
Total Local Sources	<u>8,937,343</u>	<u>8,937,343</u>	<u>8,530,107</u>	<u>(407,236)</u>
State Sources	34,732,964	34,732,964	34,674,477	(58,487)
Federal Sources	<u>207,208</u>	<u>207,208</u>	<u>137,795</u>	<u>(69,413)</u>
Total Revenues	<u>43,877,515</u>	<u>43,877,515</u>	<u>43,342,379</u>	<u>(535,136)</u>
OTHER FINANCING SOURCES				
Transfers from other funds	-	-	78,882	78,882
Total Revenues and Other Financing Sources	<u>43,877,515</u>	<u>43,877,515</u>	<u>43,421,261</u>	<u>(456,254)</u>

See paragraph on required supplementary information included in auditors' report.

Salmon River Central School District
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund
For the Year Ended June 30, 2020

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-end Encumbrances	Final Budget Variance With Budgetary Actual And Encumbrances
EXPENDITURES					
Board of education	21,582	22,609	20,227	-	2,382
Central administration	220,000	220,389	210,767	-	9,622
Finance	336,824	352,443	332,148	11,871	8,424
Staff	263,264	317,540	295,992	-	21,548
Central services	3,409,560	3,234,903	3,158,924	8,135	67,844
Special items	2,297,365	2,289,562	2,287,503	-	2,059
Total General Support	<u>6,548,595</u>	<u>6,437,446</u>	<u>6,305,561</u>	<u>20,006</u>	<u>111,879</u>
 Instruction, administration and improvement	 961,718	 764,695	 757,521	 1,200	 5,974
Teaching - regular school	9,056,840	8,496,205	8,377,364	3,388	115,453
Programs for children with handicapping conditions	3,423,476	3,227,945	3,160,826	515	66,604
Occupational education	1,393,250	1,219,035	1,218,848	37	150
Teaching - special school	249,000	277,942	274,303	-	3,639
Instructional media	1,810,025	5,435,119	3,705,424	278	1,729,417
Pupil services	1,702,528	1,446,036	1,436,456	1,662	7,918
Total Instruction	<u>18,596,837</u>	<u>20,866,977</u>	<u>18,930,742</u>	<u>7,080</u>	<u>1,929,155</u>
 Pupil transportation	 2,024,000	 898,850	 738,082	 40,223	 120,545
Community services	19,000	19,000	18,846	-	154
Employee benefits	11,824,937	10,682,164	10,567,290	-	114,874
Debt service	4,999,570	4,999,570	4,969,491	-	30,079
Total Expenditures	<u>44,012,939</u>	<u>43,904,007</u>	<u>41,530,012</u>	<u>67,309</u>	<u>2,306,686</u>
 OTHER FINANCING USES					
Transfers to other funds	470,000	591,430	494,799	-	96,631
Total Expenditures and Other Uses	<u>44,482,939</u>	<u>44,495,437</u>	<u>42,024,811</u>	<u>\$ 67,309</u>	<u>\$ 2,403,317</u>
 Net change in fund balances	<u>\$ (605,424)</u>	<u>\$ (617,922)</u>	1,396,450		
Fund balance - beginning			13,256,902		
 Fund balance - ending			<u>\$ 14,653,352</u>		

See paragraph on required supplementary information included in auditors' report.

Salmon River Central School District
Schedule of Change in Net Other Post Employment Benefit Liability
For the Year Ended June 30, 2020

Measurement Date	7/1/17	7/1/18	7/1/19
Service Cost	\$ 7,513,744	\$ 5,721,190	\$ 5,762,669
Interest	5,208,337	5,922,825	5,791,171
Changes in benefit terms	-	(1,124,485)	-
Differences between expected and actual experience	-	(21,078,434)	-
Changes in assumptions and other inputs	(25,825,204)	(750,345)	(219,706)
Benefit payments	(3,232,739)	(3,427,435)	(3,797,495)
Net changes in OPEB liability	(16,335,862)	(14,736,684)	7,536,639
Total OPEB Liability-beginning	176,851,304	160,515,442	145,778,758
Total OPEB Liability-ending	<u>\$ 160,515,442</u>	<u>\$ 145,778,758</u>	<u>\$ 153,315,397</u>
Covered payroll	\$ 16,871,862	\$ 17,384,311	\$ 18,455,124
Total OPEB as a percentage of covered payroll	951%	839%	831%

