

PRELIMINARY OFFICIAL STATEMENT

NEW AND RENEWAL ISSUE

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "TAX MATTERS" herein, 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"). Bond Counsel is further of the opinion that interest on the Notes is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

BOND ANTICIPATION NOTES

\$6,136,300

CANAJOHARIE CENTRAL SCHOOL DISTRICT

MONTGOMERY AND SCHOHARIE COUNTIES, NEW YORK

GENERAL OBLIGATIONS

\$6,136,300 Bond Anticipation Notes, 2025 (the "Notes")



Dated: June 24, 2025

Due: June 24, 2026

The Notes will constitute general obligations of the Canajoharie Central School District, Montgomery and Schoharie Counties, New York (the "School District" or the "District") and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. All the taxable real property within the District will be subject to the levy of ad valorem taxes, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. See "THE NOTES - Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Notes are not subject to redemption prior to maturity.

At the option of the purchaser(s), the Notes will be issued as registered notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof, except for a necessary odd denomination, as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the Purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination, as may be determined by such successful bidder(s). If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants (as herein after defined) and Indirect Participants (as herein after defined) 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 Hodgson Russ LLP, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), or about June 24, 2025.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on June 4, 2025 until 10:30 A.M., Eastern Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids also may be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

May 28, 2025

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT MONTGOMERY AND SCHOHARIE COUNTIES, NEW YORK

2024-2025 BOARD OF EDUCATION



DR. MARK BRODY
President

HEIDI MEKA
Vice President

KEITH BAKER
LAURI BROADY
PATRICIA PRIME

* * * * *

DR. NICK FITZGERALD
Superintendent of Schools

LEAH SCHAFFER
Director of Finance & Accounting

ANDREA MUHLEBECK
Secretary to the Superintendent & District Clerk



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor


Hodgson Russ LLP
ATTORNEYS
HODGSON RUSS LLP
Bond Counsel

No person has been authorized by Canajoharie 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 Canajoharie Central School District.

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
THE NOTES.....	1	STATUS OF INDEBTEDNESS (cont.)	
Nature of the Obligation.....	1	Capital Project Financing Plans.....	25
Description of the Notes.....	2	Cash Flow Borrowings.....	25
Purpose of Issue	3	Energy Performance Contract	25
BOOK-ENTRY-ONLY SYSTEM	3	Lease Purchase Obligations.....	25
Certificated Notes.....	5	Estimated Overlapping Indebtedness	26
THE SCHOOL DISTRICT	5	Debt Ratios.....	26
General Information	5	SPECIAL PROVISIONS AFFECTING	
District Population	5	REMEDIES UPON DEFAULT	27
Larger Employers.....	6	MARKET AND RISK FACTORS.....	28
Selected Wealth and Income Indicators	6	TAX MATTERS.....	29
Unemployment Rate Statistics	7	LEGAL MATTERS	30
Form of School Government.....	7	LITIGATION	31
Budgetary Procedures and Recent Budget Votes	7	CONTINUING DISCLOSURE.....	31
Investment Policy	8	MUNICIPAL ADVISOR	31
State Aid.....	8	CUSIP IDENTIFICATION NUMBERS	32
State Aid Revenues	12	RATINGS	32
District Facilities	12	MISCELLANEOUS.....	32
Enrollment Trends.....	12	APPENDIX – A	
Employees.....	12	GENERAL FUND – Balance Sheets	
Status and Financing of Employee Pension Benefits	13	APPENDIX – A1	
Other Post-Employment Benefits.....	15	GENERAL FUND – Revenues, Expenditures and	
Other Information.....	16	Changes in Fund Balance	
Financial Statements	16	APPENDIX – A2	
Unaudited Results for Fiscal Year Ending June 30, 2025	16	GENERAL FUND – Revenues, Expenditures and	
New York State Comptroller Report of Examination.....	17	Changes in Fund Balance – Budget and Actual	
The State Comptroller’s Fiscal Stress Monitoring System....	17	APPENDIX – B	
TAX INFORMATION.....	18	BONDED DEBT SERVICE	
Taxable Assessed Valuations	18	APPENDIX – B1	
Tax Rate Per \$1,000 (Assessed).....	18	CURRENT BONDS OUTSTANDING	
Tax Levy and Tax Collection Record.....	18	APPENDIX – C	
Tax Collection Procedure	18	DISCLOSURE UNDERTAKING	
Real Property Tax Revenues	19	APPENDIX – D	
Larger Taxpayers 2024 for 2024-2025 Tax Roll	19	AUDITED FINANCIAL STATEMENTS AND	
STAR – School Tax Exemption	19	SUPPLEMENTARY INFORMATION- JUNE 30, 2024	
Additional Tax Information.....	20		
TAX LEVY LIMITATION LAW	21		
STATUS OF INDEBTEDNESS	22		
Constitutional Requirements	22		
Statutory Procedure.....	22		
Debt Outstanding End of Fiscal Year.....	23		
Details of Outstanding Indebtedness	23		
Debt Statement Summary.....	24		
Bonded Debt Service.....	24		

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
CANAJOHARIE CENTRAL SCHOOL DISTRICT
MONTGOMERY AND SCHOHARIE COUNTIES, NEW YORK
RELATING TO
\$6,136,300 Bond Anticipation Notes, 2025**

This Official Statement, which includes the cover page and appendices, has been prepared by the Canajoharie Central School District, Montgomery and Schoharie Counties, New York (the “School District” or “District”, “Counties”, and “State”, respectively) in connection with the sale by the District of \$6,136,300 principal amount of Bond Anticipation Notes, 2025 (the “Notes”).

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

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

THE NOTES

Nature of the Obligation

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

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, 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”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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

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

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

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

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

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

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

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

Description of the Notes

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

The Notes are dated June 24, 2025 and mature, without option of prior redemption, on June 24, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

If the Notes are issued registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof, except for a necessary odd denomination. Any related bank fees, if any, are to be paid by the purchaser(s).

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

Purpose of Issue

On December 7, 2021, the qualified voters of the District approved a proposition authorizing the District to undertake a Capital Improvement Project (the “Project”) at a maximum cost of \$5,731,300 with such cost being funded with \$705,000 from the District’s existing capital reserve fund and the balance of such cost, not in excess of \$5,026,300, with the issuance of the District’s serial bonds. The Notes are being issued pursuant to a bond resolution duly adopted by the Board of Education on July 30, 2024 authorizing the issuance of \$5,026,300 of bonds to finance the 2021 Project.

In addition, on March 14, 2024, the qualified voters of the District approved a proposition authorizing an additional amount for the Project at a maximum cost of \$1,500,000 with such cost being funded with \$170,000 from the District’s general fund and the balance of such cost, not in excess of \$1,330,000, with the issuance of the District’s serial bonds. The Notes are being issued pursuant to a bond resolution duly adopted by the Board of Education on July 30, 2024 authorizing the issuance of \$1,300,000 of bonds to finance the Project.

The proceeds of the Notes, along with \$220,000 available District funds, will redeem and renew \$5,900,000 bond anticipation notes maturing on June 25, 2025 and will provide \$456,300 in new monies for the Project.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The District is situated in upstate New York in the central portion of Montgomery County, about 40 miles west of the City of Albany. It encompasses approximately 30 square miles, and is located primarily within the Village of Canajoharie. Additionally, the School District encompasses various portions of the Towns of Canajoharie, Carlisle, Charleston, Minden, Mohawk, Palatine, Root and Sharon.

Passenger rail service by Amtrak is available in nearby Amsterdam and Albany. The Barge Canal located within the District provides direct water transportation to the Port of New York and the Great Lakes at Buffalo.

Bus transportation is provided by Greyhound and Trailways Bus Lines and air transportation is available at Albany and Fulton County Airports. The New York State Thruway has an interchange, Exit 29, within the School District. Other major highways include New York State Routes #5 and #5S.

Electricity and natural gas are supplied throughout the School District by the Niagara Mohawk Power Corporation. The Village and Towns maintain water supply and distribution systems, entirely supported from user charges, and they provide sanitary sewage collection and treatment facilities. These services are supported from user charges and special benefit assessments.

Police protection is provided by the New York State police, the Canajoharie Police Department and the county Sheriff's Office. Fire protection service is provided by the Canajoharie Fire Department and by other local volunteer units. Ambulance service is provided by Mid-County Ambulance, a public service, and by private companies.

Source: District officials.

District Population

The estimated population of the District is 6,381.

Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

Larger Employers

Some of the larger employers located within Montgomery County (and in close proximity to the District) and the estimated number of persons employed by each are as follows:

<u>Employer</u>	<u>Type</u>	<u>Number of Employees</u>
Target	Retail Warehouse	1,705
St. Mary's Hospital	Hospital	1,443
Liberty Enterprises	Food Processing, Cleaning Agents	652
Kasson Keller Keymark	Manufacturing	630
Greater Amsterdam School District	Education	622
Dollar General	Retail Warehouse	502
Montgomery County	Government	451
Amsterdam Printing & Litho (Holland USA)	Printing, Adv. Specialties	376
HFM BOCES	Education	372
Beech-Nut Nutrition Corp.	Candy, Baby Food and Cereal Production	292

Note: Roses Confections, LP (Roses Brands) was previously listed as a larger employer located in the District. As of April 1, 2024, Roses Confections, LP ceased production operations and reduced their workforce. The Roses Brands location in Canajoharie is the administration office and has currently has 10-15 employees. The Roses Brands corporate headquarters is located in Dallas, Texas.

The Beech Nut Nutrition plant relocated to the Town of Florida in 2010. The former Beech Nut Nutrition plant located in the Town of Canajoharie closed in 2010 and was demolished in 2023. In March 2025, it was announced that the eastern part of the property is currently for sale. The western part of the property was purchased in January 2024 and it is anticipated that the property will be redeveloped into a mixed-use housing and commercial space.

Source: Montgomery County Economic Development/Planning Department.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns of Canajoharie, Carlisle, Charleston, Minden, Palatine, Root and Sharon. The School District is located within the Counties of Montgomery and Schoharie. The figures set below with respect to such Towns and Counties are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the Counties are necessarily representative of the School District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns of:						
Canajoharie	\$ 22,109	\$ 25,614	\$ 28,343	\$ 62,073	\$ 64,500	\$ 96,250
Carlisle	24,500	34,425	45,144	69,567	65,357	83,088
Charleston	22,838	38,973	35,821	67,083	75,625	92,930
Minden	20,320	20,150	25,753	42,500	54,333	65,556
Mohawk	22,843	30,890	34,315	58,056	88,194	97,500
Palatine	19,149	28,786	37,579	52,321	71,146	100,968
Root	23,568	23,086	28,467	53,750	61,581	80,833
Sharon	24,343	29,213	30,031	54,972	59,663	67,721
Counties of:						
Montgomery	22,347	27,346	31,975	53,476	63,989	86,028
Schoharie	25,105	32,352	38,100	61,828	71,211	87,727
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: 2020-2024 American Community Survey Five-Year estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, American Community Survey Five-Year estimates for 2006-2010, 2016-2020 and 2019-2023.

Unemployment Rate Statistics

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

	<u>Annual Average</u>							
	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Montgomery County	5.6%	5.0%	4.8%	8.4%	5.6%	4.0%	4.3%	4.3%
Schoharie County	5.6%	4.9%	4.6%	7.2%	4.9%	3.8%	4.2%	4.1%
New York State	4.6%	4.1%	3.9%	9.8%	7.1%	4.3%	4.1%	4.3%

	<u>2025 Monthly Figures</u>			
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
Montgomery County	5.1%	5.5%	4.7%	3.4%
Schoharie County	5.0%	5.4%	4.6%	3.2%
New York State	4.6%	4.3%	4.1%	3.6%

Note: Unemployment rates for May and June 2025 are unavailable as of the date of this Official Statement.

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

Form of School Government

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

The administrative officers of the School District duty it is to implement the policies of the Board and supervise the operation of the school system.

Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board 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 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 The Tax Levy Limitation Law, 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 “District Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the 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 District Tax Cap must receive at least 60% voter approval.

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

If the resubmitted and/or revised budget is not approved by the required margin, the Board 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 The Tax Levy Limitation Law, see “TAX LEVY LIMITATION LAW” herein.

Recent Budget Vote Results

The budget for the 2024-2025 fiscal year was approved by qualified voters on May 21, 2024 by a vote of 134 to 43. The District's adopted budget for the 2024-2025 fiscal year remained within the Tax Cap imposed by The Tax Levy Limitation Law. The adopted budget for the 2024-2025 fiscal year called for a total tax levy increase of 2.57%, which was equal to the District's tax levy limit of 2.57%.

The budget for the 2025-2026 fiscal year was approved by qualified voters on May 20, 2025 by a vote of 145 to 59. The District's adopted budget for the 2025-2026 fiscal year remained within the Tax Cap imposed by The Tax Levy Limitation Law. The District's adopted budget includes a total tax levy increase of 1.53% which is equal to the District's Tax Cap of 1.53% for the 2025-2026 fiscal year.

Investment Policy

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

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America. In the case of obligations of the United States government, the School District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third party custodian.

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its budget for the 2025-2026 fiscal year, approximately 64.9% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

In addition to the amount of State aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program.

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of the State's fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, twenty-eight (28) days after the April 1 deadline, the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. 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.

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.

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.

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.

President Trump signed an executive order that directs the Secretary of Education to take all necessary steps to facilitate the closure of the U.S. Department of Education. The executive order aims to minimize the federal role in education but stops short of completely closing the Department as this would require 60 votes in the U.S. Senate. President Trump also indicated his preference that critical functions, like distributing Individuals with Disabilities Education Act funding, would be the responsibility of other federal agencies. The impact that the executive order will have on the State and school districts in the State is unknown at this time.

Building Aid

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

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The building aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 91.5% 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:

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 included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, 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 were allocated to expand full-day kindergarten programs. Under the budget, school districts were 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 also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

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

School district fiscal year (2023-2024): The State's 2023-24 Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%. The States 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding established new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges was made to promote job readiness. An additional \$150 million was used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

School district fiscal year (2024-2025): The State's 2024-25 Budget provides \$35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever. This represents an increase of \$1.3 billion compared to the 2023-24 school year and includes a \$934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Budget maintains the "save harmless" provision, which currently ensures a school district receives at least the same amount of Foundation Aid as it received in the prior year. The State's 2024-25 Budget also authorizes a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

School district fiscal year (2025-2026): The State's 2025-26 Budget includes approximately \$37 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of \$1.7 billion. The State's 2025-26 Budget provides an estimated \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. The State's 2025-26 Budget also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

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.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York (“NYSER”) and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the CFE case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent “gross education inadequacies”, claims regarding state funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the NYSER case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the CFE cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 and FY 2025 budget and enacted this commitment into law.

A breakdown of currently anticipated Foundation Aid funding is available below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts.
- FY 2025: Funding the full amount of Foundation Aid for all school districts.
- FY 2026: \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and a 2% minimum increase in Foundation Aid to all school districts.

The State's 2025-2026 Budget also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

State Aid Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the below completed fiscal years and the budgeted figures for the 2024-2025 and 2025-2026 fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total State Aid</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Percentage of Total Revenues Consisting of State Aid</u>
2019-2020	\$ 13,608,782	\$ 21,565,223	63.11%
2020-2021	12,917,286	21,399,326	60.36
2021-2022	15,140,148	23,482,529	64.47
2022-2023	15,021,251	23,814,919	63.07
2023-2024	16,098,774	25,939,364	62.06
2024-2025 (Budgeted)	15,638,187	24,425,672	64.02
2025-2026 (Budgeted)	16,487,605	25,399,135	64.91

⁽¹⁾ Does not include interfund transfers or appropriated fund balance/reserves as applicable.

