

PRELIMINARY OFFICIAL STATEMENT DATED MAY 28, 2025

RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Barclay Damon LLP, Bond Counsel to the School District, under existing law and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the School District, 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 an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Bond Counsel is also of the opinion that, under existing law, 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). See "Tax Matters" herein regarding certain other tax considerations.

The Notes will not be designated as or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code

\$12,421,000

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
COLUMBIA AND DUTCHESS COUNTIES, NEW YORK**

**GENERAL OBLIGATION
CUSIP BASE #: 94844W**

**\$12,421,000 Bond Anticipation Notes, 2025 (Renewals)
(the "Notes")**

Dated: June 18, 2025

Due: June 18, 2026

The Notes are general obligations of the Webutuck (Northeast) (the "District" or "School District"), Columbia and Dutchess Counties, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. The faith and credit of the Webutuck Central School District are irrevocably pledged for the payment of the Notes and the interest thereon. See "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 in book-entry-only form or registered in the name of the purchaser(s). 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 at the offices of the School District. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate.

Alternatively, if the Notes are issued in book-entry-only form, such Notes will be delivered to Depository Trust Company ("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, except for one odd denomination which is or includes \$6,000. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Barclay Damon 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, on or about June 18, 2025.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on June 5, 2025 by no later than 11:00 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the School District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

May __, 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 NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX - C, EVENT NOTICES" HEREIN.

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT



SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

JUDY MORAN

President

JOANNE BOYD

Vice President

AMANDA GALLAGHER
JERRY HEISER
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* * * * *

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ROBERT FARRIER

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THERESE TROTTER

School District Clerk

KELLY KILMER

Treasurer

DEANA SCHMIDT

Deputy Treasurer



GIRVIN & FERLAZZO, PC

School Board Attorney



FISCAL ADVISORS & MARKETING, INC.

School District Municipal Advisor

**BARCLAY
DAMON** LLP

BARCLAY DAMON LLP

Bond Council

No person has been authorized by the Webutuck (Northeast) 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 the Webutuck (Northeast) Central School District.

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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
WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
COLUMBIA AND DUTCHESS COUNTIES, NEW YORK**

**RELATING TO
\$12,421,000 Bond Anticipation Notes, 2025 (Renewals)**

This Official Statement, which includes the cover page, has been prepared by the Webutuck (Northeast) Central School District, Columbia and Dutchess Counties, New York (the “School District” or “District”, “Counties”, and “State”, respectively) in connection with the sale by the District of \$12,421,000 principal amount of Bond Anticipation Notes, 2025 (Renewals) (the “Notes”).

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

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

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

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

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

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

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

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

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Notes are dated June 18, 2025 and mature, without option of prior redemption, on June 18, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) registered form registered in the name of the purchaser(s), with a single note certificate issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate or (ii) at the option of the purchaser(s), in book-entry-only form, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law, and various bond resolutions adopted by the Board of Education as described below.

The Board of Education adopted bond resolutions on June 6, 2022, June 12, 2023 and August 5, 2024, authorizing the issuance of obligations to finance the purchase of school buses. \$246,000 of the proceeds of the Notes, along with \$92,000 of available funds of the District, will be used to partially redeem and renew, \$338,000 of the \$12,623,000 bond anticipation notes issued on June 20, 2024 and maturing on June 20, 2025 for the aforementioned purpose.

On October 18, 2022, the qualified voters of the District approved a proposition authorizing the District to finance the reconstruction of various District buildings, facilities, athletic courts, playgrounds and sites, including the acquisition of original furnishings, equipment, machinery or apparatus at a maximum cost of \$12,560,000 to be financed with the proceeds of \$12,560,000 of obligations of the District. The Board of Education adopted a bond resolution on January 9, 2023. \$12,175,000 of the proceeds of the Notes, along with \$110,000 available funds of the District, will partially redeem and renew \$12,285,000 of the \$12,623,000 bond anticipation notes maturing June 20, 2025 for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

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

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 Bond and 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 the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that a purchaser of the Notes elect to have the Notes issued in certificated form or if 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 with a single note certificate issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate.. Principal of and interest on the Notes will be payable at the offices of the School District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District is located in the northeastern Mid-Hudson Valley area of New York State, in the County of Dutchess at the foothills of the Berkshires. It has a land area of approximately 79 square miles and a current population of approximately 8,933. The School District is composed of portions of six towns, in Columbia County: Town of Ancram, and in Dutchess County: Amenia, Northeast, Dover, Washington and Stanford. The District is located 90 miles north of New York City and 25 miles east of the City of Poughkeepsie. Metro North rail service from Grand Central Station is available with two area stops, Ten Mile River and Wassaic Station.

SUNY New Paltz and SUNY Albany are within commuting distance, while two community colleges, Dutchess Community and Columbia-Greene, are within 25 miles of the District.

Major highways serving the District include U.S. Routes 44, 22 and 343. The area's major industries are mainly agriculture and tourism. Points of interest within the District are the Harlem Valley Rail Trail which offers an 8.2 scenic mile paved pathway for bike riding, walking, running, roller-blading and the Cascade Mountain Vineyards & Winery. The locale features rural scenic beauty, proximity to ski resorts, golf courses, historic sites and numerous cultural sites.

Source: District Officials.

Population

The current estimated population of the District is 6,194 (Source: 2019-2023 American Community Survey 5 Year Estimate).

Larger Employers

The larger employers located within Dutchess County include:

| <u>Name</u> | <u>Industry or Business</u> | <u>Number of Employees</u> |
|--------------------------------------|-----------------------------|----------------------------|
| Nuvance | Hospital | 5,000 |
| International Business Machine Corp. | Technology | 4,100 |
| Amazon | Logistics | 2,000 |
| Gap Inc | Logistics | 2,000 |
| Mid-Hudson Regional Hospital | Hospital | 1,500 |

The larger employers located within Columbia County include:

| <u>Name</u> | <u>Industry or Business</u> | <u>Number of Employees</u> |
|-----------------------------|-----------------------------|----------------------------|
| Columbia Memorial Hospital | Hospital | 1,156 |
| Hudson City School District | Education | 600 |
| Taconic Farms Inc. | Animal Specialties | 550 |
| Berkshire Farm Center | Educational Programs | 548 |
| COARC | Human Services | 350 |

Source: Official Statement and Continuing Disclosure Statements of Dutchess and Columbia Counties.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the School District as such. The smallest areas for which such statistics are available, which include the School District, are the Towns of Ancram, Amenia, Dover, Northeast, Stanford and Washington (collectively, the “Towns”) and the Counties of Dutchess and Columbia (collectively, the “Counties”). 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: | | | | | | |
| Ancram | \$ 37,193 | \$ 59,890 | \$57,140 | \$ 47,708 | \$ 80,714 | \$ 111,250 |
| Amenia | 27,536 | 35,200 | 50,463 | 51,294 | 71,921 | 87,361 |
| Dover | 28,365 | 34,011 | 41,947 | 57,979 | 88,429 | 109,422 |
| North East | 26,419 | 44,588 | 61,993 | 48,179 | 104,643 | 143,650 |
| Stanford | 37,195 | 58,106 | 66,623 | 62,171 | 68,911 | 133,345 |
| Washington | 39,435 | 51,540 | 76,923 | 69,074 | 109,659 | 120,789 |
| Counties | | | | | | |
| Dutchess | 31,642 | 42,309 | 51,784 | 63,254 | 103,200 | 122,611 |
| Columbia | 31,844 | 40,475 | 53,325 | 49,357 | 84,096 | 104,645 |
| State of: | | | | | | |
| New York | 23,389 | 30,948 | 49,520 | 51,691 | 87,270 | 105,060 |

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

Source: U.S. Census Bureau, 2006-2010 census, 2016-2020 and 2019-2023 American Community Survey data.

Unemployment Rate Statistics

Unemployment statistics are not available for the School District as such. The smallest areas for which such statistics are available (which includes the School District) are the Counties. 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 School District, or vice versa.

| | <u>Annual Average</u> | | | | | | |
|-----------------|-----------------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
| Dutchess County | 3.6% | 3.4% | 7.2% | 4.4% | 3.0% | 3.0% | 3.2% |
| Columbia County | 3.5% | 3.3% | 6.3% | 4.1% | 2.9% | 3.0% | 3.1% |
| New York State | 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> | <u>May</u> | <u>Jun</u> |
| Dutchess County | 3.6% | 3.8% | 3.4% | 2.6% | N/A | N/A |
| Columbia County | 3.7% | 3.1% | 3.7% | 2.7% | N/A | N/A |
| New York State | 4.6% | 4.3% | 4.1% | 3.6% | N/A | N/A |

Note: Unemployment rates for May and June 2025 are not available as of the date of this Official Statement.

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

Form of School Government

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

Budgetary Procedures

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

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

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

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

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

Recent Budget Vote Results

The budget for the 2024-25 fiscal year was approved by the qualified voters on May 21, 2024. The District's 2024-25 budget fiscal year remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The adopted budget calls for a total tax levy increase of 4.46%, which is below the District tax levy limit of 6.02%.

The budget for the 2025-26 fiscal year was approved by the qualified voters on May 20, 2025. The District's 2025-26 budget fiscal year remains within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The adopted budget calls for a total tax levy increase of 5.27%, which is equal to the District tax levy limit of 5.27%.

Investment Policy

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

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) Savings Accounts or Money Market Accounts of designated banks authorized to be business in New York State, (2) Certificates of Deposit issued by a bank or trust company authorized to do business in New York State, (3) Demand Deposit in a bank or trust company located and authorized to do business in New York State, (4) Direct obligations of New York State, (5) Repurchase Agreements involving the purchase and sale of direct obligations of the United States (Direct Treasury Obligations only: T-Bills, Notes or Bonds) and (6) revenue anticipation notes or tax anticipation notes of other School Districts (with the approval of the State Comptroller).

The School District has adopted its own Investment Policy, which, in addition to incorporating all of the provisions of statute enumerated above, further restricts trading partners to commercial banks or trust companies licensed and doing business in New York State. The Policy prohibits investing through any private entity or brokerage firm and provides for written Security Agreements and/or Custodial Agreements with each commercial bank or trust company.

State Aid

The District receives financial assistance from the State in the form 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 adopted budget for the 2025-26 fiscal year, approximately 25.33% 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. See also "School district fiscal year (2024-25)" herein regarding authorization of a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula. Any revisions to the foundation aid formula could result in less State aid to the District.

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, thirty-eight 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, including the School District, 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 2024-25 preliminary building aid ratios, the District expects to receive State building aid of approximately 59.4% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history:

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

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately \$27.9 billion, an annual increase of approximately \$100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State aid, in the event that actual State revenues came in below 99% of estimates or if actual disbursements exceeded 101% of estimates. Pursuant to that provision, in October, 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by \$1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled \$27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately \$100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

School district fiscal year (2021-2022): The State's 2021-22 Enacted 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 Enacted Budget included \$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 Enacted Budget also included \$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, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students’ academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State’s 2022-23 Enacted Budget 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 Enacted 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 Enacted 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 Enacted Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding was included to establish 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 will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

School district fiscal year (2024-25): The State’s 2024-25 Enacted 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 Enacted 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 Enacted 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 Enacted Budget provides \$37.6 billion in State funding to school districts for the 2025-26 school year, the highest level of State aid ever. This represents an increase of \$1.7 billion or 4.9 percent compared to the 2024-25 school year and includes a \$1.4 billion or 5.6 percent Foundation Aid increase. The State’s 2025-26 Enacted Budget includes a 2% minimum increase in Foundation Aid to all school districts and makes a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth school districts.

Provisions in the State’s 2025-26 Enacted Budget grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation if, on a cash basis of accounting, a “general fund imbalance” has or is expected to occur in fiscal year 2025-26. A “general fund imbalance” has occurred, and the State Budget Director’s powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of state fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State’s 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

State Aid Litigation

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York (“CFE”) 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 CFE 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: 2% minimum increase in Foundation Aid to all school districts. The State's 2025-26 Enacted Budget makes a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth school districts.

State Aid Revenues

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

| <u>Fiscal Year</u> | <u>Total State Aid</u> | <u>Total Revenues</u> | <u>Total Revenues Consisting of State Aid</u> |
|----------------------|------------------------|-----------------------|---|
| 2019-2020 | \$ 6,207,883 | \$ 21,424,957 | 28.98% |
| 2020-2021 | 5,866,751 | 22,075,244 | 26.58 |
| 2021-2022 | 6,314,239 | 23,371,341 | 27.01 |
| 2022-2023 | 5,869,019 | 25,545,888 | 22.97 |
| 2023-2024 | 5,716,670 | 25,058,859 | 22.81 |
| 2024-2025 (Budgeted) | 6,140,784 | 25,154,075 | 24.41 |
| 2025-2026 (Budgeted) | 6,780,543 | 26,765,850 | 25.33 |

Source: Audited financial statements for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year and adopted budgets of the District 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</u> |
|----------------------------|---------------|-----------------|----------------------|
| Webutuck High School/EBIS | 4 - 12 | 1,000 | 1956, 1994, 2004 |
| Webutuck Elementary School | Pre K- 3 | 390 | 1965, 2004 |

Source: District officials.

Enrollment Trends

| <u>School Year</u> | <u>Actual Enrollment</u> | <u>School Year</u> | <u>Projected Enrollment</u> |
|--------------------|--------------------------|--------------------|-----------------------------|
| 2020-2021 | 616 | 2025-2026 | 670 |
| 2021-2022 | 631 | 2026-2027 | 670 |
| 2022-2023 | 661 | 2027-2028 | 670 |
| 2023-2024 | 701 | 2028-2029 | 670 |
| 2024-2025 | 670 | 2029-2030 | 670 |

Source: District officials.

Employees

The District employs a total of 163 full-time and 12 part-time employees. Employees are represented by the various unions as follows:

| <u>Employees</u> | <u>Union Representation</u> | <u>Contract Expiration Date</u> |
|------------------|--|---------------------------------|
| 5 | Administrative Association | June 30, 2026 |
| 87 | Webutuck Teachers' Association | June 30, 2030 |
| 74 | CSEA, Local 1000 (55 full-time & 17 part-time) | June 30, 2030 |
| 9 | Contract Employees (No Union Representation) | N/A |

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the School 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 System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally vest after ten years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. The Retirement Systems are non-contributory with respect to members working ten or more years. All members (other than those in Tier V and VI, as described below) 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 creates a new Tier V pension level, at the time, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

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

On March 16, 2012, the Governor signed into law a 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%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

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

| <u>Fiscal Year</u> | <u>ERS</u> | <u>TRS</u> |
|----------------------|------------|------------|
| 2019-2020 | \$ 207,725 | \$ 795,308 |
| 2020-2021 | 241,531 | 877,250 |
| 2021-2022 | 209,540 | 778,932 |
| 2022-2023 | 184,523 | 876,445 |
| 2023-2024 | 203,446 | 859,234 |
| 2024-2025 (Budgeted) | 379,574 | 1,077,490 |
| 2025-2026 (Budgeted) | 503,700 | 1,143,868 |

Source: District records.

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

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

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 (2019-20 to 2024-25) is shown below:

| <u>Year</u> | <u>ERS</u> | <u>TRS</u> |
|-------------|------------|------------|
| 2019-20 | 14.6 | 8.86% |
| 2020-21 | 14.6 | 9.53 |
| 2021-22 | 16.2 | 9.80 |
| 2022-23 | 16.1 | 10.29 |
| 2023-24 | 13.1 | 9.76 |
| 2024-25 | 15.2 | 10.11 |

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

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

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

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

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

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

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS reserve fund at the April 23, 2019 Board of Education meeting.

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. The implementation of this statement requires school districts 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 school districts to calculate and report a net OPEB obligation. However, under GASB 45, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position.

The District contracted with BPAS Actuarial & Pension Services, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2023 and 2024. The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source.

| | | |
|--|----------------------|----------------------|
| Balance beginning at: | June 30, 2022 | June 30, 2023 |
| | \$ 30,052,432 | \$ 33,547,564 |
| <u>Changes for the year:</u> | | |
| Service cost | 1,216,799 | 1,238,215 |
| Interest | 1,230,783 | 1,318,340 |
| Differences between expected and actual experience | 2,683,053 | - |
| Changes in benefit terms | - | - |
| Changes in assumptions or other inputs | (440,018) | 514,456 |
| Benefit payments | (1,195,485) | (1,263,807) |
| Net Changes | \$ 3,495,132 | \$ 1,807,204 |
| Balance ending at: | June 30, 2023 | June 30, 2024 |
| | <u>\$ 33,547,564</u> | <u>\$ 35,354,768</u> |

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

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

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

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

Other Information

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

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

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

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

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

Financial Statements

The School District retains independent certified public accountants. The last audit report covers the period ending June 30, 2024 and is attached hereto as appendices to this Official Statement. In addition, the State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the School District has complied with the requirements of various State and Federal statutes. Certain financial information of the School District can be found attached as "APPENDIX – D" to the Official Statement.

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

New York State Comptroller Report of Examination

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

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

Note: Reference to website implies no warranty of accuracy of information therein.

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

| <u>Fiscal Year Ending In</u> | <u>Stress Designation</u> | <u>Fiscal Score</u> |
|------------------------------|---------------------------|---------------------|
| 2024 | No Designation | 6.7 |
| 2023 | No Designation | 0.0 |
| 2022 | No Designation | 0.0 |
| 2021 | No Designation | 0.0 |
| 2020 | No Designation | 0.0 |

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

Note: Reference to website implies no warranty of accuracy of information therein.