Salmon River Central School District
Required Supplementary Information
Proportionate Share of Net Pension Asset (Liability) -TRS
June 30, 2020

Measurement Date	<u>6/30/14</u>	<u>6/30/15</u>	<u>6/30/16</u>	<u>6/30/17</u>	<u>6/30/18</u>	<u>6/30/19</u>
District's proportion of the net pension asset (liability)	0.071331%	0.072676%	0.076628%	0.072164%	0.074371%	0.076985%
District's proportionate share of the net pension asset (liability)	\$ 7,945,807	\$ 7,549,718	\$ (820,713)	\$ 548,518	\$ 1,344,821	\$ 2,000,079
District's covered payroll	\$ 10,328,000	\$ 10,537,000	\$ 10,917,000	\$ 11,815,000	\$ 11,436,000	\$ 12,114,000
District's proportionate share of the net pension asset (liability) as a % of its covered employee payroll	76.93%	71.65%	7.52%	4.64%	11.76%	16.51%
Plan fiduciary net position as a % of the total pension asset (liability)	111.48%	110.46%	99.01%	100.66%	101.53%	102.20%

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

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

Measurement Date	<u>3/31/15</u>	<u>3/31/16</u>	<u>3/31/17</u>	<u>3/31/18</u>	<u>3/31/19</u>	<u>3/31/20</u>
District's proportion of the net pension liability	0.0147195%	0.0149173%	0.0154091%	0.0154859%	0.0158453%	0.0167264%
District's proportionate share of the net pension liability	\$ 497,261	\$ 2,394,270	\$ 1,447,871	\$ 499,800	\$ 1,122,690	\$ 4,429,247
District's covered payroll	\$ 3,796,000	\$ 3,759,000	\$ 4,019,000	\$ 4,241,000	\$ 4,384,000	\$ 4,682,000
District's proportionate share of the net pension liability as a % of its covered employee payroll	13.10%	63.69%	36.03%	11.78%	25.61%	94.60%
Plan fiduciary net position as a % of the total pension liability	97.90%	90.70%	94.70%	98.24%	96.27%	86.39%

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution (thousands)	\$ 758	\$ 965	\$ 1,164	\$ 1,299	\$ 1,783	\$ 1,980	\$ 1,649	\$ 1,421	\$ 1,291	\$ 1,483
Contribution in relation to contractually required contribution	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll (thousands)	10,615	10,410	10,059	10,328	10,537	10,917	11,815	11,436	12,114	12,850
Contrib.as a % of covered employee payroll	6.19%	8.62%	11.11%	11.84%	16.25%	17.53%	13.26%	11.72%	9.80%	10.62%

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

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

	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
Contractually required contribution (thousands)	\$ 368	\$ 516	\$ 603	\$ 701	\$ 679	\$ 644	\$ 582	\$ 602	\$ 604	\$ 638
Contribution in relation to contractually required contribution	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered employee payroll (thousands)	3,382	3,142	3,137	3,293	3,796	3,759	4,019	4,241	4,384	4,682
Contributions as a % of covered employee payroll	10.88%	16.42%	19.22%	21.29%	17.89%	17.13%	14.48%	14.19%	13.78%	13.63%

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

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	\$ 34,061,334
Add: Prior year's encumbrances	12,498
Original budget	<u>34,073,832</u>
Budget revision	<u>-</u>
Final budget	<u><u>\$ 34,073,832</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2020-21 voter-approved expenditure budget	\$ 34,061,334
Maximum allowed (4% of 2020-21 budget)	1,362,453

General Fund fund balance subject to Section 1318 of Real Property Tax Law:

Unrestricted fund balance:	
Committed fund balance	-
Assigned fund balance	664,095
Unassigned fund balance	7,405,656
Total unrestricted fund balance	<u>\$ 8,069,751</u>

Less:

Appropriated fund balance	596,786
Insurance recovery reserve	-
Tax reduction reserve	-
Encumbrances included in committed and assigned fund balance	67,309
Total adjustments	<u>\$ 664,095</u>

General Fund fund balance subject to Section 1318 of Real Property Tax Law	<u><u>\$ 7,405,656</u></u>
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Actual percentage	21.74%
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Salmon River Central School District
Schedule of Project Expenditures - Capital Projects Fund
For the Year Ended June 30, 2020