Source: Audited Financial Statements for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year and the adopted budgets for the 2024-2025 and 2025-2026 fiscal years. This table is not audited.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
East Hill School	1-5	500	1951
Canajoharie Middle School	6-8	300	1951, '98
Canajoharie High School	9-12	710	1999

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2020-2021	828	2025-2026	876
2021-2022	885	2026-2027	876
2022-2023	840	2027-2028	876
2023-2024	859	2028-2029	876
2024-2025	876	2029-2030	876

Source: District officials.

Employees

The District employs a total of 130 full-time and 30 part-time employees with representation by the various bargaining units listed below:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
93	C.U.S.E – Instructional Staff	June 30, 2026
67	C.U.S.E – Support Staff	June 30, 2027

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 had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. 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, which has since been changed to 5 years as of April 9, 2022.
- 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. Effective April 20, 2024, this final average salary calculation for ERS Tier VI members has been changed from five years to the three highest consecutive years of earnings. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2024-2025 and 2025-2026 fiscal years are as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$ 361,507	\$ 645,786
2020-2021	373,196	624,786
2021-2022	369,091	774,245
2022-2023	312,960	722,743
2023-2024	357,441	678,502
2024-2025 (Budgeted)	460,000	850,000
2025-2026 (Budgeted)	496,000	825,000

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 offers an incentive of a 403b contribution in the amount of \$25,000 for teachers and \$15,000 for support. Two employees took this incentive in June 2018, with approximate savings of \$15,000 and four received the incentive for fiscal year 2019, with savings around \$60,000. Two teachers and two support staff took the incentive in 2020, with approximate savings to the District of \$87,000. In June 2021 six teachers and 4 support personnel received the incentive and this resulted in an approximate savings of \$234,000. In June 2022 nine teachers received the incentive, resulting in an approximate District savings of \$135,000. For June 2023, five teachers and one support person received the incentive for a total of \$140,000 with District savings of \$80,000. In June 2024, four support personnel received the incentive, resulting in an approximate District savings of \$50,000. One teacher and three support will receive the incentive for June 2025

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 (2021-22 to 2025-26) is shown below:

<u>State Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2021-22	16.2%	9.80%
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11
2025-26	16.5	9.59*

*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, included 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 are permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established such fund in June 2021.

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 Capital Region BOCES to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2023 and 2024.

	Balance beginning at July 1st:	2022	2023
Changes for the year:		\$ 29,170,342	\$ 28,856,237
Service cost		1,011,533	962,033
Interest		1,056,030	1,215,526
Differences between expected and actual experience		(330,167)	(135,267)
Changes in assumptions or other inputs		(3,051,670)	(365,737)
Changes of benefit terms		1,707,350	-
Benefit payments		(707,181)	(781,208)
Net Changes		\$ (314,105)	\$ 895,347
	Balance ending at June 30:	2023	2024
		\$ 28,856,237	\$ 29,751,584

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

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

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

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

Other Information

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

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, 2024 and is attached hereto as “APPENDIX – D”. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

Beginning with the fiscal year ending June 30, 2003, the District 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.

West & Company CPAs PC, 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. West & Company CPAs PC also has not performed any procedures relating to this Official Statement.

Unaudited Results for Fiscal Year Ending June 30, 2025

The District expects to conclude the fiscal year ending June 30, 2025 with an unassigned fund balance of approximately \$2,700,000.

Summary unaudited projected information for the General Fund for the period ending June 30, 2025 is as follows:

Projected Revenues:	\$ 25,000,000
Projected Expenditures:	<u>24,500,000</u>
Projected Excess (Deficit) Revenues Over Expenditures:	<u>\$ 500,000</u>
Total General Fund Balance at June 30, 2024:	<u>\$ 13,077,746</u>
Total Projected General Fund Balance at June 30, 2025:	<u>\$ 11,577,000</u>

Based on preliminary and conservative estimates, the decrease of the June 30, 2025 General Fund balance from the prior year is due to the use equipment reserves and ERS reserves.

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

The audited financial statements for the fiscal year ending June 30, 2025 are expected to be available on or about October 15, 2025.

New York State Comptroller Reports of Examination

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

The most recent State Comptroller audit report of the District dated January 7, 2022 was to determine whether District officials adequately managed fuel purchases and audited fuel claims for the period July 1, 2019-June 30, 2021.

Key Findings

District officials did not adequately manage fuel purchases by seeking competition and did not audit fuel claims, as required.

- The District could have reduced its fuel expenditures by at least \$10,929, including \$8,669 in unnecessary fees, if fuel was purchased through the Office of General Services (OGS) fuel card services contract during the audit period.
- The Board did not audit or ensure the monthly fuel claims were audited, as required. As a result, the District was unaware its fuel card vendor began to assess a high-credit risk fee in March 2019. While the District paid high-credit risk fees totaling \$1,321 for May and June 2021, the District's incomplete records prevented us from determining the total amount of high-credit risk fees paid.

Key Recommendations

- Solicit bids as required and in accordance with the purchasing policy.
- Thoroughly audit claims to ensure they reconcile to fuel receipts and do not include taxes and unnecessary fees.
- Determine total high-credit risk fees paid and request reimbursement.

A copy of the complete report and the District's response can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

As of the date of this Official Statement, there are no State Comptroller audits of the District that are currently in progress or pending release.

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

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

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 five fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	0.0
2023	No Designation	20.0
2022	No Designation	0.0
2021	No Designation	13.3
2020	No Designation	3.3

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not 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>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Canajoharie	\$ 183,369,961	\$ 185,072,312	\$ 204,390,455	\$ 229,074,936	\$ 246,848,843
Carlisle	991,592	990,924	973,715	1,022,721	1,027,226
Charleston	2,554,174	2,592,596	2,559,117	2,528,348	2,539,067
Minden	1,227,919	1,271,663	1,329,967	1,319,706	1,404,469
Mohawk	1,442,696	1,446,732	1,445,326	1,431,332	1,414,749
Palatine	46,858,956	47,823,816	49,366,596	50,114,491	48,929,349
Root	89,133,890	89,752,947	89,825,407	90,576,122	91,081,421
Sharon	37,905	38,937	59,475	59,455	59,433
Total Assessed Values	<u>\$ 325,617,093</u>	<u>\$ 328,989,927</u>	<u>\$ 349,950,058</u>	<u>\$ 376,127,111</u>	<u>\$ 393,304,557</u>
State Equalization Rates					
Towns of:					
Canajoharie	100.00%	100.00%	100.00%	100.00%	100.00%
Carlisle	72.00%	66.00%	57.50%	50.00%	47.50%
Charleston	95.00%	93.00%	79.00%	68.00%	61.50%
Minden	100.00%	100.00%	92.00%	80.00%	78.00%
Mohawk	92.00%	89.60%	80.00%	71.00%	61.00%
Palatine	55.00%	51.75%	45.60%	41.50%	39.00%
Root	95.00%	93.00%	79.00%	68.00%	61.50%
Sharon	72.00%	66.00%	57.50%	50.00%	47.50%
Total Taxable Full Valuation	<u>\$ 369,307,738</u>	<u>\$ 381,228,481</u>	<u>\$ 434,642,095</u>	<u>\$ 492,581,029</u>	<u>\$ 530,944,713</u>

Tax Rates Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Canajoharie	\$ 20.46	\$ 19.82	\$ 17.89	\$ 16.05	\$ 15.27
Carlisle	28.41	30.02	31.11	32.09	32.15
Charleston	21.53	21.31	22.65	23.60	24.83
Minden	20.46	19.82	19.45	20.06	19.58
Mohawk	22.23	22.12	22.37	22.60	25.03
Palatine	37.19	38.29	39.24	38.67	39.15
Root	21.53	21.31	22.65	23.60	24.83
Sharon	28.41	30.02	31.11	32.09	32.15

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Tax Levy	\$ 7,554,520	\$ 7,554,520	\$ 7,776,623	\$ 7,904,008	\$ 8,107,485
Amount Uncollected ⁽¹⁾	555,400	588,989	690,458	804,533	720,275
% Uncollected	7.35%	7.80%	8.88%	10.18%	8.88%

⁽¹⁾ See "Tax Collection Procedure".

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged for the next 30 days and a 3% penalty is charged from November 1st to November 1st. On November 15th, uncollected taxes are returnable to Montgomery County for collection. The School District receives this amount from said County on April 1st, thereby assuring 100% tax collection annually. Tax sales are held annually by said County.

Real Property Tax Revenues

The following table illustrates the percentage of total General Fund revenues of the District for each of the below completed fiscal years and the budgeted figures for the 2024-2025 and 2025-2026 fiscal years comprised of Real Property Taxes & Tax Items.

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Total Real Property Taxes & Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax and Tax Items</u>
2019-2020	\$ 21,565,223	\$ 7,420,807	34.41%
2020-2021	21,399,326	7,605,065	35.54
2021-2022	22,777,453	7,604,520	33.39
2022-2023	23,814,919	7,834,915	32.90
2023-2024	25,939,364	7,963,657	30.70
2024-2025 (Budgeted)	24,425,672	8,107,485	33.19
2025-2026 (Budgeted)	25,399,135	8,231,530	32.41

(1) Does not include interfund transfers or appropriated fund balance/reserves as applicable.

Source: Audited Financial Statements for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year and the adopted budgets for the 2024-2025 and 2025-2026 fiscal years. This table is not audited.

Larger Taxpayers 2024 for 2024-25 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
Iroquois Gas Trans System	Utility	\$ 26,187,255
Niagara Mohawk	Utility	25,000,221
BHE GT&S	Utility	5,385,692
Montgomery County Industrial	Real Estate	3,116,390
New York Central Line Inc.	Railroad	3,059,286
Tennessee Gas Corporation	Utility	3,055,544
Citizens Telecom Co of NY	Utility	2,759,969
Palatine Holding LLC	Shopping Center	2,106,000
Canajoharie Village	Utility-Water Trans	1,683,876
DENCOS, LLC	Real Estate	1,676,500

The larger taxpayers listed above have a total taxable assessed valuation of \$74,030,733 which represents 18.82% of the tax base of the District.

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

Source: District tax rolls.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$98,700 or less in the 2024-2025 school year and \$107,300 or less in the 2025-2026 school year, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$84,000 of the full value of a home for the 2024-2025 school year and the first \$86,100 of the full value of a home for the 2025-2026 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

The 2019-2020 State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of \$250,000 or less have the option to select the credit or the exemption.

The 2020-2021 State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent.

The 2022-2023 State Budget provided \$2.2 billion in State funding for a new one-year property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners' existing STAR benefit.

The below table lists the basic and enhanced exemption amounts for the 2025-2026 District fiscal year for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Canajoharie	\$ 86,100	\$ 30,000	4/10/2025
Carlisle	40,900	14,250	4/10/2025
Charleston	52,950	19,670	4/10/2025
Minden	67,160	23,400	4/10/2025
Mohawk	53,080	19,010	4/10/2025
Palatine	33,580	11,700	4/10/2025
Root	52,950	19,670	4/10/2025
Sharon	40,900	14,250	4/10/2025

\$921,926 of the District's \$7,904,008 school tax levy for the 2023-2024 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2024.

\$885,572 of the District's \$8,107,485 school tax levy for the 2024-2025 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2025.

Additional Tax Information

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

Senior Citizens' and Veterans' exemptions, including Cold War Veterans' are offered to those who qualify.

Total assessed valuation of the School District is estimated to be categorized as follows: Residential-70%, Commercial-10%, Manufacturing-15% and Agricultural-5%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the School District is approximately \$4,575 including County, Town, School District and the Village of Canajoharie Taxes.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

TAX LEVY LIMITATION LAW

Chapter 97 of the Laws of 2011 was enacted on June 24, 2011 (“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. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year’s tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

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

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

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

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

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

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 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.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under “The NOTES - Nature of Obligation,” 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.

There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limitation Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. See “TAX LEVY LIMITATION LAW” herein.

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board 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.

The Local Finance Law also authorizes the District to issue revenue anticipation notes, in anticipation of the collection of a specific type of revenue, such as State aid.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such ratio shall be determined.

The Local Finance Law also provides that where a resolution authorizing the issuance of bonds or notes is published with a statutory form of notice, the validity of the bonds or notes authorized thereby, including revenue anticipation notes may be contested only if:

- (1) (a) such obligations were authorized for an object or purpose for which the District is not authorized to expend money, or
- (b) if the provisions of the law which should be complied with as of the date of publication of this notice were not substantially complied with,

and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of this notice; or

- (2) Such obligations were authorized in violation of the provisions of the Constitution of New York.

The Board, as the finance board of the District, has the power to enact bond resolutions and revenue anticipation note resolutions. In addition, the Board has the power to authorize the sale and issuance of obligations. However, the Board may delegate the power to sell the obligations to the President of the Board, 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.

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see “Details of Outstanding Indebtedness” herein).

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending June 30:</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Bonds	\$ 7,470,000	\$ 9,465,000	\$ 7,895,000	\$ 6,335,000	\$ 4,705,000
Bond Anticipation Notes	3,787,152	0	0	0	0
Lease Purchase Obligations ⁽¹⁾	0	0	1,027,992	1,060,815	637,176
Operating Leases	271,592	243,516	0	0	0
Energy Performance Contract ⁽²⁾	<u>2,673,575</u>	<u>2,580,000</u>	<u>2,425,000</u>	<u>2,265,000</u>	<u>2,105,000</u>
Total Debt Outstanding	<u>\$ 14,202,319</u>	<u>\$ 12,288,516</u>	<u>\$ 11,347,992</u>	<u>\$ 9,660,815</u>	<u>\$ 7,447,176</u>

⁽¹⁾ In 2022, the District implemented GASB Statement No. 87 for accounting and reporting leases. GASB Statement No. 87 requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as applicable. See “Lease Purchase Obligations” herein.

⁽²⁾ Does not constitute general obligation debt but does count towards the debt limit. See “Energy Performance Contract” herein.

Table above is not audited.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District as of May 28, 2025:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
Bonds	2025-2036	\$ 4,705,000
Bond Anticipation Notes	June 25, 2025	<u>5,900,000</u> ⁽¹⁾
	Total Indebtedness	<u>\$ 10,605,000</u>

⁽¹⁾ To be redeemed with the proceeds of the Notes and \$220,000 available District funds.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of May 28, 2025:

Full Valuation of Taxable Real Property	\$ 530,944,713
Debt Limit 10% thereof	53,094,471

Inclusions:

Bonds	\$ 4,705,000	
Bond Anticipation Notes	5,900,000	
Total Inclusions prior to issuance of the Notes	10,605,000	
Less: BANs to be redeemed from appropriations	(220,000)	
Add: New money proceeds of the Notes	456,300	
Total Net Inclusions after issuance of the Notes		\$ 10,841,300

Exclusions:

State Building Aid ⁽¹⁾	\$ 0	
Total Exclusions		\$ 0

Total Net Indebtedness..... \$ 10,841,300

Net Debt-Contracting Margin \$ 42,253,171

The percent of debt contracting power exhausted is 20.42%

- (1) Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 91.5% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

The above table does not include indebtedness related to the District's Energy Performance Contract. See "Energy Performance Contract" herein.

Bonded Debt Service

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

Capital Project Financing Plans

The District annually issues a 5-year lease purchase agreement for buses.

On December 7, 2021, the qualified voters of the District approved a proposition authorizing the District to undertake a capital improvement project at a maximum cost of \$5,731,300 with such cost being funded with \$705,000 from the District's existing capital reserve fund and the balance of such cost, not in excess of \$5,026,300, with the issuance of the District's serial bonds. In addition, on March 14, 2024, the qualified voters of the District approved a proposition authorizing a capital improvements project extension at a maximum cost of \$1,500,000 with such cost being funded with \$170,000 from the District's general fund and the balance of such cost, not in excess of \$1,330,000, with the issuance of the District's serial bonds. The District issued bond anticipation notes on August 22, 2024 to provide \$5,900,000 of new monies for the aforementioned purposes. The proceeds of the Notes, along with \$220,000 available District funds, will renew and redeem \$5,900,000 bond anticipation notes maturing on June 25, 2025 and provide \$456,300 of new money for the capital improvement project.