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: | | | | | |
| Ancram | \$ 18,129,118 | \$ 16,895,961 | \$ 16,904,374 | \$ 29,215,037 | \$ 29,630,848 |
| Amenia | 803,090,089 | 906,642,970 | 1,005,577,798 | 1,188,850,351 | 1,279,579,407 |
| Dover | 2,702,618 | 1,363,805 | 1,377,625 | 1,377,696 | 1,370,930 |
| Northeast | 437,243,624 | 457,714,490 | 516,976,773 | 565,322,355 | 593,084,571 |
| Stanford | 60,770,339 | 62,890,269 | 71,317,946 | 79,336,168 | 83,356,711 |
| Washington | 29,219,524 | 28,656,645 | 27,430,352 | 27,792,721 | 28,613,586 |
| Total Assessed Value | <u>\$ 1,351,155,312</u> | <u>\$ 1,474,164,140</u> | <u>\$ 1,639,584,868</u> | <u>\$ 1,891,894,328</u> | <u>\$ 2,015,636,053</u> |

State Equalization Rates

| | | | | | |
|------------|---------|---------|---------|---------|---------|
| Towns of: | | | | | |
| Ancram | 93.18% | 88.00% | 74.00% | 100.00% | 97.00% |
| Amenia | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Dover | 50.00% | 48.75% | 42.00% | 35.50% | 34.50% |
| Northeast | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Stanford | 100.00% | 100.00% | 100.00% | 100.00% | 100.00% |
| Washington | 97.00% | 100.00% | 88.00% | 78.00% | 74.36% |

Tax Rate 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: | | | | | |
| Ancram | \$ 12.39 | \$ 12.47 | \$ 13.89 | \$ 9.28 | \$ 9.36 |
| Amenia | 11.54 | 10.97 | 10.28 | 9.28 | 9.08 |
| Dover | 23.09 | 22.50 | 24.48 | 26.13 | 26.33 |
| Northeast | 11.54 | 10.97 | 10.28 | 9.28 | 9.08 |
| Stanford | 11.55 | 10.97 | 10.28 | 9.28 | 9.08 |
| Washington | 11.90 | 10.97 | 11.68 | 11.89 | 12.22 |

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 | \$ 15,022,677 | \$ 15,688,928 | \$ 16,496,154 | \$ 17,211,299 | \$ 18,007,508 |
| Amount Uncollected ⁽¹⁾ | 1,895,609 | 2,390,845 | 2,947,707 | 2,872,793 | 2,428,404 |
| % Uncollected | 12.62% | 15.24% | 17.87% | 16.69% | 13.49% |

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

Tax Collection Procedure

The District tax collection period is generally September 1 through November 3. The collection period is sixty days, the first 30 days without penalty. Any payments received after the first thirty days must include an additional two percent. Any uncollected taxes are returned to the County Treasurers on or about November 15.

The District offers installment payments for towns located in Dutchess County with the first payment due to the tax collector on or before September 15 and the second payment due March 15 paid directly to the Commissioner of Finance of the County. There is a 5% surcharge on installment payments which are due to the Commissioner.

The District is reimbursed by Dutchess County for the second installment payment during the month of January.

The District is reimbursed by the Counties for all other unpaid taxes during the month of March so that it is assured of 100% collection of its tax levy each year.

Real Property Tax Revenues

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

| <u>Fiscal Year</u> | <u>Total Property Tax</u> | <u>Total Revenues</u> | <u>Percentage of Total Revenues Consisting of Real Property Tax</u> |
|----------------------|---------------------------|-----------------------|---|
| 2019-2020 | \$ 14,155,075 | \$ 21,424,957 | 66.07% |
| 2020-2021 | 15,022,678 | 22,075,244 | 68.05 |
| 2021-2022 | 15,704,779 | 23,371,341 | 67.20 |
| 2022-2023 | 16,498,410 | 25,545,888 | 64.58 |
| 2023-2024 | 17,211,099 | 25,058,859 | 68.68 |
| 2024-2025 (Budgeted) | 18,431,291 | 25,154,075 | 73.27 |
| 2025-2026 (Budgeted) | 19,403,307 | 26,765,850 | 72.49 |

Source: Audited financial statements for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year, and adopted budgets of the District for the 2024-2025 and 2025-2026 fiscal years. This table is not audited.

Larger Taxpayers 2024 Assessment for 2024-2025 Tax Roll

| <u>Name</u> | <u>Type</u> | <u>Estimated Full Valuation</u> |
|------------------------------------|--------------|---------------------------------|
| Silo Ridge Ventures ⁽¹⁾ | Residential | \$79,803,200 ⁽¹⁾ |
| Martins Fox Hollow Farm LLC | Agricultural | 23,600,600 |
| Bell-Aire Farm Inc. | Agricultural | 19,264,600 |
| DLVSR Investors LLC | Residential | 16,463,500 |
| NYS E&G Corp | Utility | 16,330,023 |
| CH G&E Corp | Utility | 14,642,500 |
| Silo Ridge Condo III LLC | Residential | 14,641,600 |
| Northern Dutchess Properties | Residential | 12,675,400 |
| SL Keane Stud LLC | Agricultural | 11,738,100 |
| Silver Mountain Hay LLC | Agricultural | 11,360,600 |

- (1) The District is subject to tax certioraris as part of their normal operations. Silo Ridge Ventures has filed multiple tax certioraris. At this time, any individual tax certiorari claim, if decided adversely to the District, is not anticipated to have a material adverse impact on the District's finances. However, if all of the claims are decided adversely to the District in the aggregate, the potential claims may have a material adverse impact on the District's finances. The District maintains a tax certiorari reserve with a current balance of \$899,706.

The ten larger taxpayers listed above have a full valuation of \$220,520,123, which represents approximately 10.87% of the 2024-2025 tax base of 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 \$107,300 or less in 2025-2026, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first \$86,100 for the 2025-26 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 "full value" exemption on their primary residence.

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption 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 2020-21 Enacted 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 below table lists the basic and enhanced exemption amounts for the 2025-26 District tax roll for the municipalities applicable to the District:

| <u>Towns of:</u> | <u>Enhanced Exemption</u> | <u>Basic Exemption</u> | <u>Date Certified</u> |
|------------------|---------------------------|------------------------|-----------------------|
| Ancram | \$105,300 | \$ 36,690 | 4/10/2025 |
| Amenia | 113,220 | 39,450 | 4/10/2025 |
| Dover | 39,060 | 13,610 | 4/10/2025 |
| Northeast | 113,220 | 39,450 | 4/10/2025 |
| Stanford | 113,220 | 39,450 | 4/10/2025 |
| Washington | 84,190 | 29,340 | 4/10/2025 |

\$428,888 of the District's \$18,431,291 school tax levy for 2024-25 fiscal was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2025.

A similar STAR amount is expected to be exempt for the 2025-2026 fiscal year. The District anticipates receiving full reimbursement of such exempt taxes from the State in January 2026.

Additional Tax Information

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

Senior Citizens' exemptions are offered to those who qualify.

The estimated total annual School District property tax bill of a \$100,000 assessed value residential property located in the School District is approximately \$864.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

Debt Limit. The District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking 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 bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations

and an action contesting such validity is commenced within twenty days after the date of such publication or,

- (3) Such obligations are authorized in violation of the provisions of the Constitution.

It is a procedure that is recommended by bond counsel but is not legally required.

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

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

Debt Outstanding End of Fiscal Year

| | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-------------------------|---------------------|---------------------|---------------------|---------------------|----------------------|
| Bonds | \$ 5,390,000 | \$ 1,045,000 | \$ 0 | \$ 3,065,000 | \$ 2,860,000 |
| Bond Anticipation Notes | 2,140,000 | 4,825,000 | 4,275,000 | 5,171,000 | 12,623,000 |
| Leases ⁽¹⁾ | <u>0</u> | <u>0</u> | <u>41,521</u> | <u>3,201</u> | <u>77,475</u> |
| Total Debt Outstanding | <u>\$ 7,530,000</u> | <u>\$ 5,870,000</u> | <u>\$ 4,316,521</u> | <u>\$ 8,239,201</u> | <u>\$ 15,560,475</u> |

⁽¹⁾ In 2022, the District implemented GASB Statement No. 87 for accounting and reporting leases that had previously been reported as Operating Leases. See "Lease Liability" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the School District evidenced by bond anticipation notes as of May 28, 2025.

| <u>Type of Indebtedness</u> | <u>Maturity</u> | <u>Amount</u> |
|--------------------------------|-----------------|---------------------------|
| <u>Bonds</u> | 2025-2037 | \$ 2,860,000 |
| <u>Bond Anticipation Notes</u> | | |
| Capital Project and Buses | June 20, 2025 | 12,623,000 ⁽¹⁾ |
| Bus Purchase | August 29, 2025 | <u>222,238</u> |
| Total Indebtedness | | <u>\$ 15,705,238</u> |

⁽¹⁾ To be partially redeemed and renewed at maturity with a portion of the proceeds of the Notes along with \$202,000 available funds of the District.

Debt Statement Summary

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

Full Valuation of Taxable Real Property \$ 2,029,021,474
 Debt Limit 10% thereof 202,902,147

Inclusions:

Bonds.....\$2,860,000
 Bond Anticipation Notes12,845,328
 Total Inclusions prior to issuance of the Notes \$15,705,238
 Less: BANs being redeemed from appropriations (202,000)
 Add: New money proceeds of the Notes 0
 Total Net Inclusions after issuance of the Notes \$ 15,503,238

Exclusions:

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

Total Net Indebtedness \$ 15,503,238

Net Debt-Contracting Margin \$ 187,398,909

The percent of debt contracting power exhausted is 7.64%

- ⁽¹⁾ Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 59.4% 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.

Cash Flow Borrowing

The School District has not found it necessary to issues revenue anticipation or tax anticipation notes in the past and does not anticipate issuing either in the foreseeable future.

Lease Liability

The District enters into lease agreements for certain equipment that are considered leases. The following is a summary of the District's debt service requirements for its leases as of June 30, 2024:

| Year | Principal | Interest | Total |
|-------|------------------|-----------------|------------------|
| 2025 | \$ 17,411 | \$ 3,799 | \$ 21,210 |
| 2026 | 18,386 | 2,824 | 21,210 |
| 2027 | 19,416 | 1,794 | 21,210 |
| 2028 | 20,503 | 707 | 21,210 |
| 2029 | 1,759 | 8 | 1,767 |
| TOTAL | <u>\$ 77,475</u> | <u>\$ 9,132</u> | <u>\$ 86,607</u> |

Source: The District's 2024 Audited Financial Statements. See "APPENDIX – C" herein.

Capital Project Plans

On October 18, 2022, the qualified voters of the District approved a proposition authorizing the District to finance the reconstruction of various District buildings, facilities, athletic courts, playgrounds and sites, including the acquisition of original furnishings, equipment, machinery or apparatus at a maximum cost of \$12,560,000. The Board of Education adopted a bond resolution on January 9, 2023. On June 20, 2024, the District issued \$12,285,000 bond anticipation notes, which along with \$275,000 available funds of the District, partially redeemed and renewed \$5,171,000 bond anticipation notes which matured on June 21, 2024 and provided \$7,560,000 of new monies for the aforementioned purpose. A \$12,175,000 portion of the proceeds of the Notes along with \$110,000 available funds of the District will be used to partially redeem and renew a \$12,285,000 portion of the outstanding bond anticipation notes maturing on June 20, 2025.

On May 21, 2024, voters approved a proposition to expend \$4,500,000 from the District's Capital Reserve Account to install air conditioning in all classrooms in the Eugene Brooks Intermediate School and Webutuck High School. The project will be completely funded by the Capital Reserve Account with no tax impact to District taxpayers. The voters also approved another proposition for the purchase of two transportation vehicles at a cost not to exceed \$222,238. Bond anticipation notes in the amount of \$222,238 were issued on August 29, 2024 for the purchase of buses which mature on August 29, 2025.

On May 20, 2025, voters of the District approved a proposition for the purchase of three transportation vehicles at a cost not to exceed \$249,190 to be funded through the issuance of bonds and notes of the District in the principal amount not to exceed \$249,190.

As of the date of this Official Statement, there are presently no other capital projects authorized and unissued by the School District, nor are any contemplated.

Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue Notes and to levy taxes or cause taxes to be levied on taxable real property within the District. Estimated indebtedness, comprised of bonds and bond anticipation notes, is listed as of the close of the fiscal year of the respective municipalities.

| <u>Municipality</u> | <u>Status of Debt as of</u> | <u>Gross Indebtedness</u> ⁽¹⁾ | <u>Exclusions</u> ⁽²⁾ | <u>Net Indebtedness</u> | <u>District Share</u> | <u>Applicable Indebtedness</u> |
|---------------------|-----------------------------|--|----------------------------------|-------------------------|-----------------------|--------------------------------|
| County of: | | | | | | |
| Dutchess | 3/13/2025 | \$ 303,500,000 (3) | \$ 15,320,000 | \$ 288,180,000 | 4.09% | \$ 11,786,562 |
| Columbia | 5/2/2024 | 41,535,000 (3) | 1,415,000 | 40,120,000 | 0.20% | 80,240 |
| Town of: | | | | | | |
| Amenia | 12/31/2024 | 2,109,558 (4) | - (5) | 2,109,558 | 93.15% | 1,965,053 |
| Ancram | 12/31/2023 | 86,000 (4) | - (5) | 86,000 | 5.36% | 4,610 |
| Dover | 12/31/2023 | 674,556 (4) | - (5) | 674,556 | 0.36% | 2,428 |
| North East | 12/31/2023 | 5,066,122 (4) | - (5) | 5,066,122 | 76.38% | 3,869,504 |
| Stanford | 12/31/2023 | - (4) | - (5) | - | 7.35% | - |
| Washington | 12/31/2023 | 288,409 (4) | - (5) | 288,409 | 2.28% | 6,576 |
| Total: | | | | | | <u>\$ 17,714,973</u> |

(1) Outstanding bonds and bond anticipation notes of the respective municipality. 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 available 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 District's indebtedness as of May 28, 2025:

| | <u>Amount</u> | <u>Per Capita</u> ^(a) | <u>Percentage of Full Value</u> ^(b) |
|---|---------------|--------------------------------------|--|
| Net Indebtedness ^(c) | \$ 15,503,238 | \$ 2,502.94 | 0.76% |
| Net Indebtedness Plus Net Overlapping Indebtedness ^(d) | 33,218,211 | 5,362.97 | 1.64 |

(a) The current estimated population of the District is 6,194 (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for 2024-2025 is \$2,029,021,474. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

(c) See "Debt Statement Summary" herein.

(d) Estimated net overlapping indebtedness is \$17,714,973. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept For School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the 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 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 or note 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 Notes 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 Notes 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 Notes 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 Notes shall be forwarded promptly to the paying agent or agents for the Notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such Notes. 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 Notes 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 Notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such Notes 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 Notes pursuant to said Section 99-b.

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

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

Cybersecurity

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

TAX MATTERS

In the opinion of Barclay Damon LLP, Bond Counsel to the School District, under existing law, and assuming compliance with the certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the School District, 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 an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the “adjusted financial statement income” of certain corporations is not excluded from the corporate alternative minimum tax under the Code. Bond Counsel also is of the opinion that, under existing law, 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).

Bond Counsel expresses no opinion regarding any other federal, state or local tax consequences with respect to the Notes. The opinion of Bond Counsel will speak as of its date of issue and will not contain or provide any opinion or assurance regarding the future activities of the School District, or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the “IRS”). In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, the exclusion of interest on the Notes from gross income for federal income tax purposes.

General

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and the rebate of certain earnings in respect of such investments to the United States. The School District and others have made certain representations, certifications of fact, and statements of reasonable expectations and the School District has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

In the event of the inaccuracy or incompleteness of any such representations, certifications or statements of reasonable expectation, or of the failure by the School District to comply with any such covenant, the interest on the Notes could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Notes, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Notes is excluded from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of the Notes. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of the Notes and such Beneficial Owner’s other items of income, deduction or credit. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the Notes.

Certain Collateral Federal Income Tax Consequences

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 corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Backup Withholding and Information Reporting

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Notes and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Notes, if other than the registered owner).

Legislation

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Notes. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Notes may occur. Prospective purchasers of the Notes should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents the judgment of Bond Counsel as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts.

The Notes will not be designated or deemed designated by the School District as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code.

Tax legislation, administrative actions taken by tax authorities or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent Holders from realizing the full current benefit of the tax-exempt status of interest on the Notes. In addition, such legislation or actions (whether currently proposed, proposed in the future or enacted) and such decisions could affect the market price or marketability of the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding pending or proposed tax legislation, administrative actions taken by tax authorities or court decisions, and regarding the impact of future legislation, administrative actions or court decisions.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel, Albany, New York to the effect that the Notes are valid and legally binding obligations of the District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Notes and the interest thereon without limitation as to rate or amount, that interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax; however, interest on the Notes that is included in the “adjusted financial statement income” of certain corporations is not excluded from the alternative minimum tax under Section 55 of the Code, and that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District will covenant to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Notes to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Notes. Such opinion also will state that: (a) the rights of the owners of the Notes and the enforceability of the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors’ rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy or completeness of the Official Statement relating to the Notes; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstances that may thereafter come to their attention or any changes in law that may occur thereafter.

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of its affairs, including tax certioraris. At this time, any individual tax certiorari claim, if decided adversely to the District, is not anticipated to have a material adverse impact on the District’s finances. However, if all of the claims are decided adversely to the District in the aggregate, the potential claims may have a material adverse impact on the District’s finances. The District maintains a tax certiorari reserve with a current balance of \$321,632.

The District does not believe, however, that other lawsuits, individually or in the aggregate, if decided adversely to the District, are likely to have a material adverse effect on the financial condition of the District.

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

CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will Provide Notice of Material Events Certificate with respect to the Notes, the forms which, are attached hereto as “APPENDIX B”, respectively.

Historical Compliance

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

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale pending the approval of the School District and at the expense of the purchaser(s), 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, MATERIAL EVENT NOTICES – THE NOTES" herein.)

Moody's Investors Service ("Moody's") has assigned its rating of "Aa3" to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the 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 Moody's Investors Service, 250 Greenwich Street, New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

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.