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years' Expenditures</u>	<u>Current Year Expenditures</u>	<u>Total Expenditures</u>	<u>Unexpended Balance</u>	<u>Proceeds of Obligations</u>	<u>State Aid</u>	<u>Local Sources</u>	<u>Total</u>	<u>Transfer to General Fund</u>	<u>Fund Balance June 30, 2020</u>
Buses	\$ 500,000	\$ 486,206	\$ -	\$ 450,494	\$ 450,494	\$ 35,712	\$ 500,000	\$ -	\$ -	\$ 500,000	\$ 13,794	\$ 35,712
	<u>\$ 500,000</u>	<u>\$ 486,206</u>	<u>\$ -</u>	<u>\$ 450,494</u>	<u>\$ 450,494</u>	<u>\$ 35,712</u>	<u>\$ 500,000</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 500,000</u>	<u>\$ 13,794</u>	<u>\$ 35,712</u>

See paragraph on supplementary schedules included in auditors' report.

Salmon River Central School District
Schedule of Revenues and Expenditures for the Mohawk School - General Fund
For the Year Ended June 30, 2020

REVENUES

Charges for services	\$ 3,152
Use of money and property	7,268
Sale of property and compensation for loss	20,055
Miscellaneous	111,886
State sources	9,356,246
Federal sources	-
Total Revenues	<u>9,498,607</u>

EXPENDITURES

General support	1,789,010
Instruction	4,746,640
Community services	-
Employee benefits	2,671,534
Debt service	99,930
Total Expenditures	<u>9,307,114</u>

Excess of Revenues Over Expenditures	<u>191,493</u>
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OTHER FINANCING SOURCES AND USES

Operating transfer in	9,640
Operating transfer out	<u>(201,133)</u>
Total Other Sources and Uses	<u>(191,493)</u>

Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u><u>\$ -</u></u>
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Salmon River Central School District
Combined Balance Sheet-Non-Major Governmental Funds
June 30, 2020

	School Lunch	Non-Major Capital Projects	Total Non-Major Funds
ASSETS			
Cash			
Unrestricted	\$ 84,194	\$ 35,712	\$ 119,906
Restricted	-	-	-
Receivables			
Other	76	-	76
Due from other funds	-	-	-
State and Federal aid	94,893	-	94,893
Inventories	84,856	-	84,856
Total Assets	<u>\$ 264,019</u>	<u>\$ 35,712</u>	<u>\$ 299,731</u>
LIABILITIES			
Payables			
Accounts payable	\$ -	\$ -	\$ -
Accrued liabilities	-	-	-
Accrued interest	-	-	-
Due to other funds	263,885	-	263,885
Due to other governments	134	-	134
Notes payable			
Bond anticipation	-	-	-
Revenue anticipation	-	-	-
Total Liabilities	<u>264,019</u>	<u>-</u>	<u>264,019</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred revenue	-	-	-
Sale of future revenues	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable	84,856	-	84,856
Restricted			
Capital reserve	-	-	-
Assigned			
Assigned appropriated fund balance	-	-	-
Assigned unappropriated fund balance	-	35,712	35,712
Unassigned fund balance	(84,856)	-	(84,856)
Total Fund Balances	<u>-</u>	<u>35,712</u>	<u>35,712</u>
Total Liabilities and Fund Balances	<u>\$ 264,019</u>	<u>\$ 35,712</u>	<u>\$ 299,731</u>

See paragraph on supplementary schedules included in auditors' report.

Salmon River Central School District

Combined Statement of Revenues, Expenditures and Changes in Fund Equity-Non-Major Governmental Funds
For the Year Ended June 30, 2020