In July 2025, the District anticipates issuing a \$1.7 million lease purchase agreement for an energy performance contract. The energy savings along with anticipated building aid and rebates are expected to offset the lease payments.

On May 20, 2025, the qualified voters of the District approved a proposition authorizing the District to undertake a capital improvement project at a maximum cost of approximately \$14,000,000 with such cost being funded with \$1,435,388, from a NYSEDA Clean Green Initiative Grant awarded to the District and the balance of such cost, with the issuance of serial bonds. The District anticipates the first issuance of debt related to this project in 2026.

The District is in the early planning stages of a capital improvement project for various District buildings. The project is anticipated to be voted on in December 2025 and work to commence in summer 2027. The amount of capital project is currently being developed and is expected to be approximately \$26,000,000 and will utilize \$2,000,000 of capital reserve funds. The amount of such project is not finalized as of the time of this Official Statement and is subject to change.

The District has no other authorized and unissued indebtedness for capital or other purposes.

Cash Flow Borrowings

The District has not issued revenue anticipation notes since the 2002-03 fiscal year and has not issued tax anticipation notes in the past. The District does not anticipate issuing revenue anticipation notes or tax anticipation notes in the foreseeable future.

Energy Performance Contract

On July 15, 2019, the District entered into an Energy Performance Contract (“EPC”) with Key Government Contract Inc in the principal amount of \$2,673,575 at an interest rate of 2.768%. The District will make annual payments through June 15, 2035 with the option to prepay at any time. The energy savings along with the anticipated building aid are expected to offset the lease payments.

The following is a summary of the remaining payments to be made as of the date of this Official Statement:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 165,000	\$ 58,266	\$ 223,266
2026	170,000	53,699	223,699
2027	175,000	48,994	223,994
2028	180,000	44,150	224,150
2029	185,000	39,164	224,164
2030	190,000	34,046	224,046
2031	195,000	28,787	223,787
2032	200,000	23,390	223,390
2033	210,000	17,854	227,854
2034	215,000	12,041	227,041
2035	220,000	6,090	226,090
TOTAL	<u>\$ 2,105,000</u>	<u>\$ 366,481</u>	<u>\$ 2,471,481</u>

Lease Purchase Obligations

The following is a summary of the District’s debt service requirements for its lease purchase obligations as of June 30, 2024:

<u>Fiscal Year End</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2025	\$ 243,894	\$ 35,671	\$ 279,565
2026	305,596	18,017	323,613
2027	239,194	12,646	251,840
2028	127,708	6,169	133,877
2029	105,000	1,097	106,097
TOTAL	<u>\$ 1,021,392</u>	<u>\$ 73,600</u>	<u>\$ 1,094,992</u>

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Montgomery	7/11/2024 ⁽³⁾	\$ 37,512,000	\$ 2,430,000	\$ 35,082,000	15.95%	\$ 5,595,579
Schoharie	4/24/2025 ⁽³⁾	6,190,000	-	6,190,000	0.07%	4,333
Town of:						
Canajoharie	12/31/2023 ⁽⁴⁾	2,419,286	- ⁽⁵⁾	2,419,286	93.89%	2,271,468
Carlisle	12/31/2023 ⁽⁴⁾	-	- ⁽⁵⁾	-	1.33%	-
Charleston	12/31/2023 ⁽⁴⁾	215,000	- ⁽⁵⁾	215,000	2.55%	5,483
Minden	12/31/2023 ⁽⁴⁾	-	- ⁽⁵⁾	-	0.55%	-
Mohawk	12/31/2023 ⁽⁴⁾	-	- ⁽⁵⁾	-	0.67%	-
Palatine	12/31/2023 ⁽⁴⁾	-	- ⁽⁵⁾	-	52.13%	-
Root	12/31/2023 ⁽⁴⁾	-	- ⁽⁵⁾	-	78.43%	-
Sharon	12/31/2023 ⁽⁴⁾	-	- ⁽⁵⁾	-	0.07%	-
Village of:						
Canajoharie	5/31/2024 ⁽⁴⁾	2,872,542	- ⁽⁵⁾	2,872,542	100.00%	<u>2,872,542</u>
Total:						<u>\$ 10,749,404</u>

- (1) Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.
- (2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.
- (3) Gross Indebtedness, Exclusions, and Net Indebtedness sourced from annual financial information & operating data filings and/or official statements of the respective municipality.
- (4) Gross indebtedness sourced from local government data provided by the State Comptroller's office for the most recent fiscal year such data is available for the respective municipality.
- (5) Information regarding excludable debt not available.

Debt Ratios

The following table sets forth certain ratios relating to the School District's indebtedness as of May 28, 2025:

	<u>Amount Indebtedness</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Valuation</u> ^(b)
Net Indebtedness ^(c)	\$ 10,841,300	\$ 1,699.00	2.04%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	21,590,704	3,383.59	4.07

- (a) The current estimated population of the District is 6,381. See "THE SCHOOL DISTRICT - Population" herein.
- (b) The District's full value of taxable real estate for 2024-2025 is \$530,944,713. See "TAX INFORMATION – Taxable Assessed Valuations" herein.
- (c) See "Debt Statement Summary".
- (d) Estimated net overlapping indebtedness is \$10,749,404. See "Estimated Overlapping Indebtedness" herein.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply

such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

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

TAX MATTERS

The Notes

Hodgson Russ LLP, of Albany, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the “Code”). Interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. Prospective purchasers should consult their tax advisers as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Tax Requirements

In rendering the foregoing opinions, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the “Tax Requirements”). In the opinion of Hodgson Russ LLP, the tax compliance certificate and nonarbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the “Tax Certificate”) establishes the requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

- 1 The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a “private activity bond” within the meaning of Code section 141;
- 2 The requirements contained in Code section 148 relating to arbitrage bonds; and
- 3 The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code section 149(b).

In the Tax Certificate, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Bank Qualified

The Notes will be designated as “qualified tax-exempt obligations” pursuant to Code section 265.

Other Impacts

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Information Reporting and Backup Withholding

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Future Legislation

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

No representation is made as to the likelihood of such proposals being enacted, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes.

Prospective purchasers of the Notes should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Notes at other than their original issuance at the respective prices set indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

New York State Taxes

In the opinion of Bond Counsel, interest on the Notes is exempt, under existing statutes, from New York State and New York City personal income taxes.

Miscellaneous

All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. Unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Notes regarding the tax status of the interest thereon in the event of an audit examination by the Service.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the legal opinion of Hodgson Russ LLP, of Albany, New York, Bond Counsel. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District and, unless paid from other sources, are payable as to principal and interest from *ad valorem* taxes levied upon all the taxable real property within the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); provided, however, that the enforceability (but not the validity) of the Notes may be limited or otherwise affected by (a) any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies heretofore or hereafter enacted or (b) by the unavailability of equitable remedies or the application thereto of equitable principles; (ii) assuming that the District complies with certain requirements of the Code, interest on the Notes (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York. Bond Counsel will express no opinion regarding other federal income tax consequences arising with respect to the Notes.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's 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 therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the District, together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

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 bonds and notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the bonds and notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the bonds and notes or contesting the corporate existence or boundaries of the District.

CONTINUING DISCLOSURE

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the District will enter into an Undertaking to Provide Notices of Events, the form of which is attached hereto as "APPENDIX – C".

Historical Compliance

Except as noted below, the District is in compliance within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

The District did not timely file its Annual Financial Information and Operating Data for the fiscal year ended June 30, 2022 (the "2022 AFIOD"). The District was 2 days late in filing the 2022 AFIOD as required by the continuing disclosure undertaking for the serial bonds issued through the Dormitory Authority of the State of New York. A material event notice disclosing the District's failure to timely provide its 2022 AFIOD was filed to EMMA on January 10, 2023.

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a 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 the Municipal Advisor are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

If the Notes are issued in registered book-entry form, 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. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), pending the approval of the District and applicable rating agency, including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX C –DISCLOSURE UNDERTAKING" herein.)

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

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The School District contact information is as follows: Leah S. Schaffer, CPA, Director of Finance and Accounting, 136 Scholastic Way, Canajoharie, New York 13317, Phone: (518) 673-6340, Fax: (518) 673-4131, email: leah.schaffer@canjo.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.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

Dated: May 28, 2025

DR. MARK BRODY
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 1,264,353	\$ 788,319	\$ 2,006,675	\$ 46,877	\$ 2,778,348
Restricted Cash	1,830,554	3,361,818	4,837,018	6,177,731	8,262,107
Taxes Receivable	-	-	-	-	-
Due from Fiduciary Funds	588,122	-	-	-	-
Due from Other Funds	1,685,240	1,651,986	1,970,298	3,537,022	2,113,623
State and Federal Aid Receivable	276,009	542,044	355,187	334,805	189,125
Due from Other Governments	1,151,978	1,118,776	575,908	1,201,910	1,347,344
Other Receivables	6,580	12,825	142,860	176,212	-
Deferred Expenditures	-	-	-	-	-
TOTAL ASSETS	<u>\$ 6,802,836</u>	<u>\$ 7,475,768</u>	<u>\$ 9,887,946</u>	<u>\$ 11,474,557</u>	<u>\$ 14,690,547</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable / Accrued Liabilities	\$ 303,404	\$ 648,448	\$ 465,537	\$ 445,900	\$ 567,863
Due to Other Governments	-	-	-	-	-
Due to Other Funds	-	-	-	-	-
Due to Fiduciary Funds	12,261	16,705	16,218	16,865	22,391
Deferred/Unearned Revenues	8,437	17,197	19,244	119,412	126,895
Due to Retirement Systems	775,752	812,456	898,926	915,620	895,652
TOTAL LIABILITIES	<u>\$ 1,099,854</u>	<u>\$ 1,494,806</u>	<u>\$ 1,399,925</u>	<u>\$ 1,497,797</u>	<u>\$ 1,612,801</u>
<u>FUND EQUITY</u>					
Restricted	\$ 1,830,554	\$ 3,361,818	\$ 4,837,018	\$ 6,177,731	\$ 8,262,107
Unrestricted:					
Assigned	1,093,069	535,479	259,624	201,157	1,113,128
Unassigned	2,779,359	2,083,665	3,391,379	3,597,872	3,702,511
TOTAL FUND EQUITY	<u>\$ 5,702,982</u>	<u>\$ 5,980,962</u>	<u>\$ 8,488,021</u>	<u>\$ 9,976,760</u>	<u>\$ 13,077,746</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 6,802,836</u>	<u>\$ 7,475,768</u>	<u>\$ 9,887,946</u>	<u>\$ 11,474,557</u>	<u>\$ 14,690,547</u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES					
Real Property Taxes	\$ 5,969,479	\$ 6,250,437	\$ 6,485,451	\$ 6,534,731	\$ 6,786,267
Other Tax Items	1,206,877	1,170,370	1,119,614	1,067,369	1,048,648
Charges for Services	63,885	49,387	70,935	96,497	136,303
Use of Money & Property	40,514	48,173	7,546	7,918	231,089
Sale of Property and					
Compensation for Loss	-	5,078	8,245	54,014	6,114
Miscellaneous	374,313	374,693	336,732	534,992	498,154
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	13,395,261	13,608,782	12,917,286	15,140,148	15,021,251
Revenues from Federal Sources	62,489	58,303	453,517	46,860	87,093
Total Revenues	<u>\$ 21,112,818</u>	<u>\$ 21,565,223</u>	<u>\$ 21,399,326</u>	<u>\$ 23,482,529</u>	<u>\$ 23,814,919</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 21,112,818</u>	<u>\$ 21,565,223</u>	<u>\$ 21,399,326</u>	<u>\$ 23,482,529</u>	<u>\$ 23,814,919</u>
EXPENDITURES					
General Support	\$ 2,995,831	\$ 2,852,329	\$ 3,083,905	\$ 2,739,730	\$ 3,330,772
Instruction	10,249,763	9,675,494	10,295,398	9,734,018	10,177,406
Pupil Transportation	1,203,478	1,230,249	1,148,984	1,144,791	1,024,151
Community Services	-	-	18,010	54,339	79,015
Employee Benefits	4,861,202	5,167,718	4,435,157	4,612,531	4,535,103
Debt Service	1,661,863	1,658,963	2,005,665	2,547,278	2,552,773
Total Expenditures	<u>\$ 20,972,137</u>	<u>\$ 20,584,753</u>	<u>\$ 20,987,119</u>	<u>\$ 20,832,687</u>	<u>\$ 21,699,220</u>
Other Uses:					
Interfund Transfers	\$ 840,668	\$ 146,588	\$ 134,227	\$ 142,783	\$ 273,916
Reserve for Debt	-	-	-	-	-
Retirement System Credit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Expenditures and Other Uses	<u>\$ 21,812,805</u>	<u>\$ 20,731,341</u>	<u>\$ 21,121,346</u>	<u>\$ 20,975,470</u>	<u>\$ 21,973,136</u>
Excess (Deficit) Revenues Over Expenditures	<u>(699,987)</u>	<u>833,882</u>	<u>277,980</u>	<u>2,507,059</u>	<u>1,841,783</u>
FUND BALANCE					
Fund Balance - Beginning of Year	\$ 5,569,087	\$ 4,869,100	\$ 5,702,982	\$ 5,980,962	\$ 8,488,021
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(353,044)</u>
Fund Balance - End of Year	<u><u>\$ 4,869,100</u></u>	<u><u>\$ 5,702,982</u></u>	<u><u>\$ 5,980,962</u></u>	<u><u>\$ 8,488,021</u></u>	<u><u>\$ 9,976,760</u></u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:

	2024			2025	2026
	Adopted Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 7,904,008	\$ 6,912,008	\$ 6,976,604	\$ 8,107,485	\$ 8,231,530
Other Tax Items	-	1,049,000	987,053	-	-
Charges for Services	-	50,000	32,886	-	-
Use of Money & Property	-	28,500	502,362	-	-
Sale of Property and Compensation for Loss	-	1,200	20,416	-	-
Miscellaneous	757,000	575,300	1,202,295	680,000	680,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	16,463,075	16,463,075	16,098,774	15,638,187	16,487,605
Revenues from Federal Sources	-	45,000	118,974	-	-
Total Revenues	<u>\$ 25,124,083</u>	<u>\$ 25,124,083</u>	<u>\$ 25,939,364</u>	<u>\$ 24,425,672</u>	<u>\$ 25,399,135</u>
Other Sources:					
Estimated Fund Balance & Reserves	\$ 75,000	\$ -	\$ -	\$ 895,171	\$ 661,000
Capital Project Transfers & Reserves	85,000	-	-	85,000	-
Interfund Transfers	-	-	-	-	-
Total Revenues and Other Sources	<u>\$ 25,284,083</u>	<u>\$ 25,124,083</u>	<u>\$ 25,939,364</u>	<u>\$ 25,405,843</u>	<u>\$ 26,060,135</u>
EXPENDITURES					
General Support	\$ 4,139,749	\$ 3,696,490	\$ 3,276,363	\$ 3,227,160	\$ 3,291,918
Instruction	16,536,953	12,003,109	10,873,220	12,740,208	12,735,791
Pupil Transportation	1,883,398	1,104,337	986,277	1,582,100	1,647,100
Community Services	-	95,164	84,207	-	-
Employee Benefits	-	5,285,126	4,630,590	5,919,159	6,017,500
Debt Service	2,518,983	3,048,097	2,673,096	1,732,216	2,247,826
Total Expenditures	<u>\$ 25,079,083</u>	<u>\$ 25,232,323</u>	<u>\$ 22,523,753</u>	<u>\$ 25,200,843</u>	<u>\$ 25,940,135</u>
Other Uses:					
Interfund Transfers	\$ 205,000	\$ 226,653	\$ 38,048	\$ 205,000	\$ 120,000
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
Total Expenditures and Other Uses	<u>\$ 25,284,083</u>	<u>\$ 25,458,976</u>	<u>\$ 22,561,801</u>	<u>\$ 25,405,843</u>	<u>\$ 26,060,135</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>(334,893)</u>	<u>3,377,563</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Fund Balance - Beginning of Year	\$ -	\$ 334,893	\$ 9,976,760	\$ -	\$ -
Prior Period Adjustments (net)	-	-	(276,577)	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 13,077,746</u>	<u>\$ -</u>	<u>\$ -</u>

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	\$ 895,000	\$ 213,950.00	\$ 1,108,950.00
2026	925,000	172,375.00	1,097,375.00
2027	300,000	127,925.00	427,925.00
2028	310,000	114,825.00	424,825.00
2029	330,000	101,125.00	431,125.00
2030	345,000	86,625.00	431,625.00
2031	355,000	71,250.00	426,250.00
2032	265,000	55,250.00	320,250.00
2033	280,000	42,000.00	322,000.00
2034	290,000	28,000.00	318,000.00
2035	305,000	16,400.00	321,400.00
2036	105,000	4,200.00	109,200.00
TOTALS	\$ 4,705,000	\$ 1,033,925.00	\$ 5,738,925.00

Note: Figures above do not include indebtedness related to outstanding Lease Purchase Obligations or Energy Performance Contracts. See "STATUS OF INDEBTEDNESS" herein.