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

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

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

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

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

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

The School District's contact information is as follows: Robert Farrier, Business Administrator, 194 Haight Road, Amenia, New York 12501, phone: (845) 373-4100 Ext. 116, telefax: (845) 373-4102, email: robert.farrier@webutuck.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., telephone number (315) 752-0051, or at www.fiscaladvisors.com and www.fiscaladvisorsauction.com

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT

Dated: May __, 2025

**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> |
|--|---------------------|----------------------|----------------------|----------------------|----------------------|
| ASSETS | | | | | |
| Unrestricted Cash | \$ 3,297,633 | \$ 3,352,693 | \$ 5,023,787 | \$ 7,726,790 | \$ 5,412,986 |
| Restricted Cash | 914,712 | 925,142 | 1,975,943 | 3,828,945 | 7,171,152 |
| Investments | 3,878,565 | 5,585,369 | 3,270,274 | - | - |
| Due from Other Funds | 1,479,147 | 2,179,165 | 3,027,432 | 4,607,911 | 1,887,735 |
| State and Federal Aid Receivable | 85,302 | 230,482 | 230,043 | 175,496 | 261,659 |
| Other Receivables | - | - | - | - | - |
| Due from Other Governments | - | 102,906 | 159,118 | 246,661 | 261,602 |
| Prepaid Expenditures | - | - | 171,982 | - | - |
| Deferred Expenditures | - | 10,000 | - | - | - |
| | <u>-</u> | <u>10,000</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL ASSETS | <u>\$ 9,655,359</u> | <u>\$ 12,385,757</u> | <u>\$ 13,858,579</u> | <u>\$ 16,585,803</u> | <u>\$ 14,995,134</u> |
| LIABILITIES AND FUND EQUITY | | | | | |
| Accounts Payable | \$ 96,089 | \$ 135,383 | \$ 177,354 | \$ 105,871 | \$ 140,697 |
| Accrued Liabilities | 154,720 | 174,057 | 90,962 | 86,543 | 82,247 |
| Bond interest and matured bonds | 2,516 | 2,516 | - | - | - |
| Due to Teachers' Retirement System | 714,728 | 798,955 | 876,986 | 953,250 | 981,500 |
| Due to Employees' Retirement System | 57,257 | 60,341 | 43,206 | 50,581 | 59,872 |
| Other Post Employment Benefits | 787,000 | 787,000 | 787,000 | - | - |
| Due to Other Funds | 322,321 | 1,024,127 | 907,196 | 727,072 | 339,513 |
| Due to Other Governments | - | 1,763 | - | - | 131 |
| Deferred Revenue | - | - | - | 75,000 | 75,000 |
| Other Liabilities | - | 6,096 | 5,234 | 5,234 | - |
| | <u>-</u> | <u>6,096</u> | <u>5,234</u> | <u>5,234</u> | <u>-</u> |
| TOTAL LIABILITIES | <u>2,134,631</u> | <u>2,990,238</u> | <u>2,887,938</u> | <u>2,003,551</u> | <u>1,678,960</u> |
| FUND EQUITY | | | | | |
| Nonspendable | \$ - | \$ - | \$ 171,982 | \$ - | \$ - |
| Restricted | 914,712 | 925,142 | 1,975,943 | 3,828,945 | 7,171,152 |
| Assigned | 2,676,318 | 3,067,690 | 2,436,408 | 2,131,111 | 1,911,342 |
| Unassigned | 3,929,699 | 5,402,686 | 6,386,308 | 8,622,196 | 4,233,680 |
| | <u>3,929,699</u> | <u>5,402,686</u> | <u>6,386,308</u> | <u>8,622,196</u> | <u>4,233,680</u> |
| TOTAL FUND EQUITY | <u>7,520,729</u> | <u>9,395,518</u> | <u>10,970,641</u> | <u>14,582,252</u> | <u>13,316,174</u> |
| TOTAL LIABILITIES and FUND EQUITY | <u>\$ 9,655,359</u> | <u>\$ 12,385,755</u> | <u>\$ 13,858,579</u> | <u>\$ 16,585,803</u> | <u>\$ 14,995,134</u> |

Source: Audited financial reports of the School District. This Appendix is not 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 | \$ 13,214,773 | \$ 14,155,075 | \$ 15,022,678 | \$ 15,704,779 | \$ 16,498,410 |
| Real Property Tax Items | 704,036 | 653,621 | 577,832 | 562,389 | 517,874 |
| Charges for Services | - | - | - | - | - |
| Use of Money & Property | 102,789 | 192,417 | 35,209 | 388,418 | 336,380 |
| Sale of Property and Compensation for Loss | 204,542 | - | 2,610 | 7,024 | 2,059,817 |
| Miscellaneous | 143,045 | 73,430 | 290,109 | 127,238 | 42,066 |
| Interfund Revenues | - | - | - | 26,619 | - |
| Revenues from State Sources | 6,204,349 | 6,207,883 | 5,866,751 | 6,314,239 | 5,869,019 |
| Revenues from Federal Sources | 112,159 | 142,531 | 280,055 | 240,635 | 222,322 |
| Total Revenues | <u>\$ 20,685,693</u> | <u>\$ 21,424,957</u> | <u>\$ 22,075,244</u> | <u>\$ 23,371,341</u> | <u>\$ 25,545,888</u> |
| Other Sources: | | | | | |
| Interfund Transfers | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Total Revenues and Other Sources | <u>20,685,693</u> | <u>21,424,957</u> | <u>22,075,244</u> | <u>23,371,341</u> | <u>25,545,888</u> |
| EXPENDITURES | | | | | |
| General Support | \$ 2,139,691 | \$ 2,043,939 | \$ 2,524,316 | \$ 2,766,535 | \$ 2,647,741 |
| Instruction | 9,669,169 | 9,576,314 | 9,608,447 | 10,065,188 | 10,715,642 |
| Pupil Transportation | 851,117 | 930,877 | 914,575 | 1,431,261 | 1,262,262 |
| Community Services | - | - | - | - | - |
| Employee Benefits | 5,751,780 | 5,903,121 | 5,684,142 | 5,675,128 | 5,674,615 |
| Debt Service | 260,328 | - | - | 41,472 | 38,988 |
| Total Expenditures | <u>\$ 18,672,085</u> | <u>\$ 18,454,251</u> | <u>\$ 18,731,480</u> | <u>\$ 19,979,584</u> | <u>\$ 20,339,248</u> |
| Other Uses: | | | | | |
| Interfund Transfers | <u>1,613,463</u> | <u>1,455,849</u> | <u>1,591,457</u> | <u>1,844,150</u> | <u>2,259,585</u> |
| Total Expenditures and Other Uses | <u>20,285,549</u> | <u>19,910,101</u> | <u>20,322,937</u> | <u>21,823,734</u> | <u>22,598,833</u> |
| Excess (Deficit) Revenues Over Expenditures | <u>400,144</u> | <u>1,514,856</u> | <u>1,752,307</u> | <u>1,547,607</u> | <u>2,947,055</u> |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | 5,736,201 | 6,136,345 | 7,520,727 | 9,395,518 | 10,970,641 |
| Prior Period Adjustments (net) | <u>-</u> | <u>(130,475)</u> | <u>-</u> | <u>27,516</u> | <u>664,556</u> |
| Fund Balance - End of Year | <u>\$ 6,136,345</u> | <u>\$ 7,520,726</u> | <u>\$ 9,273,034</u> | <u>\$ 10,970,641</u> | <u>\$ 14,582,252</u> |

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

GENERAL FUND

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

| | | | | | |
|--|---------------------------|------------------------|----------------------|--------------------------|---------------------------|
| Fiscal Years Ending June 30: | 2024 | | | 2025 | 2026 |
| | Original <u>Budget</u> | Final <u>Budget</u> | <u>Actual</u> | Adopted <u>Budget</u> | Proposed <u>Budget</u> |
| REVENUES | | | | | |
| Real Property Taxes | \$ 17,197,269 | \$ 17,197,269 | \$ 17,211,099 | \$ 18,431,291 | \$ 19,403,307 |
| Other Tax Items | 478,891 | 478,891 | 499,273 | 32,000 | 32,000 |
| Charges for Services | - | - | - | - | - |
| Use of Money & Property | 225,000 | 225,000 | 603,509 | 350,000 | 350,000 |
| Sale of Property and Compensation for Loss | - | 12,021 | 30,495 | - | - |
| Miscellaneous | 50,000 | 366,276 | 766,820 | 110,000 | 110,000 |
| Interfund Revenues | - | - | - | - | - |
| Revenues from State Sources | 6,081,538 | 6,081,538 | 5,716,670 | 6,140,784 | 6,780,543 |
| Revenues from Federal Sources | 40,000 | 40,000 | 138,146 | 90,000 | 90,000 |
| Total Revenues | <u>\$ 24,072,698</u> | <u>\$ 24,400,995</u> | <u>\$ 24,966,012</u> | <u>\$ 25,154,075</u> | <u>\$ 26,765,850</u> |
| Other Sources: | | | | | |
| Appropriated Fund Balance | 1,900,000 | 3,755,108 | - | 1,900,000 | 1,900,000 |
| Proceeds from Lease Issuance | - | - | 92,847 | - | - |
| Interfund Transfers | - | - | - | - | - |
| Total Revenues and Other Sources | <u>25,972,698</u> | <u>28,156,103</u> | <u>25,058,859</u> | <u>27,054,075</u> | <u>28,665,850</u> |
| EXPENDITURES | | | | | |
| General Support | \$ 2,782,864 | \$ 3,155,825 | \$ 2,901,457 | \$ 2,935,019 | \$ 3,013,390 |
| Instruction | 12,771,478 | 13,624,354 | 12,832,244 | 13,938,122 | 14,555,888 |
| Pupil Transportation | 1,459,525 | 1,810,354 | 1,707,057 | 1,574,105 | 1,680,061 |
| Community Services | - | - | - | - | - |
| Employee Benefits | 7,790,905 | 7,055,767 | 6,426,943 | 7,424,408 | 7,939,423 |
| Debt Service | 142,663 | 22,650 | 22,650 | 163,759 | 159,650 |
| Total Expenditures | <u>\$ 24,947,435</u> | <u>\$ 25,668,950</u> | <u>\$ 23,890,351</u> | <u>\$ 26,035,412</u> | <u>\$ 27,348,412</u> |
| Other Uses: | | | | | |
| Interfund Transfers | 1,025,263 | 2,487,153 | 2,487,153 | 1,018,663 | 1,317,438 |
| Total Expenditures and Other Uses | <u>25,972,698</u> | <u>28,156,103</u> | <u>26,377,504</u> | <u>27,054,075</u> | <u>28,665,850</u> |
| Excess (Deficit) Revenues Over Expenditures | <u>-</u> | <u>-</u> | <u>(1,318,645)</u> | <u>-</u> | <u>-</u> |
| FUND BALANCE | | | | | |
| Fund Balance - Beginning of Year | - | - | 14,582,252 | - | - |
| Prior Period Adjustments (net) | - | - | 52,567 | - | - |
| Fund Balance - End of Year | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 13,316,174</u> | <u>\$ -</u> | <u>\$ -</u> |

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

BONDED DEBT SERVICE

| Fiscal Year Ending June 30th | Principal | Interest | Total |
|------------------------------------|--------------|---------------|-----------------|
| 2025 | \$ 215,000 | \$ 114,400.00 | \$ 329,400.00 |
| 2026 | 225,000 | 105,800.00 | 330,800.00 |
| 2027 | 235,000 | 96,800.00 | 331,800.00 |
| 2028 | 245,000 | 87,400.00 | 332,400.00 |
| 2029 | 255,000 | 77,600.00 | 332,600.00 |
| 2030 | 265,000 | 67,400.00 | 332,400.00 |
| 2031 | 275,000 | 56,800.00 | 331,800.00 |
| 2032 | 290,000 | 45,800.00 | 335,800.00 |
| 2033 | 300,000 | 34,200.00 | 334,200.00 |
| 2034 | 285,000 | 22,200.00 | 307,200.00 |
| 2035 | 95,000 | 10,800.00 | 105,800.00 |
| 2036 | 100,000 | 7,000.00 | 107,000.00 |
| 2037 | 75,000 | 3,000.00 | 78,000.00 |
| TOTALS | \$ 2,860,000 | \$ 729,200.00 | \$ 3,589,200.00 |

Note: The totals above do not include Lease Liabilities. See "Lease Liability" herein.

CURRENT BONDS OUTSTANDING

| Fiscal Year Ending June 30th | 2023 Capital Project | | |
|------------------------------------|-------------------------|---------------|-----------------|
| | Principal | Interest | Total |
| 2025 | \$ 215,000 | \$ 114,400.00 | \$ 329,400.00 |
| 2026 | 225,000 | 105,800.00 | 330,800.00 |
| 2027 | 235,000 | 96,800.00 | 331,800.00 |
| 2028 | 245,000 | 87,400.00 | 332,400.00 |
| 2029 | 255,000 | 77,600.00 | 332,600.00 |
| 2030 | 265,000 | 67,400.00 | 332,400.00 |
| 2031 | 275,000 | 56,800.00 | 331,800.00 |
| 2032 | 290,000 | 45,800.00 | 335,800.00 |
| 2033 | 300,000 | 34,200.00 | 334,200.00 |
| 2034 | 285,000 | 22,200.00 | 307,200.00 |
| 2035 | 95,000 | 10,800.00 | 105,800.00 |
| 2036 | 100,000 | 7,000.00 | 107,000.00 |
| 2037 | 75,000 | 3,000.00 | 78,000.00 |
| TOTALS | \$ 2,860,000 | \$ 726,200.00 | \$ 3,589,200.00 |

MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

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WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

JUNE 30, 2024

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

FINANCIAL REPORT
AUDITED

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
For the Year Ended June 30, 2024

Audited for:

Board of Education

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT



Audited By:

RBT CPAs, LLP
4071 Route 9, Stop 1
Hudson, NY 12534
(518) 828-4616

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT

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LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

INDEPENDENT AUDITOR'S REPORT

Board of Education
Webutuck (Northeast) Central School District
194 Haight Road
PO Box 405
Amenia, NY 12501

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Webutuck (Northeast) 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* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's 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.

Auditor's 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 auditor's 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, schedule of changes in the District's total OPEB liability and related ratios, schedule of the District's proportionate share of the net pension asset/(liability) and related ratios, schedule of employer contributions and schedule of revenues and expenditures compared to budget, on pages 4 through 11 and pages 50 through 53 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 combining nonmajor fund financial statements, schedule of indebtedness and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements* for Federal Awards, are presented for purpose of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the 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 combining nonmajor fund financial statements, the schedule of indebtedness and schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the Schedule of Change from Adopted Budget to Final Budget and Section 1318 Real Property Tax Law Limit Calculation, Capital Projects Fund – Project Length Schedule, and the Schedule of Net Investment in Capital Assets but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 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 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.

RBT CPAs, LLP

Hudson, NY

October 7, 2024

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

The accompanying discussion and analysis of the Webutuck (Northeast) Central School District's ("the District") financial performance has been prepared to provide an overview of the District's financial activities for the year ended June 30, 2024. The discussion and analysis is only an introduction and should be read in conjunction with the District's financial statements.

Financial Highlights

- New York State Law limits the amount of unassigned fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$4,233,680. This amount was not within the statutory limit.
- As of the close of the current fiscal year, the District's governmental fund financial statements report a combined ending fund balance of \$10,656,075, a decrease of \$1,977,256 during the current fiscal year. This decrease is due largely to the increase in instruction and pupil transportation and debt principal expenditures.
- On the district-wide financial statements, the liabilities and deferred inflows of resources of the District exceeded assets and deferred outflows of resources at the close of its most recent fiscal year by \$(16,557,996). The District's total net position increased by \$626,017 for the year ended June 30, 2024. This is mainly a result of substantial decrease in the deferred inflows from pensions and deferred inflows from Other Postemployment Benefits ("OPEB"), tempered by the increase in the OPEB Liability.
- For the year ending June 30, 2024, the District recorded a liability of \$35,354,768 relating to OPEB. New York State has not authorized any legal mechanism to fund this liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements consist of three components: (1) district-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Basic Financial Statements

The first two statements in the basic financial statements are the district-wide Financial Statements. They provide short and long-term information about the District's financial status.

The next statements are Fund Financial Statements. These statements focus on the activities of the individual part of the District. These statements provide more detail than the district-wide statements. There are two parts to the Fund Financial Statements: (1) the governmental and fiduciary statements and (2) the reconciliations to the district-wide financial statements.

The next section of the financial statements is the notes. The notes to the financial statements explain in detail some of the data contained in those statements.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

District-wide Financial Statements

The district-wide financial statements are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

- The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities and deferred inflows/outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.
- The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.
- The governmental activities of the District include instruction, pupil transportation, cafeteria program and general administrative support.