	<u>School Lunch</u>	<u>Non-Major Capital Projects</u>	<u>Total Non-Major Funds</u>
REVENUES			
Use of money and property	\$ 134	\$ -	\$ 134
Sale of property and compensation for loss	-	-	-
Miscellaneous	10,000	-	10,000
State sources	19,906	-	19,906
Federal sources	772,843	-	772,843
Surplus food	63,949	-	63,949
Sales - school lunch	72,067	-	72,067
Total Revenues	<u>938,899</u>	<u>-</u>	<u>938,899</u>
EXPENDITURES			
General support	534,111	-	534,111
Instruction	-	-	-
Pupil transportation	-	450,494	450,494
Employee benefits	470,074	-	470,074
Cost of sales	435,013	-	435,013
Capital outlay	-	-	-
Total Expenditures	<u>1,439,198</u>	<u>450,494</u>	<u>1,889,692</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(500,299)</u>	<u>(450,494)</u>	<u>(950,793)</u>
OTHER FINANCING SOURCES AND USES			
Operating transfers in	494,799	-	494,799
Operating transfers out	-	(13,794)	(13,794)
Proceeds from debt	-	500,000	500,000
Payment to escrow agent	-	-	-
Total Other Sources and Uses	<u>494,799</u>	<u>486,206</u>	<u>981,005</u>
Excess (Deficiency) of Revenues and Other Sources Over Expenditures and Other Uses	<u>(5,500)</u>	<u>35,712</u>	<u>30,212</u>
Fund Balances - Beginning of year	5,500	-	5,500
Fund Balances - End of year	<u>\$ -</u>	<u>\$ 35,712</u>	<u>\$ 35,712</u>

See paragraph on supplementary schedules included in auditors' report.

Salmon River Central School District
Investment in Capital Assets, Net of Related Debt
June 30, 2020

Capital assets, net			\$ 86,520,817
Add:			
Unamortized deferred gain on advance refunding of debt			9,383
Deduct:			
Bond anticipation notes		-	
Unamortized premium on bond issuance	2,103,612		
Short-term portion of bonds payable	3,640,000		
Long-term portion of bonds payable	<u>21,735,000</u>	<u>27,478,612</u>	
Investment in capital assets, net of related debt			<u>\$ 59,051,588</u>

See paragraph on supplementary schedules included in auditors' report.

Seyfarth & Seyfarth CPAs, P.C.

564 East Main Street

Malone, NY 12953

(518) 483-0880

Carl A. Seyfarth Jr. CPA

Ann E. Seyfarth CPA

**Independent Auditors' Report on the
Extraclassroom Activity Fund**

To the Board of Education
Salmon River Central School District

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

Management's Responsibility for the Financial Statement

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

Auditor's Responsibility

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

Basis for Disclaimer of Opinion

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

Disclaimer of Opinion

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

Basis of Accounting

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

Report on Supplementary Information

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

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

October 14, 2020

Salmon River Central School District
Statement of Assets and Liabilities Arising from Cash Transactions -
Extraclassroom Activity Fund -
June 30, 2020

Assets	
Cash	<u>\$ 144,370</u>
Liabilities	
Extraclassroom Activity Balances	<u>\$ 144,370</u>

Salmon River Central School District

Schedule of Cash Receipts, Disbursements, and Ending Balances - Extraclassroom Activity Fund
For the Year Ended June 30, 2020

Activity	Beginning Balance July 1, 2019	Receipts	Expenditures	Ending Balance June 30, 2020
Band Club	\$ 382	\$ 3,801	\$ 1,591	\$ 2,592
CBWEP	16,801	27,429	24,621	19,609
Chorus	495	500	100	895
Drama Club	6,069	4,231	5,913	4,387
Class of 2020	8,362	56,991	65,353	-
Class of 2021	10,563	8,003	4,844	13,722
Class of 2022	12,572	1,181	1,059	12,694
Class of 2023	14,333	142	924	13,551
Class of 2024	952	36,812	31,386	6,378
Class of 2025	312	1,216	320	1,208
Class of 2026	-	3,911	3,550	361
FFA	7,095	5,830	5,129	7,796
French Club	1,493	1,142	1,070	1,565
Health Club	459	-	-	459
Mohawk Club	1,592	2,714	2,584	1,722
Jr National Honor Society	994	4,016	4,383	627
National Honor Society	1,352	431	1,326	457
Robotics	170	225	395	-
Spanish Club	1,903	2,001	1,562	2,342
STEM - 8th Grade	503	-	503	-
Student Council	1,233	927	620	1,540
Student Council Mohawk School	4,757	997	3,188	2,566
Yearbook Club	1,732	7,942	7,308	2,366
Students Who Care	2,908	17,287	16,575	3,620
Varsity Club	37,961	57,998	52,046	43,913
Total	<u>\$ 134,993</u>	<u>\$ 245,727</u>	<u>\$ 236,350</u>	<u>\$ 144,370</u>