APPENDIX - B1
Canajohaire CSD

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2014			2022		
	Refunding of 2005 Bonds			DASNY Series C - Refunding		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 85,000	\$ 20,600.00	\$ 105,600.00	\$ 610,000	\$ 62,250.00	\$ 672,250.00
2026	90,000	17,625.00	107,625.00	635,000	31,750.00	666,750.00
2027	95,000	14,925.00	109,925.00	-	-	-
2028	90,000	12,075.00	102,075.00	-	-	-
2029	100,000	9,375.00	109,375.00	-	-	-
2030	100,000	6,375.00	106,375.00	-	-	-
2031	100,000	3,250.00	103,250.00	-	-	-
TOTALS	\$ 660,000	\$ 84,225.00	\$ 744,225.00	\$ 1,245,000	\$ 94,000.00	\$ 1,339,000.00

Fiscal Year Ending June 30th	2016			2021		
	DASNY - Refunding			DASNY Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2025	\$ 10,000	\$ 500.00	\$ 10,500.00	\$ 190,000	\$ 130,600.00	\$ 320,600.00
2026	-	-	-	200,000	123,000.00	323,000.00
2027	-	-	-	205,000	113,000.00	318,000.00
2028	-	-	-	220,000	102,750.00	322,750.00
2029	-	-	-	230,000	91,750.00	321,750.00
2030	-	-	-	245,000	80,250.00	325,250.00
2031	-	-	-	255,000	68,000.00	323,000.00
2032	-	-	-	265,000	55,250.00	320,250.00
2033	-	-	-	280,000	42,000.00	322,000.00
2034	-	-	-	290,000	28,000.00	318,000.00
2035	-	-	-	305,000	16,400.00	321,400.00
2036	-	-	-	105,000	4,200.00	109,200.00
TOTALS	\$ 10,000	\$ 500.00	\$ 10,500.00	\$ 2,790,000	\$ 855,200.00	\$ 3,645,200.00

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Canajoharie Central School District, Montgomery and Schoharie Counties, New York (the “Issuer”) in connection with the issuance of its [\$6,136,300 Bond Anticipation Note(s), 2025] (such Note(s) including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) 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 Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.
- (b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.
- (c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions.

“EMMA” means Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

“Purchaser” means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

“Security Holder” means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

- (d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination.

- (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.
- (b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of [June 24, 2025].

CANAJOHARIE CENTRAL SCHOOL DISTRICT
MONTGOMERY AND SCHOHARIE COUNTIES, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk

**CANAJOHARIE CENTRAL SCHOOL DISTRICT
MONTGOMERY AND SCHOHARIE COUNTIES, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2024

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.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

**AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES**

JUNE 30, 2024

CONTENTS

	<u>PAGE</u>
<u>INDEPENDENT AUDITORS' REPORT</u>	1 – 3
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS</u>	4 – 13
<u>BASIC FINANCIAL STATEMENTS</u>	
Statement of net position.....	14
Statement of activities and change in net position	15
Balance sheet – governmental funds.....	16
Reconciliation of governmental funds balance sheet to statement of net position.....	17
Statement of revenues, expenditures and changes in fund balances – governmental funds	18
Reconciliation of governmental funds statement of revenues, expenditures and changes in fund balances to statement of activities.....	19
Statement of fiduciary net position and statement of changes in fiduciary net position.....	20
<u>NOTES TO BASIC FINANCIAL STATEMENTS</u>	21 – 50
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of revenues, expenditures and changes in fund balance – budget (Non-GAAP basis) and actual – general fund	51 – 52
Schedule of funding progress – changes in total other post-employment benefits liability and related ratios	53
Schedule of the local government's proportionate share of the net pension liability	54
Schedule of local government contributions	55
<u>SUPPLEMENTARY INFORMATION</u>	
Schedule of change from adopted budget to final budget – general fund.....	56
Section 1318 of real property tax law limit calculation	56
Schedule of capital projects fund – project expenditures and financing resources.....	57
Net investment in capital assets	58
<u>FEDERAL AWARD PROGRAM INFORMATION (SINGLE AUDIT)</u>	
Independent auditors' 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>	60 – 61
Independent auditors' report on compliance for each major federal program and report on internal control over compliance in accordance with the Uniform Guidance	62 – 64
Schedule of expenditures of federal awards.....	65
Notes to schedule of expenditures of federal awards	66
Schedule of findings and questioned costs.....	67
<u>EXTRAClassroom Activity Funds</u>	
Independent auditors' report	69 – 70
Statement of assets and liabilities arising from cash transactions.....	71
Statement of revenues collected and expenses paid.....	72
Notes to financial statements	73
<u>MANAGEMENT LETTER</u>	74 – 75



INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Canajoharie Central School District (the District), as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the District, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress – changes in total other post-employment benefits liability and related ratios, and schedule of local government's proportionate share of the net pension liability and contributions on pages 4 through 13 and 51 through 55 be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, 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 Title 2 U.S. *Code of Federal Regulations*, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The supplementary information on pages 56 through 58 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards 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 17, 2024, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
October 17, 2024

CANAJOHARIE CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2024. 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 the 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.

FINANCIAL HIGHLIGHTS

The Canajoharie Central School District continues to exercise strategic management of the District's resources. The administration also believes that the District must be flexible to adjust to the unpredictable nature of inequity in state aid distribution, the uncertainty of federal funding, inflation, unfunded mandates, while minimizing the effect upon the taxpayers.

The District continues to offer all curricular programs and student services. We have been able to maintain and, in some areas, enhance curricular, music, art, and sports programs and learning experiences through technology upgrades. This has been possible because of the strict management over other expenditures such as health insurance costs and utilities and the infusion of funds from the pandemic initiated federal grants that the District recently received. We have also acquired other grants funds with regard to technology, energy and Pre-k to help offset some of the increases. The District has also budgeted a tax levy increase at or under the tax levy cap every year since the implementation of the tax cap and will continue to strive to do so in the future. While this is starting to show an unsustainable model due to excessive and growing mandates, the district has stayed within the tax cap as of now.

Although the unassigned fund balance is above the 4% recommended limit, resources have been placed in several reserves, including the Capital Reserve for Bus Replacement, Retirement Contribution Reserve, Capital Building Project, Assigned Fund Balance and Equipment Reserves. The Teachers Retirement and Employees Retirement contributions have decreased compared to significant increases over the last several years. The administration is actively working to reduce the unassigned fund balance and believes that allocating money to the reserves is important in planning for the unforeseeable future, the current state of inflation, possible recession and unfunded mandates. In addition, ensuring that funds are available for maintenance issues or concerns that are not annual costs in the budget.

The District is finishing a \$5.6 million capital project that included heating system and roof upgrades, safety and security upgrades, facility enhancements and preventative work on all buildings. An Energy Performance Contract (EPC) has been completed for a few years and will save energy costs for the next 18 years. In addition, the district approved a Solar array EPC that will begin in February of 2025 and submitted a geothermal project to NYSERDA for new heating and cooling systems at the East Hill building that is 70 years old.

The District has taken advantage of every opportunity to refund bonds. In May, 2016, a refunding was done that resulted in a savings of approximately \$100,000 over the next ten years. This is in addition to other refunding: one in 2014 resulting in a savings of \$95,000 and one in 2012 with a savings of approximately \$100,000.

The Canajoharie Central School District continues to be a member of the ONC BOCES Shared Business Office and uses the shared services offered. This provides segregation of duties and streamlines certain business office functions. To help reduce additional costs, the District utilizes HFM BOCES for other shared positions and services, implemented a tuition charge for out of district students and have merged some extracurricular activities with a neighboring district.

OVERVIEW OF THE 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 *governmental funds statements* tell how basic services such as general 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 custodian for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. 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.

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

Table A-1 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 proprietary or fiduciary, such as instruction, special education and building maintenance	Instances in which the School District administers resources on behalf of someone else
Required financial statements	<ul style="list-style-type: none"> • Statement of net position • Statement of activities 	<ul style="list-style-type: none"> • Balance sheet • Statement of revenues, expenditures, and changes in fund balances 	<ul style="list-style-type: none"> • Statement of fiduciary net position • 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/liability/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	All 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 and 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.
- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differs from the governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position.

- Capitalize current outlays for capital assets.
- Report long-term debt as a liability.
- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.
- Allocate net position balances as follows:
 - Net investment in capital assets.
 - Restricted net position are those with constraints placed on use by external sources or imposed by law.
 - Unrestricted net position are net position that do not meet any of the above restrictions.

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 District establishes other funds to control and to 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 be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information following the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.
- **Fiduciary Fund:** The School District is the custodian for assets that belong to others. 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. Fiduciary fund reporting focuses on net position and changes in net position.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-2

Condensed Statement of Net Position

	Fiscal Year 2024	Fiscal Year 2023	% Change (Incr.: - Decr.)
Assets			
Current and other assets	\$ 16,043,308	\$ 12,842,582	24.9%
Capital assets	26,854,801	28,863,345	-7.0%
Total Assets	42,898,109	41,705,927	2.9%
Deferred Outflows of Resources	6,695,202	10,369,549	-35.4%
Liabilities			
Current liabilities	3,738,476	3,751,365	-0.3%
Long-term liabilities	38,114,549	39,084,438	-2.5%
Total Liabilities	41,853,025	42,835,803	-2.3%
Deferred Inflows of Resources	9,546,606	12,379,703	-22.9%
Net Position			
Net investment in capital assets	18,845,850	18,936,191	-0.5%
Restricted	8,458,272	6,373,728	32.7%
Unrestricted	(29,110,442)	(28,449,949)	-2.3%
Total Net Position	<u>\$ (1,806,320)</u>	<u>\$ (3,140,030)</u>	42.5%

Changes in Net Position

The School District's 2024 revenue was \$29,066,381 (see Table A-3). Real property taxes and New York State aid accounted for the majority of revenue by contributing 24.0% and 55.4%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled \$27,456,094 for 2024. These expenses (75.8%) are predominantly for the education, supervision and transportation of students (see Table A-5). The School District's administrative and business activities accounted for 19.6% of total costs.

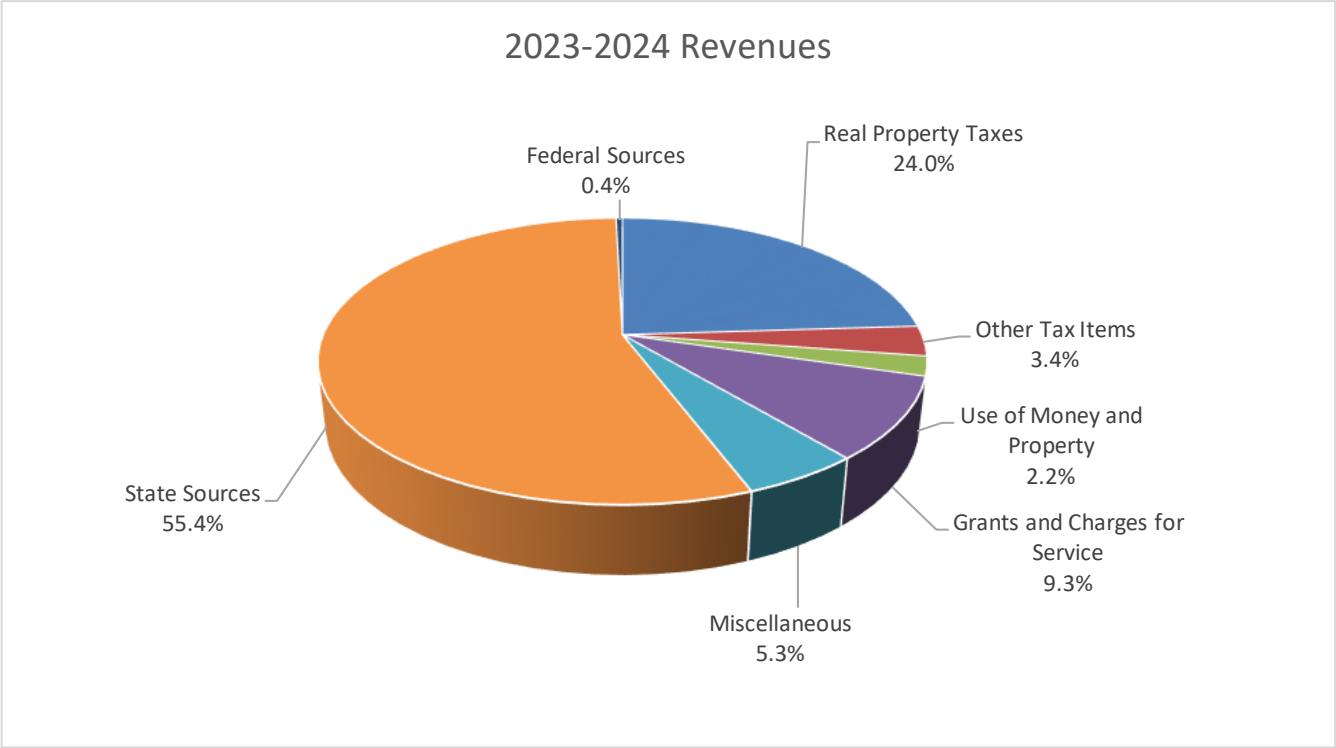
Net position increased during the year by \$1,333,710 after an other decrease in net position of \$276,577.