The district-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

- A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.
- Governmental funds are used to account for essentially the same functions reported as governmental activities in the district-wide financial statements. However, unlike the district-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.
- Because the focus of governmental funds is narrower than that of the district-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the district-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.
- The District maintains six individual governmental funds. The General Fund, Capital Projects Fund, Cafeteria Fund, Debt Service Fund, Miscellaneous Special Revenue Fund and Special Aid Fund are presented in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances and reported as either major or non-major funds.
- The District adopts an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund included in Required Supplementary Information to demonstrate compliance with the budget.
- The Fiduciary Funds (inclusive of student activity funds) are used to account for assets held by the District in an agency capacity on behalf of others. Fiduciary funds are not reflected in the district-wide financial statement because the resources of these funds are not available to support the District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statements section of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the district-wide and fund financial statements.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DISTRICT-WIDE FINANCIAL ANALYSIS

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT'S NET POSITION

| | <u>2024</u> | <u>Restated</u> <u>2023</u> | <u>\$ Change</u> | <u>% Change</u> |
|--|------------------------|--------------------------------|--------------------|-----------------|
| Current Assets | \$ 25,077,570 | \$ 19,601,069 | \$ 5,476,501 | 27.94% |
| Capital Assets and Intangible Right-to-Use Assets, Net | 15,259,605 | 12,628,766 | 2,630,839 | 20.83% |
| Total Assets | <u>40,337,175</u> | <u>32,229,835</u> | <u>8,107,340</u> | <u>25.15%</u> |
| Deferred Outflows of Resources | | | | |
| Pensions | 4,126,204 | 5,385,820 | (1,259,616) | -23.39% |
| Other Postemployment Benefits | 3,713,955 | 5,217,320 | (1,503,365) | -28.81% |
| Total Deferred Outflows of Resources | <u>7,840,159</u> | <u>10,603,140</u> | <u>(2,762,981)</u> | <u>-26.06%</u> |
| Current Liabilities | 14,649,045 | 7,237,239 | 7,411,806 | 102.41% |
| Long-Term Liabilities | 39,868,835 | 38,930,232 | 938,603 | 2.41% |
| Total Liabilities | <u>54,517,880</u> | <u>46,167,471</u> | <u>8,350,409</u> | <u>18.09%</u> |
| Deferred Inflows of Resources | | | | |
| Pensions | 647,431 | 477,697 | 169,734 | 35.53% |
| Other Postemployment Benefits | 9,492,380 | 13,371,805 | (3,879,425) | -29.01% |
| Other | 77,624 | - | 77,624 | - |
| Total Deferred Inflows of Resources | <u>10,217,435</u> | <u>13,849,502</u> | <u>(3,632,067)</u> | <u>-26.23%</u> |
| Net Position: | | | | |
| Net Investment in Capital Assets | (300,870) | 4,389,565 | (4,690,435) | -106.85% |
| Restricted | 8,769,013 | 3,971,736 | 4,797,277 | 120.79% |
| Unrestricted | (25,026,124) | (25,545,299) | 519,175 | 2.03% |
| Total Net Position | <u>\$ (16,557,981)</u> | <u>\$ (17,183,998)</u> | <u>\$ 626,017</u> | <u>3.64%</u> |

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

By far, the largest component of the District's net position, \$8,769,013 reflects those assets subject to external restrictions. (\$300,870) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to the students and, consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The remaining balance is an unrestricted deficit of \$(25,026,124), primarily attributable to the accrual of other postemployment benefit obligations promulgated under the requirements of Governmental Accounting Standards Board Statement No. 75.

In addition, as a requirement of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions and* GASB Statement No. 71, *Pension Transition for Contributions made Subsequent to the Measurement Date*, new items are included in the Statement of Net Position. As of June 30, 2024, the District reported a net pension asset/liability and deferred inflows and outflows as calculated by the New York State Teachers' and Local Employees Retirement systems. This asset/liability and the net deferrals are not in custody of, nor are they accessible by the District. Rather these represent the District's share of the calculated excess/shortfall of the respective retirement systems. Please see Note IX of the financial statements for more information on these pension items.

The negative unrestricted net position balance of \$(25,026,124) continues to be the result of recognizing the liability for Other Postemployment Benefits ("OPEB"), without any legal mechanism to set-aside funds for this liability. For the 2023-2024 fiscal year, this liability increased by a net amount of (\$1,807,204) to a balance of (\$35,354,768).

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

DISTRICT-WIDE FINANCIAL ANALYSIS

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT'S CHANGES IN NET POSITION

| | 2024 | % | Restated 2023 | % | \$ Change | % Change |
|---|------------|---------|------------------|---------|--------------|----------|
| Revenues: | | | | | | |
| Program Revenues: | | | | | | |
| Charges for Services | \$ 24,700 | 1.28% | \$ 65,459 | 3.57% | \$ (40,759) | -62.27% |
| Operating Grants and Contributions | 1,907,425 | 98.72% | 1,770,062 | 96.43% | 137,363 | 7.76% |
| Total Program Revenue | 1,932,125 | 100.00% | 1,835,521 | 100.00% | 96,604 | 5.26% |
| General Revenues: | | | | | | |
| Real Property Taxes | 17,211,099 | 67.53% | 16,498,410 | 64.51% | 712,689 | 4.32% |
| Other Tax Items | 499,273 | 1.96% | 517,874 | 2.03% | (18,601) | -3.59% |
| Use of Money and Property | 887,691 | 3.48% | 356,083 | 1.39% | 531,608 | 149.29% |
| Sales of Property and Compensation for Loss | 360,407 | 1.41% | 2,058,992 | 8.05% | (1,698,585) | -82.50% |
| Miscellaneous | 811,518 | 3.18% | 272,550 | 1.07% | 538,968 | 100.00% |
| State Sources | 5,716,670 | 22.43% | 5,869,019 | 22.95% | (152,349) | -2.60% |
| Total General Revenues | 25,486,658 | 99.99% | 25,572,928 | 100.00% | (86,270) | -0.34% |
| Total Revenues | 27,418,783 | | 27,408,449 | | 10,334 | 0.04% |
| Program Expenses: | | | | | | |
| General Support | 3,915,345 | 14.61% | 3,257,744 | 14.00% | 657,601 | 20.19% |
| Instruction | 19,482,019 | 72.72% | 17,631,706 | 75.75% | 1,850,313 | 10.49% |
| Pupil Transportation | 2,390,875 | 8.92% | 1,736,394 | 7.46% | 654,481 | 37.69% |
| Debt Service | 392,860 | 1.47% | 156,669 | 0.67% | 236,191 | 150.76% |
| School Lunch Program | 611,667 | 2.28% | 493,890 | 2.12% | 117,777 | 23.85% |
| Total Expenses | 26,792,766 | 100.00% | 23,276,403 | 100.00% | \$ 3,516,363 | 15.11% |
| Change in Net Position | \$ 626,017 | | \$ 4,132,046 | | | |

Financial Analysis of the Webutuck (Northeast) Central School District

The major changes from 2023-24 are as follows:

Revenues:

- Operating Grants and Contributions revenue increased by \$137,363 due to an increase in Cafeteria Fund federal aid.
- Real Property Taxes revenue increased by \$712,689 due to an increase in the tax levy.
- Use of Money and Property revenue increased by \$531,608. This was primarily due to insurance recovery for auditorium damage and BAN premium.
- Sales of Property and Compensation for Loss decreased by \$1,698,585 due to the prior year's significant auditorium flood damage insurance recovery revenue.
- Miscellaneous revenue increased by \$538,968 due to Dutchess Educational Health Insurance Consortium premium holiday and refund for BOCES services.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

- State sources decreased by (\$152,349) due to the state decreasing basic lottery aid.

Expenses:

- General Support increased by \$657,601, Instructional Program expenses increased by \$1,850,313 and Pupil Transportation expenses increased by \$654,481 mainly due to an increase in OPEB and ERS and TRS pension systems cost and the allocation of employee benefits based on salaries.

Fund Balance Reporting

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related requirements.

Governmental Funds: The focus of the District's governmental funds is to provide information on near-term inflows, outflows, and balances of usable resources. Such information is useful in assessing the District's financing for spending at the end of the fiscal year.

The District classifies its fund balances into the following categories:

Nonspendable fund balance includes amounts that cannot be spent because they are either not in spendable form (inventories, prepaid amounts, long-term receivables) or they are legally or contractually required to be maintained intact (the corpus of a permanent fund).

Restricted fund balance is reported when constraints placed on the use of the resources are imposed by grantors, contributors, laws or regulations of other governments or imposed by law through enabling legislation. Enabling legislation includes a legally enforceable requirement that these resources be used only for the specific purposes as provided in the legislation. This fund balance classification is used to report funds that are restricted for debt service obligations and for other items contained in General Municipal Law or Education Law of the State of New York.

Committed fund balance is reported for amounts that can only be used for specific purposes pursuant to formal action of the entity's highest level of decision-making authority. The Board of Education is the highest level of decision-making authority for the District that can, by the adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, these funds may only be used for the purpose specified unless the entity removes or changes the purpose by taking the same action that was used to establish the commitment.

Note: According to the Office of the State Comptroller, school districts in New York State will not have committed fund balance to report.

Assigned fund balance, in the General Fund, represents amounts constrained either by the policies of the entity's highest level of decision-making authority or a person with delegated authority from the governing board to assign amounts for a specific intended purpose. Unlike commitments, assignments generally only exist temporarily, in that additional action does not normally have to be taken for the removal of an assignment. An assignment cannot result in a deficit in the unassigned fund balance in the General Fund. Assigned fund balance in all other governmental funds represents any positive remaining amount after classifying non-spendable, restricted or committed fund balance amounts.

Unassigned fund balance, in the General Fund, represents amounts not classified as non-spendable, restricted, committed or assigned. The General Fund is the only fund that would report a positive amount in unassigned fund balance. For all governmental funds other than the General Fund, unassigned fund balance would necessarily be negative, since the fund's liabilities and deferred inflows of resources, together with amounts already classified as non-spendable, restricted and committed would exceed the fund's assets and deferred outflows of resources.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Total Governmental Funds

The focus of the District's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the District's governmental funds, reported combined fund balances of \$10,656,075, an decrease of \$1,977,271 from the prior year. \$2,401,958 constitutes assigned fund balance, all of which is assigned for purchases on order, projects and assigned for fund purpose. \$8,769,013 of fund balance is restricted to indicate that it is not available for new spending because it has already been committed. The restricted fund balance includes restrictions for General Fund employment benefits of \$223,510, for retirement contributions of \$731,038, for unemployment benefits of \$171,638, for tax certiorari of \$891,768, for insurance of \$277,363, for workers compensation of \$70,557, for Capital Projects of \$4,805,278 and for Debt Service of \$1,597,861.

The summary of the combined fund balances are as follows:

| | | |
|--------------|----|-----------|
| Nonspendable | \$ | 36,060 |
| Restricted | \$ | 8,769,013 |
| Assigned | \$ | 2,041,958 |
| Unassigned | \$ | (190,956) |

The General Fund is the primary operating fund of the District. At the end of the current fiscal year, the total fund balance of the General Fund was \$13,316,174 of which \$4,233,680 or 15.65% of the ensuing year's budget was unassigned. As previously mentioned, New York State Law limits the amount of unreserved fund balance that can be retained to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget.

The fund balance of the District's General Fund decreased by \$1,318,645 during the current fiscal year.

General Fund Budgetary Highlights

During the year, the District revised the General Fund budget. Generally, budget amendments fall into one of three categories: (1) amendments made to adjust the estimates that are used to prepare the original budget once exact information is available; (2) amendments made to recognize new funding amounts from external sources, such as Federal and State grants; and (3) increases in appropriations that become necessary to maintain services.

Capital Asset and Debt Administration

Capital Assets: At June 30, 2024, the District had \$15,170,258 net of accumulated depreciation and amortization invested in a broad range of capital assets, including land, vehicles, buildings and improvements, furniture and equipment and construction-in-progress. The change in capital assets, net of accumulated depreciation, is reflected below.

The increase in capital assets during the current fiscal year is a result of that start of a voter approved \$12.5 million capital improvement project.

Debt: As of June 30, 2024, the District had \$15,560,475 in general obligation and other long-term debt outstanding.

More detailed information about the District's capital assets and long-term debt is presented in the notes to the financial statements.

Pension

At June 30, 2024, the District reported a liability of \$627,240 for its proportionate share of the ERS net pension liability. This liability was measured at March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2023. The TRS net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. At June 30, 2024 the District reported a liability of \$510,911 for its proportionate share of the net pension asset of TRS.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
REQUIRED SUPPLEMENTARY INFORMATION
MANAGEMENT'S DISCUSSION AND ANALYSIS**

Factors Bearing on the District's Future

The District financial position continues to be strong. The final portions of the Federal Stimulus Grants are being utilized to upgrade HVAC in the elementary school. The District positioned itself to utilize Federal Stimulus grants for one time funding areas, and short term addition of staff. Any staff which were hired using grant funding which are still in place have transitioned to the District's General Fund Budget. The economic inflationary environment has had an impact on District expenses as it relates to purchasing of supplies and transportation costs. State Aid increased for the District and the tax levy was within the tax cap but this was offset with increases in special education related costs, state mandates and other new requirements put on the District. Although the District saw an increase in their debt obligations related to the financing of the Capital Project, the District's bond rating remained strong. Our student population has continued to increase with families relocating to the District. A large percentage of these new enrolled students are requiring special education and/or other specialized services that add District expenses. Increased costs related to the education of our students with Special Needs has had an impact on instruction costs and pupil transportation costs for out of district placements. The District continues to explore other cost saving services offered through Dutchess County BOCES, which may be aidable. The District's health care costs saw a slight increase with a minimal increase in premiums. Future increases in health care premiums are expected based on market trends. The District continued to focus on the preventative maintenance approach to the up keep of our facilities, to help to reduce unexpected or unplanned large expenditures. The total liability includes the Total OPEB Liability which was \$35,354,768 at June 30, 2024, which is an increase from previous period June 30, 2023.

The District's Curriculum and Instruction focus on the alignment of curriculum in all grades is moving ahead effectively. The introduction of a new reading program at the elementary school grade levels along with the alignment of curriculum has resulted in improved academic performance. The Board of Education's commitment to long range financial planning, coupled with the instructional initiatives are keys to the success of the District's students in the coming years. Continued emphasis on aligning curriculum with technology is key to fostering the growth of the District's success. The District is still seeing learning gaps for students from COVID remote learning, and working to effectively reduce the impact. The North East Community Center is a strong District partner offering afterschool services and other community related services to students and families within the District. The District was approved for the Community Eligibility Program to provide free breakfast and lunch for all students, which helps to assist with growing food insecurities among our District families.

The District has contracts in place for collective bargaining units, CSEA, and WTA contracts expire in 2025. The District is engaged in active negotiations with both the CSEA and WTA for new contracts. The contract for the Webutuck Administrative Council will expire on June 30, 2026. The District is in the middle of \$12,560,000 Capital Project with many components to improve overall facilities of the District. The project is expected to be completed late in the 4th quarter of 2024. This current Capital Project is an end result of the District's Building Condition Survey completed in January of 2021 and the District's 5-Year Capital Plan.

Requests for Information

This financial report is designed to provide a general overview of the District's finances for all those with an interest in the District's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

Webutuck (Northeast) Central School District
194 Haight Road
PO Box 405
Amenia, NY 12501

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

| | <u>Primary Government</u> <u>Governmental</u> <u>Activities</u> |
|--|---|
| ASSETS | |
| Cash and Cash Equivalents | \$ 5,782,038 |
| Restricted Cash | 17,959,274 |
| Accounts Receivable | 1,000 |
| State and Federal Aid Receivable | 1,037,596 |
| Due from Other Governments | 261,602 |
| Inventories | 36,060 |
| | <u>25,077,570</u> |
| Capital Assets, not being depreciated | 7,621,632 |
| Capital Assets, being depreciated - net | 7,548,626 |
| Intangible Right to Use Lease Asset | 89,347 |
| Total Capital Assets and Intangible Assets, net (Note VI) | <u>15,259,605</u> |
| Total Assets | <u>40,337,175</u> |
| DEFERRED OUTFLOWS OF RESOURCES | |
| Pension (Note IX) | 4,126,204 |
| Other Postemployment Benefits (Note X) | 3,713,955 |
| Total Deferred Outflows of Resources | <u>7,840,159</u> |
| TOTAL ASSETS AND DEFERRED OUTFLOWS OF RESOURCES | <u>48,177,334</u> |
| LIABILITIES | |
| Accounts Payable | 551,525 |
| Accrued Liabilities | 82,357 |
| Due to Other Governments | 11,537 |
| Due to Pension System | 1,044,523 |
| Other Liabilities | 30,929 |
| Bond Anticipation Notes (Note VII) | 12,623,000 |
| Accrued Interest Payable (Note VIII) | 72,763 |
| Non-Current Liabilities: | |
| Due and Payable Within One Year: | |
| Leases Payable (Note VIII) | 17,411 |
| Bonds Payable (Note VIII) | 215,000 |
| Due and Payable More Than One Year: | |
| Leases Payable (Note VIII) | 60,064 |
| Bonds Payable (Note VIII) | 2,645,000 |
| Compensated Absences Payable (Note VIII) | 670,852 |
| Net Pension Liability-Proportionate Share (Note IX) | 1,138,151 |
| Other Postemployment Benefits (Note X) | 35,354,768 |
| Total Liabilities | <u>54,517,880</u> |
| DEFERRED INFLOWS OF RESOURCES | |
| Pension (Note IX) | 647,431 |
| Other Postemployment Benefits (Note X) | 9,492,380 |
| Deferred Inflows of Resources - Other | 77,624 |
| Total Deferred Inflows of Resources | <u>10,217,435</u> |
| TOTAL LIABILITIES AND DEFERRED INFLOWS OF RESOURCES | <u>64,735,315</u> |
| NET POSITION | |
| Net Investment in Capital Assets | (300,870) |
| Restricted | 8,769,013 |
| Unrestricted | (25,026,124) |
| Total Net Position | <u>\$ (16,557,981)</u> |

See accompanying notes to basic financial statements.

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

| | | Program Revenues | | | Net (Expense) |
|--|------------------------|------------------|---------------------|---------------|------------------------|
| | | Charges for | Operating | Capital | Revenue and |
| | Expenses | Services | Grants and | Grants and | Changes in Net |
| | | | Contributions | Contributions | Position |
| | | | | | Governmental |
| | | | | | Activities |
| <u>FUNCTIONS/PROGRAMS</u> | | | | | |
| Primary Government: | | | | | |
| Governmental Activities: | | | | | |
| General Support | \$ (3,915,345) | \$ - | \$ - | \$ - | \$ (3,915,345) |
| Instruction | (19,482,019) | - | 1,378,351 | - | (18,103,668) |
| Pupil Transportation | (2,390,875) | - | 6,485 | - | (2,384,390) |
| School Lunch Program | (611,667) | 24,700 | 522,589 | - | (64,378) |
| Interest on Debt | (392,860) | - | - | - | (392,860) |
| Total Primary Government | <u>\$ (26,792,766)</u> | <u>\$ 24,700</u> | <u>\$ 1,907,425</u> | <u>\$ -</u> | <u>(24,860,641)</u> |
| General Revenues: | | | | | |
| Real Property Taxes | | | | | 17,211,099 |
| Other Tax Items | | | | | 499,273 |
| Use of Money and Property | | | | | 887,691 |
| Sale of Property and Compensation for Loss | | | | | 360,407 |
| Miscellaneous | | | | | 811,518 |
| State Sources | | | | | <u>5,716,670</u> |
| Total General Revenues | | | | | 25,486,658 |
| Change in Net Position | | | | | <u>626,017</u> |
| Net Position - Beginning, as previously reported | | | | | (17,236,565) |
| Prior Period Adjustment (Note XIII) | | | | | <u>52,567</u> |
| Net Position - Beginning, as restated | | | | | (17,183,998) |
| Net Position - Ending | | | | | <u>\$ (16,557,981)</u> |

See accompanying notes to basic financial statements.