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

Note 1 - Summary of Significant Accounting Policies

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

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

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

<u>Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Grantor's Number</u>	<u>Provided to Subrecipients</u>	<u>Expenditures</u>
US Department of Education				
Passed-through NYS Education Department:				
Title I Grants to LEAS:				
Title I A&D	84.010A	0021-20-0925		\$ 667,018
Title I School Improvement	84.010	0011-19-2138		33,649
Title I School Improvement	84.010	0011-20-2182		109,945
Title I School Improvement	84.010	0011-20-2383		5,511
				<u>816,123</u>
Title II Part A	84.367A	0147-20-0925		68,503
Title II Part B	84.366B	0294-19-0325		79,313
Special Education Cluster:				
IDEA-Part B Section 619	84.173A	0033-20-0261		13,518
IDEA-Part B Section 611	84.027A	0032-20-0261		426,060
				<u>439,578</u>
Title IV Part A	84.424A	0204-20-0925		28,696
Title V Part B	84.358B	0006-20-0925		25,188
Title VI	84.060A	S060A190399		430,736
Total US Dept. of Education			-	<u>1,888,137</u>
US Department of Agriculture				
Passed-through NYS Education Department:				
Child Nutrition Cluster:				
Non-Cash Assistance (food distribution)				
National School Lunch Program	10.555	n/a		63,949
Non-Cash Assistance Subtotal				<u>63,949</u>
Cash Assistance				
National School Lunch Program	10.555	n/a		330,588
National School Breakfast Program	10.553	n/a		167,157
Snack Program for Children	10.555	n/a		28,243
Summer Food Service for Children	10.559	n/a		246,855
Cash Assistance Subtotal				<u>772,843</u>
Total US Dept of Agriculture Child Nutrition Cluster			-	<u>836,792 *</u>
Total Federal Awards			\$ -	<u>\$ 2,724,929</u>

* Major Program

Salmon River Central School District
Notes to Schedule of Expenditures of Federal Awards
June 30, 2020

Note 1 – Basis of Presentation:

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

Note 2 – Summary of Significant Accounting Policies:

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

Indirect costs may be included in the reported expenditures, to the extent that they are included in the federal financial reports used as the source for the data presented. Certain of the District's federal award programs have been charged with indirect costs, based upon a rate established by New York State. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

Matching costs (the District's share of certain program costs) are not included in the reported expenditures. The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program.

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

Seyfarth & Seyfarth CPAs, P.C.
564 East Main Street
Malone, NY 12953
(518) 483-0880

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

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

Independent Auditor's Report

To the Board of Education
Salmon River 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 Salmon River Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Salmon River Central School District's basic financial statements and have issued our report thereon dated October 14, 2020.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Salmon River Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which are described in the accompanying schedule of findings and questioned costs as item 2020-001.

Salmon River Central School District's Response to Findings

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

Purpose of This Report

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


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

October 14, 2020

Seyfarth & Seyfarth CPAs, P.C.

564 East Main Street

Malone, NY 12953

(518) 483-0880

Carl A. Seyfarth Jr. CPA

Ann E. Seyfarth CPA

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

Independent Auditor's Report

To the Board of Education
Salmon River Central School District

Report on Compliance for Each Major Federal Program

We have audited Salmon River 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 Salmon River Central School District's major federal programs for the year ended June 30, 2020. Salmon River Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Salmon River Central School District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200 *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Salmon River 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 Salmon River Central School District's compliance.

Opinion on Each Major Federal Program

In our opinion, Salmon River Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management of Salmon River 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 Salmon River 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 Salmon River Central School District's internal control over compliance.

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

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

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

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

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Salmon River Central School District as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise Salmon River Central School District's basic financial statements. We issued our report thereon dated October 14, 2020, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

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

October 14, 2020

Salmon River Central School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section I - Summary of Auditors' Results

Financial Statements

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

Federal Awards

Internal control over major programs:			
Material weakness identified?	_____ Yes	_____ x _____	No
Significant deficiencies identified?	_____ Yes	_____ x _____	None reported

Type of auditors' report issued on compliance for major federal programs	Unmodified
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Any audit findings disclosed that are required to be reported in accordance with CFR 200.516(a)	_____ Yes	_____ x _____	No
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Identification of major programs: CFDA Numbers	Name of Federal Program or Cluster
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10.555, 10.553, 10.559	Child Nutrition Cluster
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Dollar Threshold used to distinguish between type A and type B programs	\$ 750,000
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Auditee qualified as low-risk auditee?	_____ x _____ Yes	_____ No
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Salmon River Central School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section II – Financial Statement Findings

2020-001 Fund Balance

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

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

Context: This is a repeat finding for the past several years. The unrestricted fund balance at June 30, 2020 is approximately \$6.04 million over the limit.