Table A-3

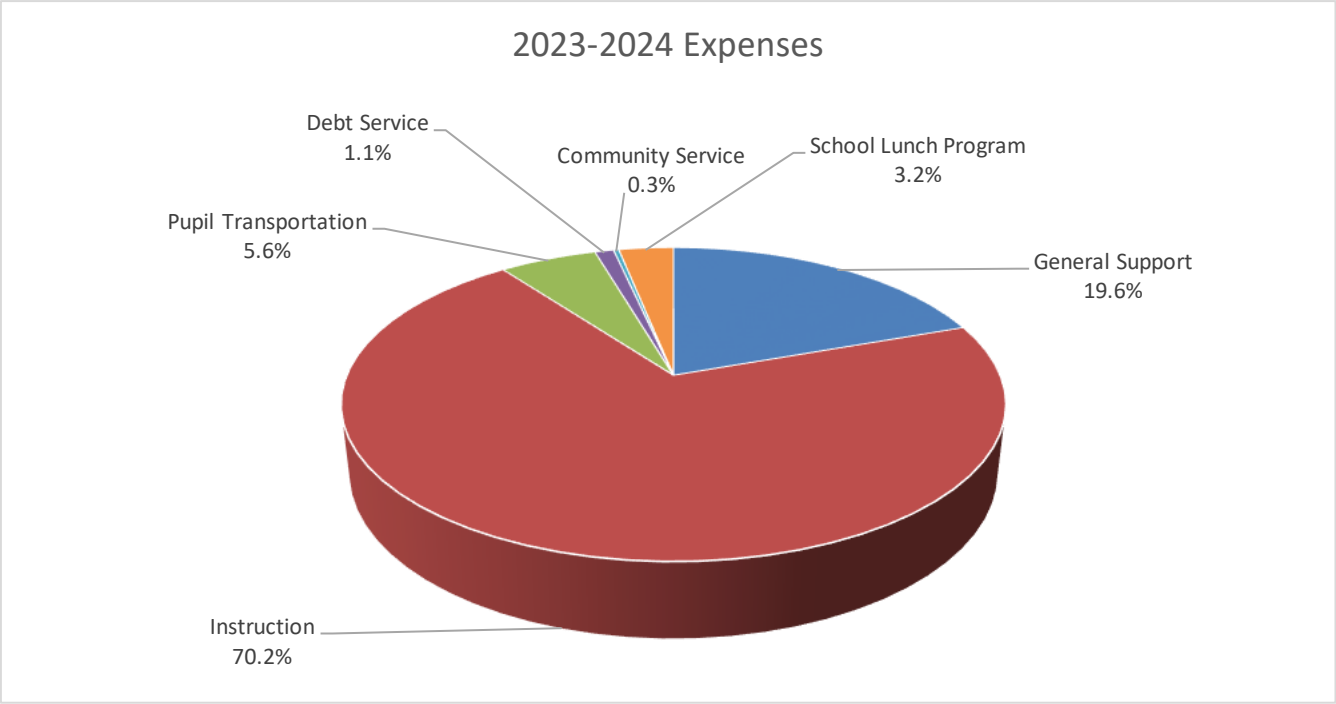
Changes in Net Position from Operating Results

	Fiscal Year 2024	Fiscal Year 2023	% Change (Incr.: - Decr.)
Revenues			
Program Revenues			
Charges for services	\$ 48,281	\$ 148,518	-67.5%
Operating grants and contributions	2,650,804	3,706,130	-28.5%
General Revenues			
Property taxes	7,963,657	7,834,915	1.6%
State formula aid	16,098,774	15,021,251	7.2%
Federal sources	118,974	87,093	36.6%
Use of money and property	618,725	241,732	156.0%
Sale of property and compensation for loss	20,416	6,114	233.9%
Miscellaneous	1,546,750	1,161,914	33.1%
Total Revenues	29,066,381	28,207,667	3.0%
Expenses			
General support	5,374,791	5,319,164	1.0%
Instruction	19,272,913	19,952,520	-3.4%
Transportation	1,551,945	1,602,217	-3.1%
Community service	84,207	79,015	6.6%
Debt service	300,873	330,525	-9.0%
Cost of sales – Lunch Program	871,365	839,704	3.8%
Total Expenses	27,456,094	28,123,145	-2.4%
Increase In Net Position from Operations	1,610,287	84,522	1805.2%
Other Changes in Net Position	(276,577)	(352,145)	21.5%
Total Increase (Decrease) in Net Position	\$ 1,333,710	\$ (267,623)	598.4%

REVENUES – TABLE A-4



EXPENDITURES – TABLE A-5



Governmental Activities

Revenue for the School District's governmental activities totaled \$29,066,381 while total expenses were \$27,456,094 therefore, net position increased by \$1,333,710 after an other decrease in net position of \$276,577.

Table A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-6

Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change (Incr.: -Decr.)	Net Cost of Services		Percentage Change (Incr.: -Decr.)
	2024	2023		2024	2023	
General support	\$ 5,374,791	\$ 5,319,164	1.0%	\$ 5,374,791	\$ 5,319,164	1.0%
Instruction	19,272,913	19,952,520	-3.4%	17,320,144	16,649,970	4.0%
Pupil transportation	1,551,945	1,602,217	-3.1%	1,551,945	1,602,217	-3.1%
Community service	84,207	79,015	6.6%	84,207	79,015	6.6%
Debt service - interest	300,873	330,525	-9.0%	300,873	330,525	-9.0%
Cost of sales - lunch program	871,365	839,704	3.8%	125,049	287,606	56.5%
Totals	<u>\$ 27,456,094</u>	<u>\$ 28,123,145</u>		<u>\$ 24,757,009</u>	<u>\$ 24,268,497</u>	

- The cost of all governmental activities for the year was \$27,456,094.
- The users of the School District's programs financed \$48,281 of the costs.
- The federal and state government grants financed \$2,650,804.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

As the District completed the year, its governmental funds reported a combined fund balance of \$13,608,726. The 2023-2024 increase in overall fund balance was \$2,303,870. Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The School District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Under this method of presentation, governmental funds do not include long-term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include proceeds from the issuance of debt, the current payments for capital assets and the current payments for debt, including the principal and interest payment.

General Fund Budgetary Highlights

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

The General Fund is the only fund for which a budget is legally adopted.

	Results vs. Budget		Actual	Variance
	Original Budget	Final Budget	(Budgetary Basis)	Fav; (Unfav)
REVENUES				
Local Sources	\$ 8,616,008	\$ 8,616,008	\$ 9,721,616	\$ 1,105,608
State Sources	16,463,075	16,463,075	16,098,774	(364,301)
Federal Sources	45,000	45,000	118,974	73,974
Total Revenues	25,124,083	25,124,083	25,939,364	815,281
EXPENDITURES				
General Support	3,310,292	3,696,490	3,276,363	420,127
Instruction	12,026,506	12,003,109	10,873,220	1,129,889
Pupil Transportation	1,484,350	1,104,337	986,277	118,060
Community Services	87,000	95,164	84,207	10,957
Employee Benefits	5,651,952	5,285,126	4,630,590	654,536
Debt Service	2,518,983	3,048,097	2,673,096	375,001
Total Expenditures	25,079,083	25,232,323	22,523,753	2,708,570
OTHER USES				
Transfers Out	205,000	226,653	38,048	188,605
Total Expenditures and Other Uses	25,284,083	25,458,976	22,561,801	\$ 2,897,175
Revenues Over (Under) Expenditures and Other Uses	(160,000)	(334,893)	3,377,563	
Beginning Fund Balance	9,976,760	9,976,760	9,976,760	
Other Change in Fund Balance	0	0	(276,577)	
Ending Fund Balance	\$ 9,816,760	\$ 9,641,867	\$ 13,077,746	

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2024, the School District had \$26,854,801 (net of depreciation and amortization) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

Capital Assets (Net of Depreciation and Amortization)

	Fiscal Year 2024	Fiscal Year 2023
Land	\$ 391,626	\$ 391,626
Buildings	22,816,114	24,517,817
Improvements other than buildings	1,192,430	1,192,430
Construction in progress	485,023	506,185
Furniture and equipment	960,069	1,355,381
Right to use assets	1,009,539	899,906
Totals	\$ 26,854,801	\$ 28,863,345

Long-Term Debt

As of June 30, 2024, the School District had \$37,634,415 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

Outstanding Long-Term Debt

	Fiscal Year 2024	Fiscal Year 2023
General obligation bonds (financed with property taxes)	\$ 7,831,392	\$ 9,660,815
Other debt	29,803,023	28,916,439
Totals	\$ 37,634,415	\$ 38,577,254

FACTORS BEARING ON THE DISTRICT'S FUTURE

As with every industry and business right now, the District was greatly affected by inflation, unfunded mandates, along with the surrounding economy and community. As a small rural school district, the future is largely dependent on the fiscal status of New York State and the decision to fund or not fund public schools. State aid makes up almost 60% of the annual resources. Federal grant funds that have been given to the District are now complete and the funds are no longer available. Other contributing factors are the implementation of the tax levy cap that continues to impact the future potential of the District to raise adequate funds to close the gap between state aid revenue and expenditures. The District has averaged an 1.87% tax increase the past five years even though the history of the district shows an average increase each year of just over 6%. The continued addition of unfunded mandates such as the revised 3012-d APPR evaluation system, staff attendance records, special education services, electric vehicle mandate and the Affordable Care Act requirements, redirect resources that were previously applied directly to students. We continue to manage these requirements through staff attrition, reducing expenditures, strategic use of our fund balance and established reserves. State aid must be distributed equitably if the District is to maintain the present educational offerings. An additional factor is the sale of the Beechnut Plant property for future economic development for the community and district. There has been some progress with this property but the loss of \$181,000 of tax revenue has been shifted to other taxpayers.

Enrollment is not increasing. The incoming kindergarten classes continue to be less than the outgoing graduating classes. Since state aid is driven by enrollment, this may decrease state aid in the future. The impact of the tax levy cap over the long-term adds additional uncertainty to the fiscal picture. We will need to continue to refine and extend long range fiscal planning to mitigate future uncertainty.

Overall, the immediate future looks stable, but the continued addition of mandates and inflation will make it difficult to continue providing a well-rounded education to our students.

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, please contact:

Canajoharie Central School District
Nick Fitzgerald, Superintendent
136 Scholastic Way
Canajoharie, New York 13317

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2024

ASSETS

Cash	
Unrestricted	\$ 3,326,416
Restricted	9,992,365
Receivables	
State and federal aid	1,350,234
Due from other governments	1,347,344
Other receivables	5,330
Inventories	21,619
Right to use assets, net of amortization	1,009,539
Capital assets, net of depreciation	25,845,262

Total Assets	42,898,109
---------------------	-------------------

DEFERRED OUTFLOWS OF RESOURCES

Other post-employment (health insurance) benefits	2,393,508
Pensions	4,301,694

Total Deferred Outflows of Resources	6,695,202
---	------------------

LIABILITIES

Payables	
Accounts payable	1,108,560
Accrued liabilities	278,398
Unearned revenues	129,581
Due to fiduciary funds	22,391
Long-term liabilities	
Due and payable within one year	
Due to Employees' Retirement System	109,620
Due to Teachers' Retirement System	786,032
Energy performance contract	165,000
Leases payable	243,894
Bonds payable	895,000
Due and payable after one year	
Energy performance contract	1,940,000
Leases payable	777,498
Bonds payable	3,810,000
Other post-employment benefits	29,751,584
Net pension liability - proportionate share	1,784,028
Compensated absences payable	51,439

Total Liabilities	41,853,025
--------------------------	-------------------

DEFERRED INFLOWS OF RESOURCES

Pensions	962,877
Other post-employment (health insurance) benefits	8,406,170
Deferred bond premium	177,559

Total Deferred Inflows of Resources	9,546,606
--	------------------

NET POSITION

Net investment in capital assets	18,845,850
Restricted for:	
Employee benefit accrued liability reserve	54,220
Reserve for debt service	196,165
Capital reserve	3,863,768
Capital reserve - buses	305,937
Repair reserve	73,756
Retirement contribution reserve fund - ERS	3,188,067
Retirement contribution reserve fund - TRS	630,523
Unemployment insurance reserve	145,836
Unrestricted	(29,110,442)

Total Net Position	\$ (1,806,320)
---------------------------	-----------------------

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

		Program Revenues		Net (Expense)
	Expenses	Charges for	Operating	Revenue and
		Services	Grants	Changes in
				Net Position
FUNCTIONS/PROGRAMS				
General support	\$ 5,374,791	\$ 0	\$ 0	\$ (5,374,791)
Instruction	19,272,913	(32,886)	(1,919,883)	(17,320,144)
Pupil transportation	1,551,945	0	0	(1,551,945)
Debt service	300,873	0	0	(300,873)
Community service	84,207	0	0	(84,207)
School lunch program	871,365	(15,395)	(730,921)	(125,049)
Total Functions and Programs	\$ 27,456,094	\$ (48,281)	\$ (2,650,804)	(24,757,009)
GENERAL REVENUES				
Real property taxes				6,976,604
Other tax items				987,053
Use of money and property				618,725
Sale of property and compensation for loss				20,416
Miscellaneous				1,546,750
State sources				16,098,774
Federal sources				118,974
Total General Revenues				26,367,296
CHANGE IN NET POSITION				1,610,287
TOTAL NET POSITION - BEGINNING OF YEAR				(3,140,030)
PRIOR PERIOD ADJUSTMENT				(276,577)
TOTAL NET POSITION - END OF YEAR				\$ (1,806,320)

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2024

	General	Special Aid	School Lunch	Debt Service	Capital	CM Misc. Special Revenue	Total Governmental Funds
ASSETS							
Cash							
Unrestricted	\$ 2,778,348	\$ 164,213	\$ 66,876	\$ 0	\$ 316,979	\$ 0	\$ 3,326,416
Restricted	8,262,107	0	0	167,636	0	1,562,622	9,992,365
Due from other funds	2,113,623	0	0	28,529	0	0	2,142,152
State and federal aid receivable	189,125	1,100,710	60,399	0	0	0	1,350,234
Due from other governments	1,347,344	0	0	0	0	0	1,347,344
Other receivables	0	5,330	0	0	0	0	5,330
Inventories	0	0	21,619	0	0	0	21,619
TOTAL ASSETS	\$ 14,690,547	\$ 1,270,253	\$ 148,894	\$ 196,165	\$ 316,979	\$ 1,562,622	\$ 18,185,460
LIABILITIES							
Accounts payable	\$ 290,585	\$ 13,427	\$ 12	\$ 0	\$ 802,355	\$ 2,181	\$ 1,108,560
Accrued liabilities	277,278	0	1,120	0	0	0	278,398
Unearned revenue	126,895	0	2,686	0	0	0	129,581
Due to other funds	0	1,256,826	43,312	0	842,014	0	2,142,152
Due to fiduciary funds	22,391	0	0	0	0	0	22,391
Due to Employees' Retirement System	109,620	0	0	0	0	0	109,620
Due to Teachers' Retirement System	786,032	0	0	0	0	0	786,032
Total Liabilities	1,612,801	1,270,253	47,130	0	1,644,369	2,181	4,576,734
FUND BALANCE							
Nonspendable							
Inventory	0	0	21,619	0	0	0	21,619
Restricted							
Employee benefit accrued liability reserve	54,220	0	0	0	0	0	54,220
Reserve for debt service	0	0	0	196,165	0	0	196,165
Capital reserve	3,863,768	0	0	0	0	0	3,863,768
Capital reserve - buses	305,937	0	0	0	0	0	305,937
Repair reserve	73,756	0	0	0	0	0	73,756
Retirement contribution reserve fund - ERS	3,188,067	0	0	0	0	0	3,188,067
Retirement contribution reserve fund - TRS	630,523	0	0	0	0	0	630,523
Unemployment insurance reserve	145,836	0	0	0	0	0	145,836
Assigned	1,113,128	0	80,145	0	3,851,475	1,560,441	6,605,189
Unassigned	3,702,511	0	0	0	(5,178,865)	0	(1,476,354)
Total Fund Balance	13,077,746	0	101,764	196,165	(1,327,390)	1,560,441	13,608,726
TOTAL LIABILITIES AND FUND BALANCE	\$ 14,690,547	\$ 1,270,253	\$ 148,894	\$ 196,165	\$ 316,979	\$ 1,562,622	\$ 18,185,460

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET
TO STATEMENT OF NET POSITION

JUNE 30, 2024

Total balance - governmental funds balance sheet (page 16)	\$ 13,608,726
Add:	
Land, building and equipment, net of accumulated depreciation	25,845,262
Right to use assets	1,009,539
Pensions	1,554,789
	<hr/>
Total	28,409,590
Deduct:	
Compensated absences	51,439
Other post-employment (health insurance) benefits	35,764,246
Deferred bond premium	177,559
Energy performance contract	2,105,000
Lease payable	1,021,392
Long-term bonds payable	4,705,000
	<hr/>
Total	43,824,636
NET POSITION, GOVERNMENTAL ACTIVITIES	<hr/> \$ (1,806,320) <hr/>