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2024

| | General Fund | Capital Projects Fund | Debt Service Fund | Non-Major Funds | Total Governmental Funds |
|---|---------------------|--------------------------|----------------------|---------------------|--------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 5,412,986 | \$ 12,799 | \$ - | \$ 356,253 | \$ 5,782,038 |
| Restricted Cash | 7,171,152 | - | 10,788,122 | - | 17,959,274 |
| Due from Other Funds | 1,887,735 | 8,611,342 | 8,150 | - | 10,507,227 |
| State and Federal Aid Receivable | 261,659 | - | - | 775,937 | 1,037,596 |
| Due from Other Governments | 261,602 | - | - | - | 261,602 |
| Accounts Receivable | - | 1,000 | - | - | 1,000 |
| Inventories | - | - | - | 36,060 | 36,060 |
| Total Assets | <u>\$14,995,134</u> | <u>\$ 8,625,141</u> | <u>\$10,796,272</u> | <u>\$ 1,168,250</u> | <u>\$35,584,797</u> |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 140,697 | \$ 407,385 | \$ - | \$ 3,443 | \$ 551,525 |
| Accrued Liabilities | 82,247 | - | - | 110 | 82,357 |
| Due to Other Funds | 339,513 | 8,150 | 9,198,411 | 961,153 | 10,507,227 |
| Due to Other Governments | 131 | - | - | 11,406 | 11,537 |
| Due to Teachers' Retirement System | 981,500 | - | - | - | 981,500 |
| Due to Employees' Retirement System | 59,872 | - | - | 3,151 | 63,023 |
| Other Liabilities | - | - | - | 30,929 | 30,929 |
| Bond Anticipation Note Payable | - | 12,623,000 | - | - | 12,623,000 |
| Total Liabilities | <u>1,603,960</u> | <u>13,038,535</u> | <u>9,198,411</u> | <u>1,010,192</u> | <u>24,851,098</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Deferred Inflows of Resources - Other | 75,000 | - | - | 2,624 | 77,624 |
| Total Deferred Inflows of Resources | <u>75,000</u> | <u>-</u> | <u>-</u> | <u>2,624</u> | <u>77,624</u> |
| FUND BALANCES | | | | | |
| Nonspendable | - | - | - | 36,060 | 36,060 |
| Restricted | 7,171,152 | - | 1,597,861 | - | 8,769,013 |
| Assigned | 1,911,342 | - | - | 130,616 | 2,041,958 |
| Unassigned | 4,233,680 | (4,413,394) | - | (11,242) | (190,956) |
| Total Fund Balances | <u>13,316,174</u> | <u>(4,413,394)</u> | <u>1,597,861</u> | <u>155,434</u> | <u>10,656,075</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$14,995,134</u> | <u>\$ 8,625,141</u> | <u>\$10,796,272</u> | <u>\$ 1,168,250</u> | <u>\$35,584,797</u> |

See accompanying notes to basic financial statements.

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE TOTAL GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
JUNE 30, 2024

| | Total Governmental Funds | Long-Term Assets and Liabilities | Reclassifications and Eliminations | Statement of Net Position Totals |
|---|--------------------------------|--|---------------------------------------|-------------------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 5,782,038 | \$ - | \$ - | \$ 5,782,038 |
| Restricted Cash | 17,959,274 | - | - | 17,959,274 |
| Due From Other Funds | 10,507,227 | - | (10,507,227) | - |
| State and Federal Aid Receivable | 1,037,596 | - | - | 1,037,596 |
| Due From Other Governments | 261,602 | - | - | 261,602 |
| Accounts Receivable, Net | 1,000 | - | - | 1,000 |
| Inventories | 36,060 | - | - | 36,060 |
| Capital Assets, net | - | 15,170,258 | - | 15,170,258 |
| Intangible Right to Use Lease Asset | - | 89,347 | - | 89,347 |
| Total Assets | 35,584,797 | 15,259,605 | (10,507,227) | 40,337,175 |
| Deferred Outflows of Resources - Pension ERS | - | 578,961 | - | 578,961 |
| Deferred Outflows of Resources - Pension TRS | - | 3,547,243 | - | 3,547,243 |
| Deferred Outflows of Resources - OPEB | - | 3,713,955 | - | 3,713,955 |
| Total Assets and Deferred Outflows | \$ 35,584,797 | \$ 23,099,764 | \$ (10,507,227) | \$ 48,177,334 |
| LIABILITIES | | | | |
| Accounts Payable | \$ 551,525 | \$ - | \$ - | \$ 551,525 |
| Accrued Liabilities | 82,357 | - | - | 82,357 |
| Due to Other Funds | 10,507,227 | - | (10,507,227) | - |
| Due to Other Governments | 11,537 | - | - | 11,537 |
| Due to Teachers' Retirement System | 981,500 | - | - | 981,500 |
| Due to Employees' Retirement System | 63,023 | - | - | 63,023 |
| Other Liabilities | 30,929 | - | - | 30,929 |
| Bond Anticipation Notes Payable | 12,623,000 | - | - | 12,623,000 |
| Other Postemployment Benefits | - | 35,354,768 | - | 35,354,768 |
| Accrued Interest Payable | - | 72,763 | - | 72,763 |
| Bonds Payable | - | 2,860,000 | - | 2,860,000 |
| Leases Payable | - | 77,475 | - | 77,475 |
| Compensated Absences Payable | - | 670,852 | - | 670,852 |
| TRS Net Pension Liability-Proportionate Share | - | 510,911 | - | 510,911 |
| ERS Net Pension Liability-Proportionate Share | - | 627,240 | - | 627,240 |
| Total Liabilities | 24,851,098 | 40,174,009 | (10,507,227) | 54,517,880 |
| Deferred Inflows of Resources - Pension ERS | - | 374,298 | - | 374,298 |
| Deferred Inflows of Resources - Pension TRS | - | 273,133 | - | 273,133 |
| Deferred Inflows of Resources - OPEB | - | 9,492,380 | - | 9,492,380 |
| Deferred Inflows of Resources - Other | 77,624 | - | - | 77,624 |
| Total Liabilities and Deferred Inflows | 24,928,722 | 50,313,820 | (10,507,227) | 64,735,315 |
| Total Fund Balances/Net Position | 10,656,075 | (27,214,056) | - | (16,557,981) |
| Total Liabilities, Deferred Inflows and Fund Balances/Net Position | \$ 35,584,797 | \$ 23,099,764 | \$ (10,507,227) | \$ 48,177,334 |

See accompanying notes to basic financial statements.

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES -
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

| | General Fund | Capital Projects Fund | Debt Service Fund | Non-Major Funds | Total Governmental Funds |
|--|---------------|--------------------------|----------------------|--------------------|--------------------------------|
| Revenues: | | | | | |
| Real Property Taxes | \$ 17,211,099 | \$ - | \$ - | \$ - | \$ 17,211,099 |
| Other Tax Items | 499,273 | - | - | - | 499,273 |
| Use of Money and Property | 603,509 | - | 178,648 | - | 782,157 |
| Miscellaneous | 766,820 | - | - | 44,698 | 811,518 |
| Sale of Property and Compensation for Loss | 30,495 | 339,513 | - | - | 370,008 |
| State Aid | 5,716,670 | - | - | 399,300 | 6,115,970 |
| Federal Aid | 138,146 | - | - | 1,349,145 | 1,487,291 |
| Surplus Food (Federal Aid) | - | - | - | 20,834 | 20,834 |
| Food Sales | - | - | - | 24,700 | 24,700 |
| Total Revenues | 24,966,012 | 339,513 | 178,648 | 1,838,677 | 27,322,850 |
| Expenditures: | | | | | |
| General Support | 2,901,457 | - | - | - | 2,901,457 |
| Instruction | 12,832,244 | - | - | 1,289,800 | 14,122,044 |
| Pupil Transportation | 1,707,057 | - | - | 30,090 | 1,737,147 |
| Employee Benefits | 6,426,943 | - | - | - | 6,426,943 |
| Debt Service - Principal | 18,573 | - | 606,164 | - | 624,737 |
| Debt Service - Interest | 4,077 | - | 377,320 | - | 381,397 |
| Cost of Sales | - | - | - | 611,667 | 611,667 |
| Capital Outlay | - | 3,094,259 | - | - | 3,094,259 |
| Total Expenditures | 23,890,351 | 3,094,259 | 983,484 | 1,931,557 | 29,899,651 |
| Excess/(Deficiency) of Revenues Over Expenditures | 1,075,661 | (2,754,746) | (804,836) | (92,880) | (2,576,801) |
| Other Financing Sources/(Uses): | | | | | |
| Premium on Bond Issuance | - | - | 105,534 | - | 105,534 |
| Bond Anticipation Note Redeemed from Appropriations | - | 401,164 | - | - | 401,164 |
| Proceeds from Lease Issuance | 92,847 | - | - | - | 92,847 |
| Operating Transfers In | - | 142,885 | 2,154,372 | 189,896 | 2,487,153 |
| Operating Transfers Out | (2,487,153) | - | - | - | (2,487,153) |
| Total Other Financing Sources/(Uses) | (2,394,306) | 544,049 | 2,259,906 | 189,896 | 599,545 |
| Change in Fund Balances | (1,318,645) | (2,210,697) | 1,455,070 | 97,016 | (1,977,256) |
| Fund Balances - Beginning, as previously reported | 14,582,252 | (2,202,697) | 142,791 | 58,418 | 12,580,764 |
| Prior Period Adjustment (Note XIII) | 52,567 | - | - | - | 52,567 |
| Fund Balances - Beginning, as restated | 14,634,819 | (2,202,697) | 142,791 | 58,418 | 12,633,331 |
| Fund Balances - Ending | \$ 13,316,174 | \$ (4,413,394) | \$ 1,597,861 | \$ 155,434 | \$ 10,656,075 |

See accompanying notes to basic financial statements.

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2024

| | Total Governmental Funds | Long-Term Revenue, Expenses | Capital Asset Transactions | Long-Term Debt Transactions | Reclassifications and Eliminations | Statement of Activities Totals |
|--|--------------------------------|-----------------------------------|-------------------------------|--------------------------------|---------------------------------------|-----------------------------------|
| Revenues: | | | | | | |
| Real Property Taxes | \$ 17,211,099 | \$ - | \$ - | \$ - | \$ - | \$ 17,211,099 |
| Other Tax Items | 499,273 | - | - | - | - | 499,273 |
| Use of Money and Property | 782,157 | - | - | - | 105,534 | 887,691 |
| Miscellaneous | 811,518 | - | - | - | - | 811,518 |
| Sale of Property and Compensation for Loss | 370,008 | - | (9,601) | - | - | 360,407 |
| State Aid | 6,115,970 | - | - | - | - | 6,115,970 |
| Federal Aid | 1,487,291 | - | - | - | - | 1,487,291 |
| Surplus Food (Federal Aid) | 20,834 | - | - | - | - | 20,834 |
| Food Sales | 24,700 | - | - | - | - | 24,700 |
| Total Revenues | 27,322,850 | - | (9,601) | - | 105,534 | 27,418,783 |
| Expenditures: | | | | | | |
| General Support | 2,901,457 | (2,576) | (38,304) | - | 1,054,768 | 3,915,345 |
| Instruction | 14,122,044 | 140,965 | 304,082 | - | 4,914,928 | 19,482,019 |
| Pupil Transportation | 1,737,147 | (18,850) | 188,041 | - | 484,537 | 2,390,875 |
| Employee Benefits | 6,426,943 | 27,290 | - | - | (6,454,233) | - |
| Debt Service - Principal | 624,737 | - | - | (223,573) | (401,164) | - |
| Debt Service - Interest | 381,397 | - | - | 11,463 | - | 392,860 |
| Cost of Sales | 611,667 | - | - | - | - | 611,667 |
| Capital Outlay | 3,094,259 | - | (3,094,259) | - | - | - |
| Total Expenditures | 29,899,651 | 146,829 | (2,640,440) | (212,110) | (401,164) | 26,792,766 |
| Excess/(Deficiency) of Revenues Over Expenditures | (2,576,801) | (146,829) | 2,630,839 | 212,110 | 506,698 | 626,017 |
| Other Financing Sources/(Uses) | | | | | | |
| Premium on Bond Issuance | 105,534 | - | - | - | (105,534) | - |
| Bond Anticipation Note Redeemed from Appropriations | 401,164 | - | - | - | (401,164) | - |
| Proceeds from Lease Issuance | 92,847 | - | - | (92,847) | - | - |
| Operating Transfers In | 2,487,153 | - | - | - | (2,487,153) | - |
| Operating Transfers Out | (2,487,153) | - | - | - | 2,487,153 | - |
| Total Other Financing Sources/(Uses) | 599,545 | - | - | (92,847) | (506,698) | - |
| Change in Fund Balances | \$ (1,977,256) | \$ (146,829) | \$ 2,630,839 | \$ 119,263 | \$ - | \$ 626,017 |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

| | Private Purpose Trusts | Other Custodial Funds |
|------------------------------------|------------------------------|--------------------------|
| ASSETS | | |
| Cash and Cash Equivalents | \$ 25,454 | \$ 31,858 |
| Due from Other Funds | 2,959 | - |
| Investments | 27,022 | |
| | | |
| Total Assets | <u>\$ 55,435</u> | <u>\$ 31,858</u> |
| LIABILITIES | | |
| Due to Other Funds | \$ 2,959 | \$ - |
| | | |
| Total Liabilities | <u>2,959</u> | <u>-</u> |
| NET POSITION | | |
| Unrestricted (Deficit) | <u>52,476</u> | <u>31,858</u> |
| | | |
| Total Liabilities and Net Position | <u>\$ 55,435</u> | <u>\$ 31,858</u> |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FOR THE YEAR ENDED JUNE 30, 2024

| | Private Purpose Trusts | Other Custodial Funds |
|--|------------------------------|--------------------------|
| ADDITIONS | | |
| Contributions | \$ 844 | \$ 68,300 |
| Interest | 284 | 117 |
| Total Additions | 1,128 | 68,417 |
| DEDUCTIONS | | |
| Other Custodial Activities | - | 64,335 |
| Total Deductions | - | 64,335 |
| Change in Fiduciary Net Position | 1,128 | 4,082 |
| Net Position - Beginning, as Previously Reported | 51,633 | 27,776 |
| Prior Period Adjustment (Note XIII) | (285) | - |
| Net Position - Beginning, as Restated | 51,348 | 27,776 |
| Net Position - End of Year | \$ 52,476 | \$ 31,858 |

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES

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

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

A. Reporting Entity

The 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 7 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*, GASB 61, *The Financial Reporting Entity: Omnibus an Amendment of GASB No. 14 and No. 39* and GASB Statement 80 - *Blending Requirements for Certain Component Units an amendment of GASB Statement No. 14*. 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 its component unit 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, there are no other entities included in the District's reporting entity.

B. Joint Venture

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

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

In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

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

During the year, the District was billed \$2,999,716 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$349,172.

The financial statements for the BOCES are available from the BOCES administrative office.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

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 non-exchange transactions.

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

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of 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. Fund Financial Statements

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

a. 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.

b. Capital Projects Funds:

These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

c. Debt Service Fund:

These fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities.

3. The District reports the following non-major governmental funds:

Special Revenue Funds:

These funds are used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes. Special revenue funds include the following funds.

i. Special Aid Fund:

These funds are used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or Local grants.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

C. Basis of Presentation - continued

ii. Cafeteria Fund:

Cafeteria Fund is used to account for transactions of lunch, breakfast, and milk programs.

iii. Miscellaneous Special Revenue Fund:

A Miscellaneous Special Revenue Fund used to account for and report those revenues that are restricted or committed to expenditures for specified purposes.

4. The District reports the following fiduciary funds:

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

a. Private Purpose Trust Funds:

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

b. Custodial Funds:

These funds are strictly custodial in nature and are not required to be reported in pension and other employee benefit trust funds, investment trust funds or private purpose trust fund.

Extraclassroom Activity Funds

The District accounts for assets held as an agent for various student organizations in a Custodial Fund. 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 obtained from the District's business office.

D. Measurement Focus and Basis of Accounting

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

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

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

D. Measurement Focus and Basis of Accounting - continued

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 60 days after the end of the fiscal year, including real property taxes.

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

E. Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposits not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value.

F. Risk Disclosure

Interest Rate Risk - Interest rate risk is the risk that the government will incur losses in fair value caused by changing interest rates. The District does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from changing interest rates. Generally, the District does not invest in any long-term investment obligations.

Custodial Credit Risk - Custodial credit risk is the risk that, in the event of a bank failure, the District's deposits may not be returned to it. GASB Statement No. 40, *Deposit and Investment Risk Disclosures - an amendment of GASB Statement No. 3*, directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either uncollateralized, collateralized by securities held by the pledging financial institution or collateralized by securities held by the pledging financial institution's trust department but not in the District's name.

The District's aggregate bank balances that were not covered by depository insurance were not exposed to custodial credit risk at June 30, 2024.