Effect: Funds were not used in a manner that benefitted taxpayers such as increasing legally adopted reserves, paying off debt and reducing property taxes.

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

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

Management's Response: See attached



SALMON RIVER CENTRAL SCHOOL DISTRICT

BUSINESS OFFICE

637 Co. Rt. 1, Fort Covington, New York 12937 • Tel: (518) 358-6600 • Fax (518) 358-3492

Dr. Stanley Harper
Superintendent

Natascha L. Jock
School Business
Executive

Shannon M. Snyder
District Treasurer

Ashley White
Accounts Payable
Clerk

Kimberly R. Treptow
Human Resources Clerk

Lindsay W. Chapman
Payroll Account Clerk

Judy Fleury
Superintendent's
Secretary

Management's Response: The Administration will continue to work with the Board of Education to prudently bring the District's fund balance into compliance with the Real Property Law 1318.

In the 2014-15 school year, the District received a one-time aid adjustment for the Native American Tuition. The District brought a miscalculation to the attention of NYS and worked for several years to have the formula corrected. In June 2014, NYS agreed to pay the District for the previous year with an amended formula. This resulted in the District adding \$5,124,072 to the fund balance due to the timing of the payments.

The District did not know the State was going to approve the formula change during the budgeting for the 2015-16 school year, so it was not included in the budget. During the year, the District did work to start replacing equipment and utilize one-time purchases to start bringing the fund balance back down.

Going forward, the tuition formula has resulted in increased tuition revenue each year. However, the District has been hesitant in adding too many staffing positions at once, given the uncertain nature of the tuition formula changes. The District has added a handful of positions into the budget each year to offset the increases in tuition. Since the additional positions only help to offset the annual tuition increases, this year the District created several reserves to set aside fund balance. Reserves for future capital projects, employee retirement costs, unemployment insurance costs and workers' compensation costs were created by the Board of Education and have lowered the unreserved fund balance.

Even with the creation of the reserves the fund balance remains in excess of the 4% allowed by law. However, it should be noted that the District faces multiple future economic challenges. Our District is very heavily dependent on State Aid with 95% of revenues coming from State, Federal and Native American Aid. Rising health insurance rates and increasing personnel costs will also undoubtedly lead to increased program costs. Every year increasing unfunded mandates from NYS add to the burden of the budget with an inability to raise taxes due to the low tax base in our community. A 2% tax levy increase equates to approximately just over \$40,000 in revenue. It is the District's opinion that it is necessary given these factors to maintain an unreserved fund balance higher than 4%.

Salmon River Central School District
Schedule of Findings and Questioned Costs
For the Year Ended June 30, 2020

Section III – Federal Award Findings and Questioned Costs

None noted

Salmon River Central School District
Schedule of Prior Year Audit Findings
June 30, 2020

2019-001 Fund Balance
Status – Not Corrected
See 2020-001

FORM OF OPINION OF BOND COUNSEL

August 5, 2021

Salmon River Central School District
637 County Rt. 1
Fort Covington, New York 12937

Re: Salmon River Central School District
\$15,000,00 Bond Anticipation Notes, 2021 CUSIP No.: 795472

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of \$15,000,000 Bond Anticipation Notes, 2021 (the "Notes") of the Salmon River Central School District, Counties of Franklin and St. Lawrence, State of New York (the "District"). The Notes are dated August 5, 2021 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District and a Certificate of Determination dated on or before August 5, 2021 of the President of the Board of Education relative to the form and terms of the Notes.

In our opinion, the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all taxable real property within the District is subject to levy of ad valorem real estate taxes to pay the Notes and interest thereon. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereinafter enacted.

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

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

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

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

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

Very truly yours,

Trespasz & Marquardt, LLP