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

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

FOR THE YEAR ENDED JUNE 30, 2024

	General	Special Aid	School Lunch	Debt Service	Capital	CM Misc. Special Revenue	Total Governmental Funds
REVENUES							
Real property taxes	\$ 6,976,604	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,976,604
Other tax items	987,053	0	0	0	0	0	987,053
Charges for services	32,886	0	0	0	0	0	32,886
Use of money and property	502,362	0	12	168	107	116,076	618,725
Sale of property and compensation for loss	20,416	0	0	0	0	0	20,416
Miscellaneous	1,202,295	0	14,058	0	0	330,397	1,546,750
State sources	16,098,774	737,559	148,193	0	0	0	16,984,526
Federal sources	118,974	1,182,324	561,121	0	0	0	1,862,419
Surplus food	0	0	21,607	0	0	0	21,607
Sales - school lunch	0	0	15,395	0	0	0	15,395
Total Revenues	25,939,364	1,919,883	760,386	168	107	446,473	29,066,381
EXPENDITURES							
General support	3,276,363	0	0	0	0	364,379	3,640,742
Instruction	10,873,220	1,729,549	0	0	0	0	12,602,769
Pupil transportation	986,277	28,557	0	0	0	0	1,014,834
Community service	84,207	0	0	0	0	0	84,207
Employee benefits	4,630,590	199,825	14,911	0	0	0	4,845,326
Debt service							
Principal	2,283,443	0	0	0	0	0	2,283,443
Interest	389,653	0	0	0	0	0	389,653
Cost of sales	0	0	685,918	0	0	0	685,918
Capital outlay	0	0	0	0	1,393,062	0	1,393,062
Total Expenditures	22,523,753	1,957,931	700,829	0	1,393,062	364,379	26,939,954
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	3,415,611	(38,048)	59,557	168	(1,392,955)	82,094	2,126,427
OTHER FINANCING SOURCES AND USES							
Proceeds from debt	0	0	0	0	454,020	0	454,020
Operating transfers in	0	38,048	0	0	0	0	38,048
Operating transfers (out)	(38,048)	0	0	0	0	0	(38,048)
Total Other Financing Sources (Uses)	(38,048)	38,048	0	0	454,020	0	454,020
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	3,377,563	0	59,557	168	(938,935)	82,094	2,580,447
FUND BALANCE - BEGINNING OF YEAR	9,976,760	0	42,207	195,997	(388,455)	1,478,347	11,304,856
OTHER CHANGE IN FUND BALANCE	(276,577)	0	0	0	0	0	(276,577)
FUND BALANCE - END OF YEAR	\$ 13,077,746	\$ 0	\$ 101,764	\$ 196,165	\$ (1,327,390)	\$ 1,560,441	\$ 13,608,726

See notes to basic financial statements.

CANAJOHARIE 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, 2024

REVENUES - STATEMENT OF ACTIVITIES		\$ 29,066,381
EXPENDITURES	\$ 26,939,954	
Add:		
Depreciation and amortization	3,033,222	
Other post-employment (health insurance) benefits	89,352	
Pensions	799,230	
	<u>3,921,804</u>	
Deduct:		
Change in fixed assets	452,801	
Change in right to use assets	571,877	
Amortization of bond premium	88,780	
Decrease in compensated absences	8,763	
Principal payments of long-term debt (net)	2,283,443	
	<u>3,405,664</u>	
EXPENDITURES - STATEMENT OF ACTIVITIES		<u>27,456,094</u>
CHANGE IN NET POSITION		<u><u>\$ 1,610,287</u></u>

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2024

	Custodial Funds
	<hr/>
ASSETS	
Due from governmental funds	\$ 22,391
Accounts receivable	1,522
	<hr/>
Total Assets	\$ 23,913
	<hr/>
NET POSITION	
Restricted for PTA Playground	\$ 1,777
Restricted for flex plan	22,136
	<hr/>
Total Net Position	\$ 23,913
	<hr/>

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2024

ADDITIONS	
Contributions	\$ 23,215
	<hr/>
Total Additions	23,215
DEDUCTIONS	
Flex plan expenditures	15,803
	<hr/>
Total Deductions	15,803
	<hr/>
CHANGE IN NET POSITION	7,412
NET POSITION - BEGINNING OF YEAR	16,501
	<hr/>
NET POSITION - END OF YEAR	\$ 23,913
	<hr/>

See notes to basic financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Canajoharie 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.

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

A. Reporting Entity

The Canajoharie 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 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls, all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

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

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District's financial reporting entity. 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 an entity included in the District’s reporting entity.

i) The 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 with these financial statements. The District accounts for these funds in the miscellaneous special revenue fund.

B. Joint Venture

The District is one of 15 component districts in the Hamilton, Fulton and Montgomery Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs 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.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Joint Venture – (Continued)

BOCES are organized under Section 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 Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 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, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$3,041,513 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued \$-0- of serial bonds on behalf of BOCES. As of year-end, the District had outstanding BOCES debt of \$-0-.

The District's share of BOCES aid amounted to \$1,347,344.

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

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

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

2. Funds Statements

The fund financial 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.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Presentation – (Continued)

2. Funds Statements – (Continued)

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.

School Lunch Fund – This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted for expenditures of the school breakfast and lunch programs.

Special Aid 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 and 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.

Capital Projects Fund – These funds are used to account for financial resources used for acquisition, construction or major repair of capital facilities.

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

Miscellaneous Special Revenue Fund – Miscellaneous Special Revenue Fund is used to account for those revenues that are legally restricted to expenditures for a specific purpose.

The District reports the following fiduciary fund:

Custodial Fund – Fiduciary activities are those in which the District acts as custodian 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.

D. Measurement Focus and Basis of Accounting

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Measurement Focus and Basis of Accounting – (Continued)

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, state aid, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from state aid is recognized in the fiscal year it is appropriated by the state. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

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

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties of Montgomery and Schoharie. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F. Restricted Resources

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

G. Interfund Transactions

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

G. Interfund Transactions – (Continued)

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables 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 9 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

H. Estimates

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

I. Cash (and Cash Equivalents)/Investments

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

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

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

Investments are stated at fair value.

J. Accounts Receivable

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

K. Inventories and Prepaid Items

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 inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

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

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

L. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, were used. Donated assets are reported at estimated fair market value at the time received.

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

	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 2,500	Straight-line	40
Building improvements	2,500	Straight-line	50
Furniture and equipment	2,500	Straight-line	20
Vehicles	2,500	Straight-line	10
Computer equipment	2,500	Straight-line	3-5

M. Right to Use Assets

Right to use assets are reported at actual cost or estimated historical cost. Right to use assets are amortized using the straight-line method over the estimated useful life of the asset. All right to use assets are furniture and equipment which are amortized over a 3-5 year period.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources

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

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

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

At June 30, 2024, 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, 2024 for ERS and June 30, 2023 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
District's proportionate share of the net pension asset (liability)	\$ (1,323,547)	\$ (460,481)
District's portion of the Plan's total net pension asset (liability)	0.0089890%	0.040266%
Change in proportion since the prior measurement date	0.0000767%	(0.001929)%

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources – (Continued)

Pension Assets, Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

For the year ended June 30, 2024, the District recognized its proportionate share of pension expense of \$570,359 for ERS and \$1,308,456 for TRS. At June 30, 2024, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	\$ 426,313	\$ 1,116,543	\$ 36,090	\$ 2,759
Changes of assumptions	500,403	991,401	0	216,070
Net difference between projected and actual earnings on pension plan investments	0	235,389	646,546	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	64,632	151,132	7,301	54,111
District's contributions subsequent to the measurement date	109,620	706,261	0	0
Total	\$ 1,100,968	\$ 3,200,726	\$ 689,937	\$ 272,940

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended March 31, 2025 for ERS and June 30, 2025 for TRS. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2025	\$ (222,443)	\$ (218,876)
2026	272,667	1,874,588
2027	390,626	148,826
2028	(139,437)	124,635
2029	0	79,866
Thereafter	0	0

Actuarial Assumptions

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Interest rate	5.9%	6.95%
Salary scale	4.4%	1.95% - 5.18%
Decrement tables	April 1, 2015- March 31, 2020 System's experience	July 1, 2015 – June 30, 2020 System's experience
Inflation rate	2.9%	2.4%
Projected cost of living adjustments	1.5%	1.3%

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

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 through March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 through 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 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:

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
<u>Asset type</u>		
Domestic equity	4.00%	6.80%
International equity	6.65	7.60
Global equities	0	7.20
Real estate	4.60	6.30
Domestic fixed income securities	1.50	2.20
Global bonds	0	1.60
High-yield bonds	0	4.40
Real estate debt	0	3.20
Private debt	0	6.00
Credit	5.40	0
Private equity/alternative investments	7.25	10.10
Opportunistic/ARS portfolio	5.25	0
Cash	0.25	3.0
Real assets	5.79	0

Discount Rate

The discount rate used to calculate the total pension asset (liability) was 5.9% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (4.9% for ERS and 5.95% for TRS) or 1 percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Deferred Outflows and Inflows of Resources – (Continued)

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

	<u>1% Decrease (4.9%)</u>	<u>Current Assumption (5.9%)</u>	<u>1% Increase (6.9%)</u>
<u>ERS</u>			
District's proportionate share of the net pension asset (liability)	\$ (4,161,367)	\$(1,323,547)	\$ 1,046,621
	<u>1% Decrease (5.95%)</u>	<u>Current Assumption (6.95%)</u>	<u>1% Increase (7.95%)</u>
<u>TRS</u>			
District's proportionate share of the net pension asset (liability)	\$ (7,013,352)	\$ (460,481)	\$ 5,050,768

Pension Plan Fiduciary Net Position

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

	(Dollars in thousands)		
	<u>ERS</u>	<u>TRS</u>	<u>Total</u>
Measurement date	March 31, 2024	June 30, 2023	
Employers' total pension asset (liability)	\$(240,696,851)	\$(138,365,122)	\$(379,061,973)
Plan fiduciary net position asset (liability)	225,972,801	137,221,537	363,194,338
Employers' net pension asset (liability)	(14,724,050)	(1,143,585)	(15,867,635)
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	93.88%	99.20%	95.81%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2024, represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$109,620.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November, 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 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, 2024 amount to \$786,032.

Additional pension information can be found in Note 10.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

O. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized. The District had \$129,581 in unearned revenue at June 30, 2024.

P. Vested Employee Benefits

Compensated Absences

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

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

Q. 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 post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

R. Short-Term Debt

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

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

The District may issue Bond Anticipation Notes (BANs), 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.

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

S. 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, other post-employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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

T. Equity Classifications

District-Wide Statements

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

i) Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvement of those assets.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T. Equity Classifications – (Continued)

District-Wide Statements – (Continued)

ii) 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.

iii) Unrestricted Net Position

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

Funds Statements

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

1. Nonspendable

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of \$21,619.

2. Restricted

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

Currently Utilized by the District:

Capital

According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form 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 under Restricted Fund Balance.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Repairs

According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund under Restricted Fund Balance.

Employee Benefit Accrued Liability

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

Unemployment Insurance

According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the 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 under Restricted Fund Balance.

Retirement Contributions

According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During the fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund under Restricted Fund Balance.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T. Equity Classifications – (Continued)

Funds Statements – (Continued)

2. Restricted – (Continued)

Currently Utilized by the District: – (Continued)

Debt Service

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

3. Committed

Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision make authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2024.

4. Assigned

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

5. Unassigned

Includes all other General Fund amounts that do not meet the definitions of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a 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 balances of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent years and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance

The Board has adopted Policy #5560 allowing establishment or removal of assignments of fund balance through Board resolution based on the recommendation of the Director of Finance or Superintendent of Schools. Policy #5560 further denotes the order of use of fund balance to be recommended to the Board of Education by the Director of Finance or Superintendent of Schools on an annual basis.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

U. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2024, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections – an amendment of GASB Statement No. 62*, effective for the year ending June 30, 2024. This Statement amends GASB Statement No. 62 in order to enhance accounting and financial reporting requirements for accounting changes and error corrections.

V. Future Changes in Accounting Standards

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ending June 30, 2025. This Statement amends the existing requirements related to Compensated Absences by updating the recognition and measurement guidance.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025. This Statement's objective is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026. This Statement's objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government's accountability. Additionally, the statements also addresses certain application issues.

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

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

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

A. Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)

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 five broad categories, as shown below:

i) Long-Term Revenue and Expense Differences

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

ii) Capital Related Differences

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

iii) Long-Term Debt Transaction Differences

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

iv) Pension Differences

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

v) OPEB Differences

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Procedures and Budgetary Accounting

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

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

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered.

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

Use of reserves	\$ 48,735
-----------------	-----------

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current 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.

Unreserved Undesignated General Fund Balance

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

Deficit Fund Balance

Capital Fund:

The Capital Fund has a deficit fund balance of \$1,327,390. This deficit will be eliminated when permanent financing is obtained.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

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

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

Uncollateralized	\$	0
Collateralized with securities held by the pledging financial institution, or its trust department or agency, but not in the District's name		6,300,506

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 \$9,992,365 within the governmental funds and \$-0- in the fiduciary funds.

NOTE 5 – INVESTMENTS

The District has few investments (primarily donated scholarship funds) and chooses to disclose its investments by specifically identifying each. The District's investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

- a. Insured or registered, or investments held by the District or by the District's agent in the District's name, or
- b. Uninsured and unregistered, with the investments held by the financial institution's trust department in the District's name, or
- c. Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the District's name.

Investment

<u>Fund</u>	<u>CM Misc. Special Revenue Fund</u>	<u>CM Misc. Special Revenue Fund</u>
Carrying amount (fair value)	\$ 23,292	\$ 1,218,137
Unrealized investment gain/loss	0	Unknown
Type of investment	Money Market	Mutual Funds
Category of investment	C	C

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 6 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2024, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	\$ 391,626	\$ 0	\$ 0	\$ 391,626
Construction in process	506,185	0	21,162	485,023
Total nondepreciable historical cost	897,811	0	21,162	876,649
Capital assets that are depreciated:				
Buildings	50,630,327	65,272	0	50,695,599
Improvements other than buildings	1,192,430	0	0	1,192,430
Furniture and equipment	5,119,383	408,691	532,748	4,995,326
Total depreciable historical cost	56,942,140	473,963	532,748	56,883,355
Less accumulated depreciation:				
Buildings	26,112,510	1,766,975	0	27,879,485
Furniture and equipment	3,764,002	804,003	532,748	4,035,257
Total accumulated depreciation	29,876,512	2,570,978	532,748	31,914,742
Net depreciable historical cost	27,065,628	(2,097,015)	0	24,968,613
Right to use assets that are amortized:				
Equipment	2,226,580	571,877	316,002	2,482,455
Less accumulated amortization:				
Equipment	1,326,674	462,244	316,002	1,472,916
Net amortizable historical cost	899,906	109,633	0	1,009,539
GRAND TOTAL - NET	\$ 28,863,345	\$ (1,987,382)	\$ 21,162	\$ 26,854,801

Depreciation and amortization were allocated to the following programs as follows:

General support	\$ 564,823
Instruction	2,172,631
Pupil transportation	174,950
School lunch program	120,818
TOTAL	\$ 3,033,222

NOTE 7 – SHORT-TERM DEBT

There was no short-term debt for the year ended June 30, 2024.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8 – LONG-TERM DEBT

Interest paid on long-term debt was comprised of:

Interest paid	\$ 389,653
Less amortization of bond premium	<u>(88,780)</u>
Total expense	<u><u>\$ 300,873</u></u>

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

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Serial bond payable	\$ 6,335,000	\$ 0	\$ 1,630,000	\$ 4,705,000	\$ 895,000
Energy Performance Contract	2,265,000	0	160,000	2,105,000	165,000
Lease purchase obligations	1,060,815	454,020	493,443	1,021,392	243,894
Other liabilities:					
Other post-employment benefits	28,856,237	895,347	0	29,751,584	0
Compensated absences, net	<u>60,202</u>	<u>0</u>	<u>8,763</u>	<u>51,439</u>	<u>0</u>
Total long-term liabilities	<u><u>\$ 38,577,254</u></u>	<u><u>\$ 1,349,367</u></u>	<u><u>\$ 2,292,206</u></u>	<u><u>\$ 37,634,415</u></u>	<u><u>\$ 1,303,894</u></u>

The current portion (amount due within one year) of other liabilities as of June 30, 2024, was not determinable.