Credit Risk - Credit risk is the risk that an issuer or other counterparty will not fulfill its specific obligation even without the entity's complete failure. The District does not have a formal credit risk policy other than restrictions to obligations allowable under General Municipal Law of the State of New York.

Concentration of Credit Risk - Concentration of credit risk is the risk attributed to the magnitude of a government's investments in a single issuer. The District's investment policy limits the amount on deposit at each of its banking institutions.

G. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1st and become a lien on August 7th. Taxes are collected during the period September 1st to October 31st.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

G. Property Taxes - continued

Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. 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 1st.

In June of 2011, New York State passed Chapter 97 of the Laws of 2011 ("Tax Cap Law"). This law applies to all local governments in New York State. The Tax Cap Law restricts the amount of real property taxes that may be levied by the District in a particular year, beginning with the 2012 fiscal year.

The growth in annual levy is limited to the lesser of two percent or annual change in the national unadjusted Consumer Price Index for All Urban Consumers – All Items ("CPI-U"), subject to certain limited exceptions and adjustments.

H. 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.

I. Other Receivables

Other receivables include amounts due from other governments and individuals for services provided by the District. Receivables are recorded and revenues recognized as earned or as specific program expenditures are incurred. Allowances are recorded when appropriate.

J. Inventories and Prepaid Items

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

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

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

K. 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 financial or other services.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

K. 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 V for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

L. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the district-wide financial statements and their use is limited by applicable bond covenants.

M. Capital and Intangible Assets

Capital assets are reported at actual cost for acquisitions. Donated assets are reported at estimated fair market value at the time received.

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

| | Capitalization Threshold | Depreciation Method | Estimated Useful Life |
|-------------------------|-----------------------------|------------------------|--------------------------|
| Site Improvements | \$ 1,000 | Straight-Line | 15 - 25 years |
| Buildings | \$ 1,000 | Straight-Line | 15 - 25 years |
| Machinery and Equipment | \$ 1,000 | Straight-Line | 3 - 20 years |
| Vehicles | \$ 1,000 | Straight-Line | 5 years |

Intangible Right-to-Use Lessee Assets

The District is a lessee for various noncancellable leases of equipment, and other assets. For leases with a maximum possible term of 12 months or less at commencement (short-term), the District recognizes lease expense based on the provisions of the lease agreement in the Statements of Revenues, Expenses, and Changes in Net Position. For all other leases, the District recognizes a lease liability and an intangible right-to-use leased asset in the Statements of Net Position. For those lease/purchase contracts executed with BOCES, BOCES retains a right of return which is enforceable at BOCES discretion.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. Certain lease contracts allow for one-time payments.

The leased asset is initially measured at the amount of the lease liability, and as applicable, less lease payments made on or before the lease commencement date, plus any initial direct costs ancillary to placing the underlying asset into service, less any lease incentives received at or before the lease commencement date. Subsequently, the leased asset is amortized on a straight-line basis over the shorter of the lease term or the useful life of the underlying asset. A full month of amortization is calculated in the month the leased asset is placed in service. If the District is reasonably certain of exercising a purchase option contained in a lease, the leased asset is amortized over the useful life of the underlying asset.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

M. Capital and Intangible Assets – continued

The following key estimates and judgments are used by the District to determine the following:

Discount rate: The District generally uses an incremental borrowing rate as the discount rate to calculate the present value of the expected lease payments unless the rate that the lessor charges is known. Since the District's are not actively traded, the District's determines its incremental borrowing rate by using observable inputs from yield curves from similar entities with similar ratings.

Lease term: The lease term includes the noncancelable period of the lease, plus periods covered by either a District or lessor unilateral option to 1) extend when it is reasonably certain to be exercised, or 2) terminate when it is reasonably certain not to be exercised. Periods in which the District and the lessor have an option to terminate or those that are covered by a bilateral option, where both parties must agree, are excluded from the lease term.

Lease payments: Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option prices that the District is reasonably certain to exercise.

The District monitors changes in circumstances that may require a remeasurement of a lease arrangement. When certain changes occur that are expected to significantly affect the amount of the lease liability, the liability is remeasured, and a corresponding adjustment is made to the lease asset.

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. This separate financial statement element represents a consumption of net position that applies to a future period and, therefore, will not be recognized as an outflow of resources (expense/expenditure) until then.

The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and differences 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 item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and, therefore, 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 arises only under a modified accrual basis of accounting and is reported as unavailable revenue. The second item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability or asset (TRS and ERS System) and differences during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

O. Vested Employee Benefits

The 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.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave use is based on a last-in first-out ("LIFO") basis.

Upon retirement or death, employees may receive a payment based on unused accumulated sick leave, based on contractual provisions.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, an accrual for accumulated sick leave is included in the compensated absences liability in the district-wide financial statements. The compensated absences liability is calculated based on the rates in effect at year-end as defined in the contractual bargaining agreement.

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

P. Other Benefits

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

In addition to providing pension benefits, the District provides health insurance coverage and survivor benefits for retired employees and their survivors in accordance with various employment contracts. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District and have completed 10 years of continuous service. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. Some costs of providing post-retirement benefits are shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of the insurance premiums as expenditure or operating transfer to other funds in the General Fund in the year paid.

Q. Unearned Revenue

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

Statutes provide the authority for the District to levy taxes to be used to finance expenditures within the first 120 days of the succeeding fiscal year. Consequently, when applicable, such amounts are recognized as revenue in the subsequent fiscal year, rather than when measurable and available.

R. Restricted Resources

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

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

S. Estimates

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

T. 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 an insufficient or no provision is made in the annual budget. The budget note must be repaid not 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.

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

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

V. Fund Balance

Generally, fund balance represents the difference between current assets and deferred outflows of resources, and current liabilities and deferred inflows of resources. In the fund financial statements, governmental funds report fund classifications that comprise a hierarchy based primarily on the extent to which the District is bound to honor constraints on the specific purposes for which amounts in those funds can be spent.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

W. Equity Classifications

1. District-Wide Statements:

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

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

b. *Restricted Net Position* – reports net position when constraints placed on the position 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.

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

2. Fund Statements:

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

a. *Non-Spendable Fund Balance* – includes amounts that cannot be spent because they are not in spendable form or legally or contractually required to be maintained intact.

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

i. Capital/Technology:

According to Education Law §3651, restricted fund balances must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditures 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.

ii. Employee Benefit Accrued Liability:

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

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

W. Equity Classifications - continued

iii. Insurance:

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

iv. Retirement Contributions:

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund 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 operations and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. 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 a 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.

v. Tax Certiorari:

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

vi. Unemployment Insurance:

According to General Municipal Law §6-m, this reserve fund 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.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

W. Equity Classifications - continued

vii. Workers' Compensation:

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

viii. Debt Service Reserve Fund:

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

Restricted fund balance includes the following:

General Fund:

| | |
|---------------------------------------|---------------------|
| Employee Benefits Accrued Liability | \$ 223,510 |
| Retirement Contribution Reserve - ERS | 77,804 |
| Retirement Contribution Reserve - TRS | 653,234 |
| Unemployment Insurance | 171,638 |
| Workers Compensation | 70,557 |
| Insurance Reserve | 277,363 |
| Tax Certiorari | 891,768 |
| Capital Reserve | 4,805,278 |
| Total Restricted Funds | <u>\$ 7,171,152</u> |

c. *Committed* – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2024.

d. *Assigned* – Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$11,342. Amounts assigned to the reduction of the 2024-2025 tax levy is \$1,900,000.

e. *Unassigned* – Includes all other General Fund net assets that do not meet the definition of the above four classifications and are deemed to be available for general use by the District. In funds other than the General Fund, this classification should only be used to report a deficit balance.

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

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICES - CONTINUED

W. Equity Classifications - continued

3. Order of Use of Fund Balance:

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

X. Subsequent Events

Management has evaluated subsequent events for disclosure and /or recognition in the financial statements through the date that the financial statements were available to be issued, which date is October 7, 2024.

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS
STATEMENTS AND DISTRICT-WIDE STATEMENTS**

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

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

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

The basic financial statements contain a detailed reconciliation of the items creating the differences between fund balance reported in the Governmental Fund Statements and Net Position reported on the Statement of Net Position.

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

| | |
|---------------------------------|----------------------|
| Original Cost of Capital Assets | \$ 40,125,653 |
| Accumulated Depreciation | (24,955,395) |
| Capital Assets, Net | <u>\$ 15,170,258</u> |

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS
STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED**

A. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities – continued

- (2) The government funds do not include long-term liabilities because they are not due and payable in the current period. However, the liabilities are reported in the Statement of Net Position because they represent economic liabilities. Balances at year end were:

| | |
|-------------------------------|----------------------|
| Bonds Payable | \$ 2,860,000 |
| Leases Payable | 77,475 |
| Compensated Absences Payable | 670,852 |
| TRS Net Pension Liability | 510,911 |
| ERS Net Pension Liability | 627,240 |
| Other Postemployment Benefits | 35,354,768 |
| | <u>\$ 40,101,246</u> |

- (3) Deferred outflows and inflows of resources are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

| | |
|--------------------------------|---------------------|
| Deferred Outflows of Resources | <u>\$ 7,840,159</u> |
|--------------------------------|---------------------|

| | |
|-------------------------------|----------------------|
| Deferred Inflows of Resources | <u>\$ 10,139,811</u> |
|-------------------------------|----------------------|

- (4) Interest payable is recognized in the entity wide statements under full accrual accounting. No accrual is recognized in the governmental fund statements for interest that was not paid from current financial resources.

| | |
|-----------------------------------|------------------|
| Interest Payable at June 30, 2024 | <u>\$ 72,763</u> |
|-----------------------------------|------------------|

- (5) The governmental funds do not report long-term assets because they are not current financial resources. However, they reported in the statements of Net Position because they represent economic assets.

| | |
|---|------------------|
| Original Intangible Right to Use Assets | \$ 810,483 |
| Accumulated Amortization | (721,136) |
| Intangible Right to Use Assets, Net | <u>\$ 89,347</u> |

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:

1. Long-Term Revenue/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.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

**II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS
STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED**

**B. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities -
continued**

2. Capital Related Differences:

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

3. Long-Term Debt Transaction Differences:

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

4. Pension Differences:

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

5. OPEB Differences:

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

The basic financial statements contain a detailed reconciliation of the items creating the differences between the change in fund balance reported in the governmental fund statements and change in net position reported in the Statement of Activities.

Total Revenues and Other Funding Sources

| | |
|--|-----------------------------|
| Total revenues reported in governmental funds | \$ 27,322,850 |
| Loss on disposal of assets | (9,601) |
| BAN premium | 105,534 |
| Total revenues reported in the Statement of Activities | <u><u>\$ 27,418,783</u></u> |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

II. EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUNDS STATEMENTS AND DISTRICT-WIDE STATEMENTS – CONTINUED

B. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities - continued

| <u>Total Expenditures/Expenses</u> | |
|--|----------------------|
| Total expenditures reported in governmental funds | \$ 29,899,651 |
| In the Statement of Activities, certain operating expenses (compensated absences) are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid.) This is the amount by which the liability for compensated absences decreased during the year. | 27,290 |
| In the Statement of Activities, the expenses for other postemployment benefits are measured based on the change in the actuarially determined OPEB liability and related deferred inflows/outflows of resources of the School District. In the governmental funds, however, these expenditures are measured by the amount of financial resources used (essentially the amounts paid). This is the amount by which OPEB expense was less than the amount of financial resources used during the year. | (568,856) |
| In the Statement of Activities, pension expense related to ERS and TRS defined benefit plans is measured as the change in the School District's proportionate shares of the net pension assets, liabilities, deferred inflows, and deferred outflows as of the measurement dates for each plan. In the governmental funds however, these expenditures are recognized equal to the total of (1) amounts paid by the employer to the pension plan and (2) the change between beginning and ending balances of amounts normally expected to be liquidated with expendable available financial resources. This is the amount by which the amount of pension expense during the year exceeded financial resources expended. | 688,395 |
| Interest payable is recognized in the government-wide statements under full accrual accounting whereas it is recognized when paid in the governmental fund statements. This is the amount by which interest payable for the current year exceeds the interest payable for the prior year. | 11,463 |
| When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the year they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation expense of \$658,620 in the current year was less than capital expenditures of \$3,219,175. | (2,561,242) |
| Repayment of debt is an expenditure in the governmental funds, but reduces long-term liabilities in the Statement of Net Position, and does not affect the Statement of Activities. | (606,164) |
| Lease proceeds to enter into agreement for the use of space and equipment are reported in the governmental funds as expenditures. However, for governmental activities, those costs are capitalized and allocated over their estimated useful lives as amortization expenses in the Statement of Activities. This is the amount by which amortization expenses of \$30,977 in the current year was less than the lease payments of \$110,175. | (79,198) |
| Repayment of lease principal is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities. | (18,573) |
| Total expenses reported in the Statement of Activities | <u>\$ 26,792,766</u> |

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

III. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

A. Budgetary Procedures and Budgetary Accounting

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

-- 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 will lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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.

Supplemental appropriations occurred during the year and are detailed below:

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

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

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

1. 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.

2. The District's unreserved undesignated fund balance was in excess of New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year. The District intends to take actions to pursue this issue. The District's unreserve undesignated fund balance was 33.20% of the District's budget for the upcoming year.

IV. CASH AND CASH EQUIVALENTS

At June 30, 2024, the carrying amount of the District's deposit (cash, certificates of deposits and interest-bearing savings accounts) was \$19,033,265, and the bank balance was \$24,214,700. The District's deposits at June 30, 2024, and during the year then ended, were covered by FDIC or by pledged collateral held by the District's agent bank in the District's name. 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.

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 include \$17,481,254 within the governmental funds and \$-0- in the fiduciary funds.

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

V. INTERFUND ACTIVITY

The interfund receivables and payables at June 30, 2024 were as follows:

| <u>Funds</u> | <u>Interfund Receivables</u> | <u>Interfund Payables</u> |
|------------------|----------------------------------|-------------------------------|
| General | 1,887,735 | \$ 339,513 |
| Capital Projects | 8,611,342 | 8,150 |
| Special Aid | - | 960,430 |
| Debt Service | 8,150 | 9,198,411 |
| Cafeteria | - | 723 |
| | <u>10,507,227</u> | <u>10,507,227</u> |
| Fiduciary | 2,959 | 2,959 |
| TOTAL | <u><u>\$ 10,510,186</u></u> | <u><u>\$ 10,510,186</u></u> |

The outstanding balances between funds result mainly from the time lag between the dates that 1) interfund goods and services are provided or reimbursable expenditures occur, 2) transactions are recorded in the accounting system and 3) payments between funds are made.

| <u>Funds</u> | <u>Transfers In</u> | <u>Transfers Out</u> |
|------------------|----------------------------|----------------------------|
| General | \$ - | \$ 2,487,153 |
| Capital Projects | 142,885 | - |
| Special Aid | 39,896 | - |
| Debt Service | 2,154,372 | - |
| Cafeteria | 150,000 | - |
| | <u>2,487,153</u> | <u>-</u> |
| TOTAL | <u><u>\$ 2,487,153</u></u> | <u><u>\$ 2,487,153</u></u> |

In the normal course of its operations, the District budgets for and transfers monies between funds for budgeted purposes. Transfers from the General Fund represent transferring the District's 20% share of the Special Aid Fund's Summer Handicapped Program and transfers to the Capital Fund represent voter authorized capital items such as construction and bus purchases and transfers to the Cafeteria Fund for budgeted support.

Additional loans will occur between funds to mitigate the effects of cash flow, such as in the Special Aid Fund where-in project advances generally do not keep pace with costs and the General Fund has to "loan" cash dollars to run the programs. In the case of the Capital Fund, loans will occur in advance of obtaining the final funding through bond proceeds. In addition, in the case of the Capital Fund, interest earned on borrowed funds becomes payable to the Debt Service Fund for the future reduction of debt service payments. All interfund payables are expected to be repaid within one year.

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

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

VI. CAPITAL AND INTANGIBLE ASSETS

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

| | Beginning Balance | Increases | Decreases | Ending Balance |
|---|----------------------|--------------|------------|-------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | \$ 85,000 | \$ - | \$ - | \$ 85,000 |
| Construction in Progress | 4,735,533 | 2,801,099 | - | 7,536,632 |
| Total capital assets, not being depreciated | 4,820,533 | 2,801,099 | - | 7,621,632 |
| Capital assets, being depreciated: | | | | |
| Buildings and Improvements | 26,978,400 | 44,331 | - | 27,022,731 |
| Furniture and Equipment | 2,980,053 | 38,897 | (2,430) | 3,016,520 |
| Vehicles | 2,208,528 | 335,535 | (79,293) | 2,464,770 |
| Total capital assets being depreciated | 32,166,981 | 418,763 | (81,723) | 32,504,021 |
| Accumulated depreciation for: | | | | |
| Buildings and Improvements | (20,815,249) | (164,527) | - | (20,979,776) |
| Furniture and Equipment | (2,189,955) | (292,591) | 2,430 | (2,480,116) |
| Vehicles | (1,363,693) | (201,502) | 69,692 | (1,495,503) |
| Total accumulated depreciation | (24,368,897) | (658,620) | 72,122 | (24,955,395) |
| Total capital assets, being depreciated, net | 7,798,084 | (239,857) | (9,601) | 7,548,626 |
| Governmental activities capital assets, net | 12,618,617 | 2,561,242 | (9,601) | 15,170,258 |
| Intangible Right to Use Lease Assets: | | | | |
| Leased Equipment | 715,201 | 110,175 | (14,893) | 810,483 |
| Less Accumulated Amortization | (705,052) | (30,977) | 14,893 | (721,136) |
| Total Intangible Right to Use Lease Assets, net | 10,149 | 79,198 | - | 89,347 |
| Total Capital Assets and Intangible Assets, net | \$ 12,628,766 | \$ 2,640,440 | \$ (9,601) | \$ 15,259,605 |

Depreciation expense was charged to functions/programs of the District as follows:

| | |
|---------------------------------|-------------------|
| Governmental Activities: | |
| General Government | \$ 18,977 |
| Instruction | 451,602 |
| Transportation | 188,041 |
| Total Depreciation Expense | <u>\$ 658,620</u> |

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

VI. CAPITAL AND INTANGIBLE ASSETS - CONTINUED

Amortization expense was charged to functions/programs of the District as follows:

| | |
|----------------------------|------------------|
| Governmental Activities: | |
| Instruction | \$ 30,977 |
| Total Amortization Expense | <u>\$ 30,977</u> |

VII. SHORT-TERM DEBT

The following is a summary of the District's outstanding bond anticipation notes for the year ended June 30, 2024:

| Description | Date of Issue | Original Borrowing | Interest Rate | Date of Final Maturity | Outstanding Principal 2024 |
|-------------------------------------|------------------|-----------------------|------------------|------------------------------|----------------------------------|
| District-Wide Renovations and Buses | 06/20/24 | \$12,623,000 | 4.00% | 06/20/25 | \$ 12,623,000 |
| | | | TOTAL | | <u>\$ 12,623,000</u> |

Interest expense on short-term debt recorded during the year was:

| | |
|---------------------------------------|-------------------|
| Interest Paid | \$ 256,763 |
| Plus: Interest accrued - current year | 15,563 |
| | <u>\$ 272,326</u> |

VIII. LONG-TERM DEBT

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

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

Serial Bonds

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

Leases Payable

The District leases a variety of network printers and technology equipment from Dutchess County BOCES, with varying interest rates and maturities.