The following is a summary of the maturity of long-term indebtedness:

<u>Description of Issue</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2024</u>
2022 Refunding	10/4/2022	6/1/2026	5.00%	\$ 1,245,000
Bus Garage	9/25/2014	6/15/2031	2-3.5%	660,000
Districtwide Renovations	6/16/2021	6/15/2036	4-5%	2,790,000
2016 Refunding	5/27/2016	6/15/2025	2-5%	<u>10,000</u>
TOTAL				<u><u>\$ 4,705,000</u></u>

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2025	\$ 895,000	\$ 213,950	\$ 1,108,950
2026	925,000	172,375	1,097,375
2027	300,000	127,925	427,925
2028	310,000	114,825	424,825
2029	330,000	101,125	431,125
2030 - 2034	1,535,000	283,125	1,818,125
2035 - 2036	<u>410,000</u>	<u>20,600</u>	<u>430,600</u>
Totals	<u><u>\$ 4,705,000</u></u>	<u><u>\$ 1,033,925</u></u>	<u><u>\$ 5,738,925</u></u>

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 8 – LONG-TERM DEBT – (CONTINUED)

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 District finalized an energy performance contract during the year ended June 30, 2020. The contract is defined in Section 9-102(4) of the New York State Energy Law as: "an agreement for the provision of energy services, including but not limited to electricity, heating, ventilation, cooling, steam, or hot water, in which a person agrees to install, maintain, or manage energy systems or equipment to improve the energy efficiency of, or produce energy in connection with a building or facility in exchange for a portion of the energy savings or revenues." The contract is accounted for as a capital lease. Principal and interest payments due on the energy performance contract are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2025	\$ 165,000	\$ 58,266	\$ 223,266
2026	170,000	53,699	223,699
2027	175,000	48,994	223,994
2028	180,000	44,150	224,150
2029	185,000	39,167	224,167
2030 - 2034	1,010,000	116,118	1,126,118
2035	220,000	6,090	226,090
Totals	<u>\$ 2,105,000</u>	<u>\$ 366,484</u>	<u>\$ 2,471,484</u>

The District has the following lease obligations at the end of the year.

<u>Description of Issue</u>	<u>Date of Issue</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding at June 30, 2024</u>
2022 Copier Leases	4/28/2022	1/28/2026	3.550%	\$ 94,709
2023-2024 Bus Lease	8/15/2023	8/15/2028	5.480%	384,216
2020-2021 Bus Lease	8/15/2020	6/30/2025	2.574%	153,399
2021-2022 Bus Lease	8/1/2021	7/1/2026	2.131%	207,786
2022-2023 Bus Lease	12/28/2022	7/5/2027	3.700%	91,518
2022-2023 Bus Lease	12/28/2022	7/5/2027	3.700%	89,764
TOTAL				<u>\$ 1,021,392</u>

Principal and interest payments due on leases are as follows:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
Fiscal year ended June 30,			
2025	\$ 243,894	\$ 35,671	\$ 279,565
2026	305,596	18,017	323,613
2027	239,194	12,646	251,840
2028	127,708	6,169	133,877
2029	105,000	1,097	106,097
Totals	<u>\$ 1,021,392</u>	<u>\$ 73,600</u>	<u>\$ 1,094,992</u>

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 9 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 2,113,623	\$ 22,391	\$ 0	\$ 38,048
Special Aid Funds	0	1,256,826	38,048	0
School Lunch Fund	0	43,312	0	0
Debt Service Fund	28,529	0	0	0
Capital Projects Fund	0	842,014	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
Total Governmental Activities	2,142,152	2,164,543	38,048	38,048
Custodial Fund	22,391	0	0	0
	<hr/>	<hr/>	<hr/>	<hr/>
TOTALS	\$ 2,164,543	\$ 2,164,543	\$ 38,048	\$ 38,048
	<hr/>	<hr/>	<hr/>	<hr/>

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.

NOTE 10 – PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). 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.

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 10 – PENSION PLANS – (CONTINUED)

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. The New York State Retirement and Social Security Law (NYSRSSL) govern obligations of employers and employees to contribute, and benefits to employees. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of 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. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to the New York State and Local Employees' Retirement System, Office of the State Comptroller, 110 State Street, Albany, NY 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

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

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

	<u>NYSTRS</u>	<u>NYSERS</u>
2024	\$ 706,261	\$ 382,699
2023	722,743	312,960
2022	772,245	369,091

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

Additional pension information can be found on Note 1 N.

CANAJOHARIE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan:

Plan Description

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

Funding Policy

The obligations of the Plan members and employers are established by action of the District pursuant to applicable collected bargaining and other employment agreements. Employees contribute varying percentages of the premiums, depending on when retired and their applicable agreement. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

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, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	143
Inactive employees entitled to but not yet receiving benefit payments	0
Active employees	<u>145</u>
Total	<u><u>288</u></u>

Net OPEB Liability:

The District's total OPEB liability of \$29,751,584 was measured as of June 30, 2024, and was determined by an actuarial valuation as of June 30, 2022.

CANAJOHARIE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Actuarial Assumptions and Other Inputs

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

Inflation	2.7%
Salary Increases	Varied by years of service and retirement system
Discount Rate	4.21%
Healthcare Cost Trend Rates	6.75% for 2023, decreasing to an ultimate rate of 4.14% by 2076

The discount rate was based on the S&P Municipal Bond 20-Year High Grade Index.

Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP-2021.

Changes in the Total OPEB Liability:

Balance at June 30, 2023	\$ 28,856,237
Changes for the year:	
Service cost	962,033
Interest	1,215,526
Changes in benefit terms	0
Differences between expected and actual experience	(135,267)
Changes in assumptions or other inputs	(365,737)
Benefit payments	<u>(781,208)</u>
Net changes	<u>895,347</u>
Balance at June 30, 2024	<u><u>\$ 29,751,584</u></u>

Assumption changes for this fiscal year were as follows:

- A change in the discount rate from 4.13% in 2023 to 4.21% in 2024.

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 (3.21%) or 1 percentage point higher (5.21%) than the current discount rate:

	<u>1% Decrease</u>	<u>Discount Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 34,841,239	\$ 29,751,584	\$25,687,305

CANAJOHARIE CENTRAL SCHOOL DISTRICT

NOTES TO BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 11 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point or 1 percentage point higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 24,943,661	\$ 29,751,584	\$ 35,992,561

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

For the year ended June 30, 2024, the District recognized OPEB expense of \$89,352. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 694,385	\$ 497,707
Changes of assumptions or other inputs	<u>1,699,123</u>	<u>7,908,463</u>
Total	<u>\$ 2,393,508</u>	<u>\$ 8,406,170</u>

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

Fiscal Year Ending June 30:

2025	\$ (1,021,975)
2026	(2,296,260)
2027	(1,963,790)
2028	(647,138)
2029	(83,499)
Thereafter	<u>0</u>
Total	<u>\$ (6,012,662)</u>

CANAJOHARIE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 12 – RISK MANAGEMENT

General Information

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. The 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.

Consortiums and Self-Insured Plans

The District participates in Fulmont Workers Compensation Plan, a risk-sharing pool to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$208,207.

NOTE 13 – COMMITMENTS AND CONTINGENCIES

Federal and State Grants

The District has received grants which are subject to audit by agencies of the federal and state governments. Such audits may result in disallowances and a request for a return of funds to the federal and state governments. The District's administration believes that disallowances, if any, would be immaterial.

NOTE 14 – FAIR VALUE MEASUREMENTS

As required by GASB 72 *Fair Value Measurements*, the District is required to value investment securities based on the valuation measurement techniques and hierarchy established by the FASB ASC.

There are three general valuation techniques that may be used to measure fair value, as described below:

- (A) Market approach – Uses prices and other relevant information generated by market transactions involving identical or comparable assets. Prices may be indicated by pricing guides, sales transactions, market trades or other sources.
- (B) Cost approach – Based on the amount that currently would be required to replace the service capacity of an asset (replacement cost); and
- (C) Income approach – Uses valuation techniques to convert future amounts to a single present amount based on current market expectations about the future amounts (includes present value techniques and option-pricing models). Net present value is an income approach where a stream of expected cash flows is discounted at an appropriate market interest rate.

CANAJOHARIE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 14 – FAIR VALUE MEASUREMENTS – (CONTINUED)

Fair values of assets measured on a recurring basis at June 30, 2024, are as follows:

Fair Value Measurements Using

	<u>Fair Value</u>	<u>Quoted Prices in Active Markets for Identical Assets (Level 1)</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Trading securities	\$ 1,218,137	\$ 1,218,137	\$ 0	\$ 0

NOTE 15 – TAX ABATEMENTS

The County of Montgomery enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced \$32,902. The District received Payment in Lieu of Tax (PILOT) payment totaling \$30,610.

NOTE 16 – OTHER CHANGE IN FUND BALANCE AND NET POSITION

The fund balance in the General Fund and net position decreased \$276,577 due to the write-off of uncollectible receivables from prior years.

NOTE 17 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the issuance date of the audit report. There were no issues to report that would have a material effect on the financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON–GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	\$ 6,912,008	\$ 6,912,008	\$ 6,976,604	\$ 64,596
Real property tax items	1,049,000	1,049,000	987,053	(61,947)
Charges for services	50,000	50,000	32,886	(17,114)
Use of money and property	28,500	28,500	502,362	473,862
Sale of property and compensation for loss	1,200	1,200	20,416	19,216
Miscellaneous	575,300	575,300	1,202,295	626,995
Total Local Sources	8,616,008	8,616,008	9,721,616	1,105,608
State Sources	16,463,075	16,463,075	16,098,774	(364,301)
Federal Sources	45,000	45,000	118,974	73,974
Total Revenues	25,124,083	25,124,083	25,939,364	\$ 815,281

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE – BUDGET (NON-GAAP BASIS) AND ACTUAL – GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2024

	Original Budget	Final Budget	Actual Expenditures	Year-End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under
EXPENDITURES					
General Support					
Board of Education	20,164	20,164	18,717	\$ 0	\$ 1,447
Central administration	224,069	227,378	226,311	200	867
Finance	368,570	381,706	379,614	0	2,092
Staff	132,000	132,078	122,443	0	9,635
Central services	2,194,820	2,552,795	2,157,175	191,250	204,370
Special items	370,669	382,369	372,103	0	10,266
Instructional					
Instruction, administration and improvements	606,687	667,200	662,295	949	3,956
Teaching – regular school	6,815,049	6,600,098	6,010,912	17,273	571,913
Programs for children with handicapping conditions	2,889,459	2,894,772	2,642,769	1,336	250,667
Occupational education	354,200	354,200	328,900	0	25,300
Teaching - special school	6,500	6,500	6,500	0	0
Instructional media	472,661	522,054	507,178	0	14,876
Pupil services	881,950	958,285	714,666	8,258	235,361
Pupil Transportation	1,484,350	1,104,337	986,277	45,462	72,598
Community Services	87,000	95,164	84,207	0	10,957
Employee Benefits	5,651,952	5,285,126	4,630,590	0	654,536
Debt Service	2,518,983	3,048,097	2,673,096	0	375,001
Total Expenditures	25,079,083	25,232,323	22,523,753	264,728	2,443,842
Other Financing Uses					
Transfers to other funds	205,000	226,653	38,048	0	188,605
Total Expenditures and Other Uses	25,284,083	25,458,976	22,561,801	\$ 264,728	\$ 2,632,447
NET CHANGE IN FUND BALANCE	(160,000)	(334,893)	3,377,563		
FUND BALANCE – BEGINNING	9,976,760	9,976,760	9,976,760		
OTHER CHANGE IN FUND BALANCE	0	0	(276,577)		
FUND BALANCE – ENDING	\$ 9,816,760	\$ 9,641,867	\$13,077,746		

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF FUNDING PROGRESS – CHANGES IN TOTAL OTHER POST-EMPLOYMENT
BENEFITS LIABILITY AND RELATED RATIOS**

FOR THE YEARS ENDED JUNE 30, 2024, 2023, 2022, 2021, 2020, 2019 AND 2018

Measurement Date	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018
Total OPEB Liability							
Service cost	\$ 962,033	\$ 1,011,533	\$ 1,490,171	\$ 1,917,766	\$ 1,230,562	\$ 788,745	\$ 823,968
Interest	1,215,526	1,056,030	791,431	1,135,584	1,360,909	1,555,723	1,440,022
Change of benefit terms	0	1,707,350	0	(14,670,295)	0	0	0
Differences between expected and actual experience	(135,267)	(330,167)	(87,089)	(363,994)	97,531	4,746,885	0
Change of assumptions or other inputs	(365,737)	(3,051,670)	(7,812,810)	(1,630,835)	10,194,753	(7,798,797)	(2,036,010)
Benefit payments	<u>(781,208)</u>	<u>(707,181)</u>	<u>(719,169)</u>	<u>(689,350)</u>	<u>(1,222,632)</u>	<u>(1,100,674)</u>	<u>(992,246)</u>
Net change in total OPEB liability	895,347	(314,105)	(6,337,466)	(14,301,124)	11,661,123	(1,808,118)	(764,266)
Total OPEB Liability - beginning	<u>28,856,237</u>	<u>29,170,342</u>	<u>35,507,808</u>	<u>49,808,932</u>	<u>38,147,809</u>	<u>39,955,927</u>	<u>40,720,193</u>
Total OPEB Liability - ending	<u><u>\$ 29,751,584</u></u>	<u><u>\$ 28,856,237</u></u>	<u><u>\$ 29,170,342</u></u>	<u><u>\$ 35,507,808</u></u>	<u><u>\$ 49,808,932</u></u>	<u><u>\$ 38,147,809</u></u>	<u><u>\$ 39,955,927</u></u>
Covered-employee payroll	\$ 10,613,822	\$ 11,089,325	\$ 10,944,840	\$ 9,370,248	\$ 9,019,516	\$ 8,787,293	\$ 9,033,312
Total OPEB liability as a percentage of covered-employee payroll	280.31%	260.22%	266.52%	378.94%	552.24%	434.12%	442.32%
Plan's fiduciary net position	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net OPEB Liability	\$ 29,751,584	\$ 28,856,237	\$ 29,170,342	\$ 35,507,808	\$ 49,808,932	\$ 38,147,809	\$ 39,955,927

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

**SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE
OF THE NET PENSION LIABILITY**

FOR THE YEARS ENDED JUNE 30, 2024, 2023, 2022, 2021, 2020, 2019, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0089890%	0.0089123%	0.0084747%	0.0079315%	0.0082553%	0.0081192%	0.0081894%	0.0074898%	0.0075956%	0.0070611%
District's proportionate share of the net pension liability (asset)	\$ 1,323,547	\$ 1,911,152	\$ (692,770)	\$ 7,898	\$ 2,186,044	\$ 575,268	\$ 264,309	\$ 703,762	\$ 1,219,119	\$ 238,542
District's covered-employee payroll	2,870,699	2,771,671	2,567,602	2,513,849	2,475,049	2,339,931	2,293,472	2,056,733	1,935,179	1,875,972
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	46.1%	69.0%	27.0%	0.3%	88.3%	24.6%	11.5%	34.2%	63.0%	12.7%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.88%	90.78%	103.65%	99.95%	86.4%	96.3%	98.2%	94.7%	90.7%	97.9%

NYS Teachers' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.040266%	0.042195%	0.041975%	0.040334%	0.042376%	0.041901%	0.042776%	0.042601%	0.042691%	0.041638%
District's proportionate share of the net pension liability (asset)	\$ 460,481	\$ 809,671	\$ (7,273,883)	\$ 1,114,535	\$ (1,100,940)	\$ (757,679)	\$ (325,140)	\$ 456,270	\$ (4,434,230)	\$ (4,638,247)
District's covered-employee payroll	8,053,607	7,828,455	7,998,061	7,270,658	7,203,780	7,422,592	7,248,551	6,851,624	6,765,731	6,692,704
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	5.7%	10.3%	90.9%	15.3%	15.3%	10.2%	4.5%	6.7%	65.5%	69.3%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.70%	99.00%	110.50%	111.48%

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2024, 2023, 2022, 2020, 2021, 2019, 2018, 2017, 2016 AND 2015

NYS Employees' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 382,699	\$ 312,960	\$ 369,091	\$ 361,261	\$ 366,085	\$ 324,741	\$ 334,952	\$ 322,572	\$ 305,246	\$ 321,021
Contributions in relation to the contractually required contribution	382,699	312,960	369,091	361,261	366,085	324,741	334,952	322,572	305,246	321,021
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 2,870,699	\$ 2,771,671	\$ 2,567,602	\$ 2,513,849	\$ 2,475,049	\$ 2,339,931	\$ 2,293,472	\$ 2,056,733	\$ 1,935,179	\$ 1,875,972
Contribution as a percentage of covered-employee payroll	13.33%	11.29%	14.37%	14.37%	14.79%	13.88%	14.60%	15.68%	15.77%	17.11%

NYS Teachers' Retirement System

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contribution	\$ 786,032	\$ 805,548	\$ 783,810	\$ 692,894	\$ 638,255	\$ 788,279	\$ 710,358	\$ 803,010	\$ 897,136	\$ 1,173,231
Contributions in relation to the contractually required contribution	786,032	805,548	783,810	692,894	638,255	788,279	710,358	803,010	897,136	1,173,231
Contribution deficiency (excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
District's covered-employee payroll	\$ 8,053,607	\$ 7,828,455	\$ 7,998,061	\$ 7,270,658	\$ 7,203,780	\$ 7,422,592	\$ 7,248,551	\$ 6,851,624	\$ 6,765,731	\$ 6,692,704
Contribution as a percentage of covered-employee payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET –
GENERAL FUND**

FOR THE YEAR ENDED JUNE 30, 2024

ADOPTED BUDGET	\$ 25,284,083
ADDITIONS:	
Prior year's encumbrances	126,158
Use of reserves	48,735
FINAL BUDGET	<u><u>\$ 25,458,976</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2024

2024-2025 voter-approved expenditure budget	\$ 25,405,843
Maximum allowed (4% of 2024-2025 budget)	1,016,234
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	1,113,128
Unassigned fund balance	<u>3,702,511</u>
Total unrestricted fund balance	4,815,639
Less:	
Appropriated fund balance and encumbrances	<u>1,113,128</u>
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 3,702,511</u></u>
Actual percentage	14.6%

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2024

Project Title												
	Expenditures					Methods of Financing						
	Original	Revised	Prior	Current	Unexpended	State	Local	Premium on	Proceeds of			Fund
	Appropriation	Appropriation	Year	Year	Total	Balance	Aid	Sources	Obligations	Obligations	Total	Balances
District-wide renovations 2023	\$ 5,731,300	\$ 5,731,300	\$ 388,539	\$ 939,042	\$ 1,327,581	\$ 4,403,719	\$ 0	\$ 191	\$ 0	\$ 0	\$ 191	\$ (1,327,390)
Smart Schools Bond Act	678,802	678,802	678,802	0	678,802	0	678,802	0	0	0	678,802	0
Leases	454,020	454,020	0	454,020	454,020	0	0	0	0	454,020	454,020	0
TOTALS	\$ 6,864,122	\$ 6,864,122	\$ 1,067,341	\$ 1,393,062	\$ 2,460,403	\$ 4,403,719	\$ 678,802	\$ 191	\$ 0	\$ 454,020	\$ 1,133,013	\$ (1,327,390)

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2024

CAPITAL ASSETS, NET		\$ 26,854,801
DEDUCT:		
Deferred bond premium	\$ 177,559	
Short-term portion of energy performance contract	165,000	
Long-term portion of energy performance contract	1,940,000	
Short-term portion of leases payable	243,894	
Long-term portion of leases payable	777,498	
Short-term portion of bonds payable	895,000	
Long-term portion of bonds payable	<u>3,810,000</u>	
		<u>8,008,951</u>
NET INVESTMENT IN CAPITAL ASSETS		<u><u>\$ 18,845,850</u></u>

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

CANAJOHARIE CENTRAL SCHOOL DISTRICT

**FEDERAL AWARD PROGRAM INFORMATION
(SINGLE AUDIT)**

(UNIFORM GUIDANCE)

JUNE 30, 2024



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

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of Canajoharie Central School District as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 17, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Canajoharie Central School District's internal control over financial reporting (internal control) as a basis for designing 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 Canajoharie Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Canajoharie 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 or significant deficiencies may exist that were not identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Canajoharie Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

WEST & COMPANY CPAs PC

Gloversville, New York
October 17, 2024



**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR
FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Canajoharie Central School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2024. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the 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, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management of the District is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the District's federal programs.

Auditors' Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the District's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the District's compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditors' Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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.

WEST & COMPANY CPAs PC

Gloversville, New York
October 17, 2024

CANAJOHARIE CENTRAL SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED JUNE 30, 2024

Federal Grantor/Pass-Through Grantor/Program	Assistance Listing	Pass-through Grantor's Number	Federal Expenditures
<u>U.S. DEPARTMENT OF EDUCATION</u>			
Passed Through NYS Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032240397	\$ 234,884
Special Education Preschool Grants	84.173	0033240397	2,986
Covid-19 Special Education Grants to States	84.027X	5532220397	3,600
Covid-19 Special Education Preschool Grants	84.173X	5533220397	3,782
Total Special Education Cluster			245,252
Covid-19 Education Stabilization Funds:			
ARP, ESSER	84.425U	5880211425	352,055
ARP, ESSER, Summer Enrichment	84.425U	5882211425	19,115
ARP, ESSER, Comprehensive	84.425U	5883211425	30,699
ARP, ESSER, Learning Loss	84.425U	5884211425	98,673
ARP, ESSER, Homeless Children and Youth	84.425W	5218211425	5,871
Total Covid-19 Education Stabilization Funds			506,413
Title I Grants to Local Educational Agencies	84.010	0021231425	3,025
Title I Grants to Local Educational Agencies	84.010	0021241425	365,486
Total Title I Grants to Local Educational Agencies			368,511
Supporting Effective Instruction State Grants	84.367	0147231425	12,315
Supporting Effective Instruction State Grants	84.367	0147241425	39,602
Total Supporting Effective Instruction State Grants			51,917
Student Support and Academic Enrichment Program	84.424	0204231425	1,996
Student Support and Academic Enrichment Program	84.424	0204241425	7,177
Total Student Support and Academic Enrichment Program			9,173
Rural Education	84.358	0006231425	1,058
Total U.S. Department of Education			1,182,324
<u>U.S. DEPARTMENT OF AGRICULTURE</u>			
Passed Through NYS Education Department:			
Child Nutrition Cluster:			
Non-Cash Assistance (Food Distribution):			
National School Lunch Program	10.555	Not Applicable	21,607
Cash Assistance:			
School Breakfast Program	10.553	Not Applicable	146,209
National School Lunch Program	10.555	Not Applicable	373,864
Covid-19 National School Lunch Program, Supply Chain Assistance	10.555	Not Applicable	26,977
Summer Food Service Program for Children	10.559	Not Applicable	14,071
Total Child Nutrition Cluster			582,728
Total U.S. Department of Agriculture			582,728
TOTAL FEDERAL AWARDS EXPENDED			\$ 1,765,052

See notes to schedule of expenditures of federal awards.

CANAJOHARIE CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

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

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.

NOTE 2 – SUBRECIPIENTS

No amounts were provided to subrecipients.

NOTE 3 – FOOD DISTRIBUTION

Nonmonetary assistance is reported in the schedule at fair market value of the commodities received and disbursed. At June 30, 2024, the District had food commodities totaling \$8,370 in inventory.

NOTE 4 – INDIRECT COST RATE

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 the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance. There is no other indirect cost allocation plan in effect.

NOTE 5 – CLUSTERS

The special education cluster consists of Special Education - Grants to States and Special Education - Preschool Grants.

The child nutrition cluster consists of food distribution, School Breakfast Program, National School Lunch Program, Covid-19 National School Lunch Program, Supply Chain Assistance, and Summer Food Service Program for Children.

CANAJOHARIE CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
YEAR ENDED JUNE 30, 2024

A. SUMMARY OF AUDITORS' RESULTS

Financial Statements

1. Type of auditors' report issued: unmodified
2. Internal control over financial reporting:
 - a. Material weakness(es) identified? ___Yes XNo
 - b. Significant deficiency(ies) identified? ___Yes XNo
3. Noncompliance material to financial statements noted? ___Yes XNo

Federal Awards

1. Internal control over major programs:
 - a. Material weakness(es) identified? ___Yes XNo
 - b. Significant deficiency(ies) identified? ___Yes XNo
2. Type of auditors' report issued on compliance for major programs: unmodified
3. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516? ___Yes XNo
4. Identification of major programs:

Assistance Listing

Name of Federal Program

84.425

Covid-19 Education Stabilization Funds

5. Dollar threshold used to distinguish between type A and B programs: \$750,000
6. Auditee qualified as low-risk auditee? XYes ___No

B. FINDINGS – BASIC FINANCIAL STATEMENT AUDIT

None.

C. FINDINGS AND QUESTIONED COSTS – MAJOR FEDERAL AWARD PROGRAMS AUDIT

None.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2024



INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

Report on the Audit of the Financial Statements

Opinion

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of Canajoharie Central School District (the District) as of June 30, 2024, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the District as of June 30, 2024, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis for Qualified Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control–related matters that we identified during the audit.

Basis of Accounting

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

WEST & COMPANY CPAs PC

Gloversville, New York
October 17, 2024

CANAJOHARIE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2024

ASSETS

Cash

\$ 84,836

TOTAL ASSETS

\$ 84,836

LIABILITIES AND CLUB BALANCES

Liabilities

\$ 2,181

Club balances

82,655

TOTAL LIABILITIES AND CLUB BALANCES

\$ 84,836

See notes to financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2024

	Balance July 1, 2023	Receipts	Disbursements	Balance June 30, 2024
Class of 2023	\$ 2,253	\$ 0	\$ 2,253	\$ 0
Class of 2024	7,467	13,791	21,258	0
Class of 2025	1,532	15,491	11,496	5,527
Class of 2026	1,124	3,024	810	3,338
Class of 2027	0	10,859	5,434	5,425
Athletic Association	4,051	0	4,051	0
Esports	159	0	0	159
Library Club	102	1,841	1,705	238
CSI Club	18	175	69	124
Life Skills Club	1,144	417	194	1,367
Art Club	40	237	0	277
Black and Gold Yearbook	3,795	6,477	8,620	1,652
Boy's Varsity Baseball	483	0	0	483
Varsity Girls' Softball	205	200	400	5
Band and Orchestra	6,950	31,748	35,999	2,699
Handbell Choir	726	50	128	648
Varsity Track and Field	1,444	250	796	898
Choir	1,377	605	444	1,538
Swim Club	413	760	1,173	0
Cheerleaders	111	0	67	44
Wrestling	2,118	0	930	1,188
Boys' Soccer	740	0	695	45
Modified Baseball	0	3,055	1,169	1,886
Middle School National Honor Society	2,716	1,899	3,979	636
High School National Honor Society	10	0	0	10
Ski Club	102	0	0	102
Middle School Student Council	2,549	10	222	2,337
High School Student Council	8,040	4,319	4,094	8,265
Boys' Basketball	426	0	0	426
Girls' Basketball	867	3,530	3,235	1,162
Girls' Soccer	314	2,009	1,445	878
Football	3,269	0	0	3,269
Summer Drama Club	529	7,276	5,927	1,878
History Club	1,287	3,668	293	4,662
MS Yearbook	191	3,398	3,535	54
SADD	4,623	8,613	7,605	5,631
Technology Club	3,706	3,412	4,253	2,865
Middle School Team	8,609	6,665	4,144	11,130
Middle School Team - Scholarship	2,432	8,792	7,774	3,450
Science Club	77	87	0	164
Bowling Club	268	0	0	268
International Club	4,225	6,120	3,274	7,071
Odyssey of the Mind	505	0	0	505
MS Science Club	75	0	0	75
MS CHIPS	276	528	528	276
Sales Tax	1,232	949	0	2,181
TOTALS	\$ 82,580	\$ 150,255	\$ 147,999	\$ 84,836

See notes to financial statements.

CANAJOHARIE CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the Canajoharie Central School District. The related year end cash balances are shown as part of the CM Miscellaneous Special Revenue Fund. The Extraclassroom Activity Funds of Canajoharie Central School District represent funds of the students of the District. The District's Board exercises general oversight on these funds. The Extraclassroom Activity Funds are independent of the District with respect to the financial transactions and the designation of student management.

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

NOTE 2 – MANAGEMENT LETTER

Management letter items associated with the Extraclassroom Activity Funds are included in the management letter accompanying the District's financial statements.



October 17, 2024

To the President and the Other Members
of the Board of Education of the
Canajoharie Central School District
Canajoharie, New York

Re: Management Letter
June 30, 2024

In planning and performing our audit of the basic financial statements of the Canajoharie Central School District for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered the District's internal control as a basis for designing our audit procedures for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

However, during our audit we became aware of several matters that are opportunities for strengthening internal controls and improving operating efficiency. The memorandum that follows summarizes our comments and recommendations regarding those matters. We previously reported on the District's internal control in our report dated October 17, 2024. This report does not affect our report dated October 17, 2024, on the financial statements of Canajoharie Central School District.

Prior-Year Findings

(1) Extraclassroom Activity Funds

a) Fiscally Dormant Activities

Prior Condition: Through prior review of Extraclassroom Activity Funds, we noted that there were dormant clubs in the Extraclassroom Activity Funds.

Status: This condition remains outstanding. There were numerous fiscally dormant clubs in the Extraclassroom Activity Funds as of June 30, 2024.

Recommendation: We recommend that the District review all fiscally dormant clubs to determine whether the funds should be redistributed.

b) Sales Tax

Prior Condition: Clubs were not paying sales tax when purchasing taxable items from outside vendors, and not remitting sales tax on taxable fundraiser sales.

Status: This condition remains unchanged for the year ended June 30, 2024.

Recommendation: Clubs should pay sales tax when purchasing taxable items from outside vendors, unless a resale certificate has been filed with the vendor. Also, clubs should collect and remit sales tax when they sell taxable items.

(2) **Unassigned General Fund Balance**

Prior Condition: The District's unassigned General Fund balance at June 30, 2023, was in excess of the New York State Real Property Tax Law limit, which restricts this balance to an amount not greater than 4% of the District's appropriation budget for the upcoming year.

Status: This condition remains unchanged for the year ended June 30, 2024.

Recommendation: We recommend that the Board review and modify its plan to reduce the District's unassigned General Fund balance to the statutory limit.

(3) **Extraclassroom Profit and Loss Statements**

Prior Condition: We noted that not all clubs are completing profit and loss statements for fundraisers.

Status: This condition remained unchanged for the year ended June 30, 2024.

Recommendation: Clubs should complete a profit and loss statement for each fundraiser.

* * * * *

We appreciate the assistance and courtesies extended to us by your staff during our fieldwork. Please let us know if you would like to discuss our comments and recommendations.

Very truly yours,

WEST & COMPANY CPAs PC

WEST & COMPANY CPAs PC