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

VIII. LONG-TERM DEBT – CONTINUED

Noncurrent liability balances and activity are as follows:

| Governmental Activities | Beginning Balance | Issued/ Earned | Redeemed/ Paid | Ending Balance | Current Portion |
|-------------------------------|----------------------|---------------------|---------------------|----------------------|--------------------|
| Serial Bonds | \$ 3,065,000 | \$ - | \$ (205,000) | \$ 2,860,000 | \$ 215,000 |
| Leases Payable | 3,201 | 92,847 | (18,573) | 77,475 | 17,411 |
| Other liabilities: | | | | | |
| Compensated Absences Payable | 643,562 | 27,290 | - | 670,852 | - |
| ERS Pension Liability | 1,018,268 | - | (391,028) | 627,240 | - |
| TRS Pension Liability | 860,838 | - | (349,927) | 510,911 | - |
| Other Postemployment Benefits | 33,547,564 | 1,807,204 | - | 35,354,768 | - |
| Total long-term liabilities | <u>\$ 39,138,433</u> | <u>\$ 1,927,341</u> | <u>\$ (964,528)</u> | <u>\$ 40,101,246</u> | <u>\$ 232,411</u> |

Activity for compensated absences is shown at net due to the impracticality of determining these amounts separately. Payments of compensated absences are dependent upon future factors and, therefore, the timing of such payments cannot be determined. Compensated absences are reflected as a long-term liability in the Statement of Net Position.

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

| Description of Issue | Issue Date | Final Maturity | Interest Rate | Outstanding at 06/30/2024 |
|----------------------|------------|----------------|---------------|------------------------------|
| Serial Bonds: | | | | |
| Reconstruction | 2022 | 2037 | 4.00% | <u>\$ 2,860,000</u> |
| Leases Payable: | | | | |
| 2019 SMART Boards | 2024 | 2029 | 5.46% | <u>\$ 77,475</u> |

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

| | Principal | Interest | Total |
|-----------|---------------------|-------------------|---------------------|
| 2025 | \$ 215,000 | \$ 114,400 | \$ 329,400 |
| 2026 | 225,000 | 105,800 | 330,800 |
| 2027 | 235,000 | 96,800 | 331,800 |
| 2028 | 245,000 | 87,400 | 332,400 |
| 2029 | 255,000 | 77,600 | 332,600 |
| 2029-2033 | 1,415,000 | 226,400 | 1,641,400 |
| 2034-2037 | 270,000 | 2,080 | 272,080 |
| Total | <u>\$ 2,860,000</u> | <u>\$ 710,480</u> | <u>\$ 3,570,480</u> |

The following is a summary of the maturity of the Lease Payable

| | Total | | |
|--------|------------------|-----------------|------------------|
| | Principal | Interest | Total |
| 2025 | \$ 17,411 | \$ 3,799 | \$ 21,210 |
| 2026 | 18,386 | 2,824 | 21,210 |
| 2027 | 19,416 | 1,794 | 21,210 |
| 2028 | 20,503 | 707 | 21,210 |
| 2029 | 1,759 | 8 | 1,767 |
| Totals | <u>\$ 77,475</u> | <u>\$ 9,132</u> | <u>\$ 86,607</u> |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

VIII. LONG-TERM DEBT – CONTINUED

Interest expense on long-term recorded during the year was:

| | |
|---------------------------------------|-------------------|
| Interest Paid | \$ 124,634 |
| Less: Interest accrued - prior year | (61,300) |
| Plus: Interest accrued - current year | <u>57,200</u> |
| | <u>\$ 120,534</u> |

IX. PENSION PLANS

Plan Description

The District participates in the New York State and Local Employees' Retirement System ("ERS"). This is a cost-sharing, multiple-employer defined benefit pension plan. ERS provides retirement benefits as well as death and disability benefits. The net position of the ERS is held in the New York State Common Retirement Fund ("Fund"), which was established to hold all assets and record changes in fiduciary net position. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the ERS. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. Obligations of employers and employees to contribute and benefits to employees are governed by the New York State Retirement and Social Security Law ("NYSRSSL"). Once a public employer elects to participate in the ERS, 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, which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided may be found at www.osc.state.ny.us/retire/aboutus/financial_statements_index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The District also participates in the New York State Teachers' Retirement System ("TRS"). This is a cost-sharing, multiple-employer defined benefit pension plan. TRS provides retirement benefits as well as death and disability benefits. The TRS is governed by a ten-member Board of Trustees, which sets policy and oversees operations consistent with its fiduciary obligations under applicable law. Obligations of employers and employees to contribute and benefits to employees are governed by the Education Law of the State of New York. Once a public employer elects to participate in the TRS, 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 TRS issues a stand-alone financial report which may be found at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

ERS and TRS are noncontributory for employees who joined the systems before July 27, 1976. Employees who joined the systems after July 27, 1976, and before January 1, 2010, contribute 3% of their salary for the first ten years of membership. Employees who joined the systems after January 1, 2010, generally contribute between 3% and 6% of their salary for their entire length of service. Under the authority of the NYSRSSL, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the ERS's fiscal year ending March 31. Pursuant to Article 11 of the Education Law of the State of New York, actuarially determined employer contributions are established annually for the TRS by its Board of Trustees.

| Plan Year Ended | ERS | TRS |
|-----------------|------------|------------|
| 2024 | \$ 202,325 | \$ 848,488 |
| 2023 | \$ 184,781 | \$ 849,060 |
| 2022 | \$ 239,386 | \$ 778,834 |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

IX. PENSION PLANS – CONTINUED

At June 30, 2024, the District reported the following for its proportionate share of the net pension liability for ERS and TRS:

| | ERS | TRS |
|---|----------------|---------------|
| Measurement Date | March 31, 2024 | June 30, 2023 |
| Net Pension asset/(liability) | \$ (627,240) | \$ (510,911) |
| School District's proportion of the net pension asset/(liability) | 0.00426000% | 0.04467600% |

The net pension asset/(liability) was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS and the total pension liability used to calculate the net pension asset/(liability) was determined by actuarial valuations as of April 1, 2023 and June 30, 2022, respectively. The District's proportion of the net pension liability for ERS was based on a computation of the actuarially determined indexed present value of future compensation by employer relative to the total of all participating members. The District's proportion of the net pension asset for TRS was based on the District's contributions to the pension plan relative to the contributions of all participating members.

For the year ended June 30, 2024, the District recognized pension expense in the district-wide financial statements of \$1,761,258 (\$283,335 for ERS and \$1,477,923 for TRS). Pension expenditures of \$1,074,001 (\$214,767 for ERS and \$859,234 for TRS) were recorded in the fund financial statements and were charged to the General Fund.

At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | | |
|--|-----------------------------------|--------------|--------------|
| | ERS | TRS | Total |
| Differences between expected and actual experience | \$ 202,034 | \$ 1,238,822 | \$ 1,440,856 |
| Changes of assumptions | 237,145 | 1,099,975 | 1,337,120 |
| Net difference between projected and actual earnings on pension plan investments | - | 261,167 | 261,167 |
| Changes in proportion and difference between the District's contributions and proportionate share of contributions | 76,759 | 88,791 | 165,550 |
| District's contributions subsequent to the measurement date | 63,023 | 858,488 | 921,511 |
| Total | \$ 578,961 | \$ 3,547,243 | \$ 4,126,204 |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

IX. PENSION PLANS – CONTINUED

| | Deferred Inflows of Resources | | |
|--|----------------------------------|-------------------|-------------------|
| | <u>ERS</u> | <u>TRS</u> | <u>Total</u> |
| Differences between expected and actual experience | \$ 17,103 | \$ 3,062 | \$ 20,165 |
| Changes of assumptions | - | 239,734 | 239,734 |
| Net difference between projected and actual earnings on pension plan investments | 306,404 | - | 306,404 |
| Changes in proportion and difference between the District's contributions and proportionate share of contributions | 50,791 | 30,337 | 81,128 |
| Total | <u>\$ 374,298</u> | <u>\$ 273,133</u> | <u>\$ 647,431</u> |

Deferred outflows of resources resulting from the District's contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to ERS and TRS will be recognized in pension expense as follows:

| Year Ended: | <u>ERS</u> | <u>TRS</u> |
|-------------|-------------------|---------------------|
| 2024 | \$ - | \$ 243,257 |
| 2025 | (106,019) | (248,560) |
| 2026 | 130,466 | 2,065,276 |
| 2027 | 187,053 | 153,742 |
| 2028 | (69,860) | 124,490 |
| Thereafter | - | 77,417 |
| Total | <u>\$ 141,640</u> | <u>\$ 2,415,622</u> |

The total pension liability for the ERS and TRS measurement dates were determined by using actuarial valuation dates as noted above, with update procedures used to roll forward the total pension liabilities to the measurement dates. Significant actuarial assumptions used in the valuations were as follows:

| Measurement Date | <u>ERS</u> March 31, 2024 | <u>TRS</u> June 30, 2023 |
|----------------------------|--|--|
| Investment Rate of Return | 5.90% compounded annually net of investment expense | 6.95% compounded annually net of investment expense |
| Projected Salary Increases | 4.40% | 1.95%-5.18% |
| Cost of Living Adjustments | 1.5% annually | 1.3% annually |
| Decrement Tables | April 1, 2015 - March 31, 2020 System's Experience Study | July 1, 2015 - June 30, 2020 System's Experience Study |
| Inflation Rate | 2.90% | 2.40% |
| Mortality Improvement | Society of Actuaries Scale MP - 2021 | Society of Actuaries Scale MP - 2021 |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

IX. PENSION PLANS – CONTINUED

For ERS, the long-term expected 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 return, net of investment expenses 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 the target asset allocation percentage and by adding expected inflation.

For TRS, the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (“ASOP”) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

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

| Measurement Date | ERS | | TRS | |
|--|-------------------|--|-------------------|--|
| | March 31, 2024 | | June 30, 2023 | |
| | Target allocation | Long-term expected real rate of return | Target allocation | Long-term expected real rate of return |
| Asset Class: | | | | |
| Domestic Equity | 32% | 4.00% | 33% | 6.80% |
| International Equity | 15% | 6.65% | 15% | 7.60% |
| Private Equity | 10% | 7.25% | 9% | 10.10% |
| Real Estate Equity | 9% | 4.60% | 11% | 6.30% |
| Domestic Fixed Income Securities | 0% | 0.00% | 16% | 2.20% |
| Global Bonds | 0% | 0.00% | 2% | 1.60% |
| High Yield Bonds | 0% | 0.00% | 1% | 4.40% |
| Global Equities | 0% | 0.00% | 4% | 7.20% |
| Private Debt | 0% | 0.00% | 2% | 6.00% |
| Real Estate Debt | 0% | 0.00% | 6% | 3.20% |
| Opportunistic/Absolute Return Strategy | 3% | 5.25% | 0% | 0.00% |
| Credit | 4% | 5.40% | 0% | 0.00% |
| Real Assets | 3% | 5.79% | 0% | 0.00% |
| Fixed Income | 23% | 1.50% | 0% | 0.00% |
| Cash | 1% | 0.25% | 1% | 0.30% |
| Total | 100% | | 100% | |

The discount rate used to calculate the total pension liability was 5.90% 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 determined. Based upon those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The following presents the District's proportionate share of the net pension liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for ERS and 5.95% for TRS) or 1 percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

IX. PENSION PLANS - CONTINUED

| | 1% Decrease 4.90% | Current Assumption 5.90% | 1% Increase 6.90% |
|--|-------------------------|--------------------------------|-------------------------|
| ERS | | | |
| Employer's Proportionate Share of the Net Pension Asset/(Liability) | \$ (1,972,107) | \$ (627,240) | \$ 496,003 |
| TRS | 1% Decrease 5.95% | Current Assumption 6.95% | 1% Increase 7.95% |
| Employer's Proportionate Share of the Net Pension Asset/(Liability) | \$ (7,781,429) | \$ (510,911) | \$ 5,603,909 |

The components of the collective net pension liability as of the March 31, 2024 ERS measurement date and the June 30, 2023 TRS measurement date were as follows.

| | (Dollars in Thousands) | |
|---|------------------------|------------------|
| | ERS | TRS |
| Measurement Date | March 31, 2024 | June 30, 2023 |
| Employers' total pension liability | \$ (240,696,851) | \$ (138,365,122) |
| Plan net position | 225,972,801 | 137,221,537 |
| Employers' net pension asset/(liability) | \$ (14,724,050) | \$ (1,143,585) |
| Ratio of plan net position to the employers' total pension asset/(liability) | 93.88% | 99.17% |

Employer contributions to ERS are paid annually and cover the period through the end of ERS's fiscal year, which is March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employers' contribution rate, by tier. Employee contributions are remitted monthly.

Employer and employee contributions for the year ended June 30, 2024 are paid to TRS in the following fiscal year through a state aid intercept or, if state aid is insufficient, through a payment by the District to TRS. 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 employers' contribution rate plus employee contributions for the fiscal year as reported to TRS.

Accrued retirement contributions as of June 30, 2024 were \$63,023 to ERS and \$981,500 to TRS and were recorded in the General Fund.

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

X. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS (“OPEB”)

Plan Description

The District provides certain health care benefits for retired employees through a single employer defined benefit OPEB plan. The various collective bargaining agreements stipulate the employees covered and the percentage of contribution. Contributions by the District may vary according to length of service. The cost of providing postemployment health care benefits is shared between the District and the retired employee as noted below. Substantially all of the District's employees may become eligible for those benefits if they reach normal retirement age while working for the District. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, so the net OPEB liability is equal to the total OPEB liability. Separate financial statements are not issued for the plan.

At June 30, 2024, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Active Employees | 131 |
| Retirees | 111 |
| Beneficiaries | 1 |
| Spouses of Beneficiaries | 0 |
| Total Employees Covered by Benefit Terms | <u>243</u> |

The District's total OPEB liability of \$33,354,768 was measured as of June 30, 2024 and was determined by an actuarial valuation dated July 1, 2022.

The total OPEB liability as of the June 30, 2024 measurement date was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation Rate | 2.50% |
| Projected Salary Increases, Including Wage Inflation | 2.50% average, including inflation |
| Discount Rate | 3.97% |
| Healthcare Cost Trend Rates | 7.75% decreasing to 4.04% over 55 years |
| Retiree's Share of Benefit Related Costs | 20% to 30% of projected health insurance premiums for retirees |

The discount rate was based on the Fidelity General Obligation 20-year AA Municipal Bond Index.

Mortality rates were based on the Pub-2010 Mortality Table, as appropriate, with adjustments for mortality improvements based on Scale Mp-2021 Mortality Improvement Scale.

The actuarial assumptions used in the July 1, 2022 valuation were based on the results of actuarial experience study released by the ERS and TRS actuaries for the periods April 1, 2015 through March 1, 2020 and July 1, 2015 through June 30, 2020, respectively.

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS**

X. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS ("OPEB") - CONTINUED

The District's change in the total OPEB liability for the year ended June 30, 2024 is as follows:

| | | |
|--|----|-------------------|
| Balance - Beginning | \$ | 33,547,564 |
| Changes for the Year: | | |
| Service Cost | | 1,238,215 |
| Interest | | 1,318,340 |
| Differences Between Expected and Actual Experience | | - |
| Changes in Assumptions or Other Inputs | | 514,456 |
| Benefit Payments | | (1,263,807) |
| Net Changes | | <u>1,807,204</u> |
| Balance - Ending | \$ | <u>35,354,768</u> |

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.97%) or 1 percentage point higher (4.97%) than the current discount rate:

| | 1% Decrease | Discount Rate | 1% Increase |
|----------------------|----------------|------------------|----------------|
| Total OPEB Liability | \$ 41,085,966 | \$ 35,354,768 | \$ 30,736,708 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trends

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (6.75% decreasing to 3.04%) or 1 percentage point higher (8.75% decreasing to 5.04%) than the current healthcare cost trend rates:

| | 1% Decrease | Healthcare Cost Trend Rate | 1% Increase |
|----------------------|----------------|-------------------------------|----------------|
| Total OPEB Liability | \$ 29,717,937 | \$ 35,354,768 | \$ 42,613,832 |

For the year ended June 30, 2024, the District recognized additional OPEB expense of \$568,856 in the district-wide financial statements. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 1,868,024 | \$ (4,401,375) |
| Changes of Assumptions or other inputs | <u>1,845,931</u> | <u>(5,091,005)</u> |
| Total | <u>\$ 3,713,955</u> | <u>\$ (9,492,380)</u> |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

X. OTHER POSTEMPLOYMENT BENEFIT OBLIGATIONS ("OPEB") - CONTINUED

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

| Year Ending June 30, | Amount |
|----------------------|-----------------------|
| 2025 | \$ (1,952,489) |
| 2026 | (2,200,401) |
| 2027 | (1,624,926) |
| 2028 | (321,853) |
| 2029 | 275,898 |
| Thereafter | 45,346 |
| Total | <u>\$ (5,778,425)</u> |

XI. RISK MANAGEMENT:

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

The District participates in Dutchess Educational Health Insurance Consortium, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for its members. The pool obtains independent coverage for insured events and the District has essentially transferred all related risk to the pool.

XII. CONTINGENCIES AND COMMITMENTS

Litigation

There are currently pending certiorari proceedings, the results of which could require the payment of future tax refunds by the District if existing assessment rolls are modified based on the outcome of the litigation proceedings.

Additionally, the District has various cases pending; legal counsel has been appointed. All cases are being vigorously defended. Any future obligations related to such cases are undetermined.

Other

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

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS

XIII. PRIOR PERIOD ADJUSTMENT

Management has adjusted beginning fund balance and opening net position for the reasons described below:

| | Net Position | General Fund | Private Purpose Trust |
|--|------------------------|----------------------|-----------------------|
| Net Position - Beginning, as previously reported | \$ (17,236,565) | \$ 14,582,252 | \$ 51,633 |
| To Adjust Title I School Improvement Grant | 52,567 | 52,567 | - |
| To Adjust Interest Earnings | - | - | (285) |
| Net Position - Beginning, as restated | <u>\$ (17,183,998)</u> | <u>\$ 14,634,819</u> | <u>\$ 51,348</u> |

XIV. NEW ACCOUNTING STANDARDS

In June 2022, GASB issued Statement No. 101, *Compensated Absences*. This statement amends the recognition, measurement, and disclosure requirements for compensated absences. The requirements of this statement are effective for fiscal years beginning after December 15, 2023.

In December 2023, GASB issued Statement No. 102, *Certain Risk Disclosures*. This statement provides users of the financial statements with essential information about risks related to concentrations and constraints. The requirements of this statement are effective for fiscal years beginning after June 15, 2024.

In April 2024, GASB issued Statement No. 103, *Financial Reporting Model Improvements*. This statement improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The statement addresses application issues related to Management's Discussion and Analysis, Unusual or Infrequent Items, Presentation of the Proprietary Fund, Major Component Unit, and Budgetary Comparison Information. The requirements of this statement are effective for fiscal years beginning after June 15, 2025.

Management has not estimated the potential impact of these statements, if any, on the District's financial statements.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND REALTED RATOS
AND RELATED RATIOS

| <u>Total OPEB Liability</u> | 6/30/24 | 6/30/23 | 6/30/22 | 6/30/21 | 6/30/20 | 6/30/19 | 6/30/18 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Service Cost | \$ 1,238,215 | \$ 1,216,799 | \$ 1,597,599 | \$ 1,508,157 | \$ 1,216,370 | \$ 1,115,242 | \$ 1,348,582 |
| Interest | 1,318,340 | 1,230,783 | 726,769 | 916,613 | 1,323,285 | 1,444,350 | 1,383,036 |
| Change of Benefit Terms | - | - | - | (125,968) | - | 2,365 | (82,046) |
| Differences Between Expected and Actual Experience | - | 2,683,053 | - | (8,293,655) | (6,832,504) | 369,219 | - |
| Changes in Assumptions or Other Inputs | 514,456 | (440,018) | (8,028,735) | (969,902) | 8,432,167 | 395,418 | (397,264) |
| Benefit Payments | (1,263,807) | (1,195,485) | (996,304) | (960,786) | (1,043,554) | (1,048,176) | (897,203) |
| Net Change in Total OPEB Liability | 1,807,204 | 3,495,132 | (6,700,671) | (7,925,541) | 3,095,764 | 2,278,418 | 1,355,105 |
| Total OPEB Liability - Beginning | 33,547,564 | 30,052,432 | 36,753,103 | 44,678,644 | 41,582,880 | 39,304,462 | 37,949,357 |
| Total OPEB Liability - Ending (a) | \$ 35,354,768 | \$ 33,547,564 | \$ 30,052,432 | \$ 36,753,103 | \$ 44,678,644 | \$ 41,582,880 | \$ 39,304,462 |
| <u>Plan Fiduciary Net Position</u> | | | | | | | |
| Contributions - Employer | \$ 1,263,807 | \$ 1,195,485 | \$ 996,304 | \$ 960,786 | \$ 1,043,554 | \$ 1,048,176 | \$ 897,203 |
| Benefit Payments | (1,263,807) | (1,195,485) | (996,304) | (960,786) | (1,043,554) | (1,048,176) | (897,203) |
| Net Change in Plan Fiduciary Net Position | - | - | - | - | - | - | - |
| Plan Fiduciary Net Position - Beginning | - | - | - | - | - | - | - |
| Plan Fiduciary Net Position - Ending (b) | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| District's Net OPEB Liability - Ending (a) - (b) | \$ 35,354,768 | \$ 33,547,564 | \$ 30,052,432 | \$ 36,753,103 | \$ 44,678,644 | \$ 41,582,880 | \$ 39,304,462 |
| Plan Fiduciary Net position as a percentage of the total OPEB liability | 0% | 0% | 0% | 0% | 0% | 0% | 0% |
| Covered Payroll | \$ 11,460,122 | \$ 10,740,025 | \$ 10,193,270 | \$ 9,596,581 | \$ 9,474,162 | \$ 9,773,466 | \$ 9,640,901 |
| Total OPEB Liability as a percentage of covered payroll | 308.5% | 312.4% | 294.8% | 383.0% | 471.6% | 425.5% | 407.7% |

Notes to Schedule:

Changes in Assumptions:

Changes in Assumptions and other inputs reflect the effects of changes in the discount rate each period.

The following are the discount rates used in each period:

| | |
|---------|-------|
| 6/30/24 | 3.97% |
| 6/30/23 | 3.86% |
| 6/30/22 | 3.69% |
| 6/30/21 | 1.92% |
| 6/30/20 | 2.45% |
| 6/30/19 | 3.13% |
| 6/30/18 | 3.36% |

GASB 75 requires that the past 10 years of information be presented. Due to the fact that 2018 was the year of implementation, prior year information is not available for 10 years. The data will be accumulated over time and presented according to GASB 75.

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/(LIABILITY)
AND RELATED RATIOS

| Plan Year Ended | Proportion of the Net Pension Asset (Liability) | Proportionate Share of the Net Pension Asset (Liability) | Actual Covered Member Payroll | Net Pension Asset/(Liability) as a Percentage of Covered Payroll | Fiduciary Net Position as a Percentage of Total Pension Liability |
|-----------------------------------|---|--|-------------------------------------|--|---|
| Teachers Retirement System | | | | | |
| 6/30/2023 | 0.04467600% | \$ (510,911) | \$ 8,463,524 | (6.04%) | 99.17% |
| 6/30/2022 | 0.04486100% | \$ (860,838) | \$ 8,089,981 | (10.64%) | 96.60% |
| 6/30/2021 | 0.04500900% | \$ 7,799,584 | \$ 7,639,427 | 102.10% | 113.25% |
| 6/30/2020 | 0.04353000% | \$ (1,202,855) | \$ 7,467,834 | (16.11%) | 97.80% |
| 6/30/2019 | 0.04519400% | \$ 1,174,131 | \$ 7,738,834 | 15.17% | 102.20% |
| 6/30/2018 | 0.04500900% | \$ 822,581 | \$ 7,612,201 | 10.81% | 101.53% |
| 6/30/2017 | 0.04782100% | \$ 363,483 | \$ 7,339,496 | 4.95% | 100.66% |
| 6/30/2016 | 0.04573510% | \$ (507,153) | \$ 7,370,403 | (6.88%) | 99.01% |
| 6/30/2015 | 0.04593600% | \$ 4,771,335 | \$ 6,991,526 | 68.24% | 110.46% |
| 6/30/2014 | 0.04568800% | \$ 5,089,340 | \$ 6,815,061 | 74.68% | 111.48% |

| Plan Year Ended | Proportion of the Net Pension Asset (Liability) | Proportionate Share of the Net Pension Asset (Liability) | Actual Covered Member Payroll | Net Pension Asset/(Liability) as a Percentage of Covered Payroll | Fiduciary Net Position as a Percentage of Total Pension Liability |
|------------------------------------|---|--|-------------------------------------|--|---|
| Employees Retirement System | | | | | |
| 3/31/2024 | 0.00426000% | \$ (627,240) | \$ 2,362,678 | (26.55%) | 93.88% |
| 3/31/2023 | 0.00474850% | \$ (1,018,268) | \$ 2,051,718 | (49.63%) | 90.78% |
| 3/31/2022 | 0.00449300% | \$ 367,287 | \$ 1,685,681 | 21.79% | 103.65% |
| 3/31/2021 | 0.00458400% | \$ (4,564) | \$ 1,538,105 | (0.30%) | 99.95% |
| 3/31/2020 | 0.00502100% | \$ (1,329,628) | \$ 1,657,224 | (80.23%) | 86.39% |
| 3/31/2019 | 0.00518100% | \$ (367,105) | \$ 1,640,345 | (22.38%) | 96.27% |
| 3/31/2018 | 0.00568300% | \$ (183,428) | \$ 1,646,726 | (11.14%) | 98.24% |
| 3/31/2017 | 0.00508000% | \$ (477,311) | \$ 1,123,759 | (42.47%) | 94.70% |
| 3/31/2016 | 0.00549600% | \$ (882,129) | \$ 1,534,599 | (57.48%) | 90.68% |
| 3/31/2015 | 0.00571100% | \$ (192,936) | \$ 1,615,744 | (11.94%) | 97.95% |

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
SCHEDULE OF EMPLOYER CONTRIBUTIONS**

| Fiscal Year Ended | Contractually Required Contribution | Actual Employer Contribution | Contribution (deficiency) excess | Covered Employee Payroll | Required Contributions as a Percentage of Covered Payroll |
|-----------------------------------|---|---------------------------------|-------------------------------------|-----------------------------|---|
| Teachers Retirement System | | | | | |
| 6/30/2023 | \$ 849,060 | \$ 849,060 | \$ - | \$ 8,463,524 | 10.03% |
| 6/30/2022 | \$ 778,834 | \$ 778,834 | \$ - | \$ 8,089,981 | 9.63% |
| 6/30/2021 | \$ 728,037 | \$ 728,037 | \$ - | \$ 7,639,427 | 9.53% |
| 6/30/2020 | \$ 654,616 | \$ 654,616 | \$ - | \$ 7,467,834 | 8.77% |
| 6/30/2019 | \$ 801,124 | \$ 801,124 | \$ - | \$ 7,738,834 | 10.35% |
| 6/30/2018 | \$ 822,124 | \$ 822,124 | \$ - | \$ 7,612,201 | 10.80% |
| 6/30/2017 | \$ 888,139 | \$ 888,139 | \$ - | \$ 7,339,496 | 12.10% |
| 6/30/2016 | \$ 968,881 | \$ 968,881 | \$ - | \$ 7,370,403 | 13.15% |
| 6/30/2015 | \$ 1,209,619 | \$ 1,209,619 | \$ - | \$ 6,991,526 | 17.30% |
| 6/30/2014 | \$ 1,096,681 | \$ 1,096,681 | \$ - | \$ 6,815,061 | 16.09% |

| Fiscal Year Ended | Contractually Required Contribution | Actual Employer Contribution | Contribution (deficiency) excess | Covered Employee Payroll | Required Contributions as a Percentage of Covered Payroll |
|------------------------------------|--|---------------------------------|-------------------------------------|-----------------------------|---|
| Employees Retirement System | | | | | |
| 6/30/2024 | \$ 202,325 | \$ 202,325 | \$ - | \$ 2,411,879 | 8.39% |
| 6/30/2023 | \$ 184,781 | \$ 184,781 | \$ - | \$ 2,198,515 | 8.40% |
| 6/30/2022 | \$ 239,386 | \$ 239,386 | \$ - | \$ 1,685,681 | 14.20% |
| 6/30/2021 | \$ 228,908 | \$ 228,908 | \$ - | \$ 1,538,105 | 14.88% |
| 6/30/2020 | \$ 220,027 | \$ 220,027 | \$ - | \$ 1,657,224 | 13.28% |
| 6/30/2019 | \$ 232,669 | \$ 232,669 | \$ - | \$ 1,640,345 | 14.18% |
| 6/30/2018 | \$ 230,710 | \$ 230,710 | \$ - | \$ 1,646,276 | 14.01% |
| 6/30/2017 | \$ 225,772 | \$ 225,772 | \$ - | \$ 1,123,759 | 20.09% |
| 6/30/2016 | \$ 224,059 | \$ 224,059 | \$ - | \$ 1,534,599 | 14.60% |
| 6/30/2015 | \$ 303,655 | \$ 303,655 | \$ - | \$ 1,615,744 | 18.79% |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES AND EXPENDITURES COMPARED TO BUDGET -
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2024

| | Budgeted Amounts | | Actual Amounts | Year End | Final Budget |
|---|------------------|---------------|----------------|--------------|-----------------------------------|
| | Original | Final | GAAP Basis | Encumbrances | Variance to Actual & Encumbrances |
| Revenues: | | | | | |
| Real Property Taxes | \$ 17,197,269 | \$ 17,197,269 | \$ 17,211,099 | \$ - | \$ 13,830 |
| Other Tax Items | 478,891 | 478,891 | 499,273 | - | 20,382 |
| Use of Money and Property | 225,000 | 225,000 | 603,509 | - | 378,509 |
| Sale of Property and Compensation for Loss | - | 12,021 | 30,495 | - | 18,474 |
| Miscellaneous | 50,000 | 366,276 | 766,820 | - | 400,544 |
| State Aid | 6,081,538 | 6,081,538 | 5,716,670 | - | (364,868) |
| Federal Aid | 40,000 | 40,000 | 138,146 | - | 98,146 |
| Total Revenues | 24,072,698 | 24,400,995 | 24,966,012 | | 565,017 |
| Expenditures: | | | | | |
| General Support | | | | | |
| Board of Education | 29,178 | 7,396 | 7,115 | 280 | (1) |
| Central Administration | 270,403 | 301,946 | 301,945 | - | (1) |
| Finance | 511,978 | 577,247 | 570,151 | 300 | (6,796) |
| Staff | 128,974 | 138,949 | 123,766 | - | (15,183) |
| Central Services | 1,564,207 | 1,511,827 | 1,388,787 | 5,582 | (117,458) |
| Special Items | 278,124 | 618,460 | 509,693 | - | (108,767) |
| Total General Support | 2,782,864 | 3,155,825 | 2,901,457 | 6,162 | (248,206) |
| Instruction | | | | | |
| Instruction, Administration and Improvement | 893,264 | 893,264 | 834,391 | - | (58,873) |
| Teaching - Regular School | 5,769,032 | 5,823,071 | 5,483,952 | - | (339,119) |
| Programs for Students with Disabilities | 3,519,572 | 4,095,434 | 4,025,813 | 1,000 | (68,621) |
| Occupational Education | 390,750 | 390,750 | 390,750 | - | - |
| Instructional Media | 1,024,274 | 1,276,901 | 1,110,049 | - | (166,852) |
| Pupil Services | 1,174,586 | 1,144,934 | 987,289 | 4,180 | (153,465) |
| Total Instruction | 12,771,478 | 13,624,354 | 12,832,244 | 5,180 | 786,930 |
| Pupil Transportation | 1,459,525 | 1,810,354 | 1,707,057 | - | (103,297) |
| Employee Benefits | 7,790,905 | 7,055,767 | 6,426,943 | - | (628,824) |
| Debt Service | 142,663 | 22,650 | 22,650 | - | - |
| Total Expenditures | 24,947,435 | 25,668,950 | 23,890,351 | 11,342 | (1,767,257) |
| Excess/(Deficiency) of | | | | | |
| Revenues Over Expenditures | (874,737) | (1,267,955) | 1,075,661 | (11,342) | 2,332,274 |
| Other Financing Uses: | | | | | |
| Proceeds from Lease Issuance | - | - | 92,847 | - | 92,847 |
| Operating Transfers Out | (1,025,263) | (2,487,153) | (2,487,153) | - | - |
| Total Other Financing Sources/(Uses) | (1,025,263) | (2,487,153) | (2,394,306) | - | 92,847 |
| Net Change in Fund Balance | (1,900,000) | (3,755,108) | (1,318,645) | (11,342) | 2,425,121 |
| Appropriated Fund Balance | 1,900,000 | 3,755,108 | - | - | (3,755,108) |
| Change in Fund Balance | \$ - | \$ - | \$ (1,318,645) | \$ (11,342) | \$ (1,329,987) |

**SUPPLEMENTARY
INFORMATION**

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
COMBINING BALANCE SHEET
NON-MAJOR FUNDS
JUNE 30, 2024

| | Special Aid Fund | School Lunch Fund | Miscellaneous Special Revenue Fund | Total Non-Major Funds |
|---|---------------------|----------------------|--|--------------------------|
| ASSETS | | | | |
| Cash and Cash Equivalents | \$ 242,625 | \$ 93,941 | \$ 19,687 | \$ 356,253 |
| State and Federal Aid Receivable | 732,366 | 43,571 | - | 775,937 |
| Inventories | - | 36,060 | - | 36,060 |
| Total Assets | <u>\$ 974,991</u> | <u>\$ 173,572</u> | <u>\$ 19,687</u> | <u>\$ 1,168,250</u> |
| LIABILITIES | | | | |
| Accounts Payable | \$ 3,443 | \$ - | \$ - | \$ 3,443 |
| Accrued Liabilities | - | 110 | - | 110 |
| Due to Other Funds | 960,430 | 723 | - | 961,153 |
| Due to Other Governments | 11,118 | 288 | - | 11,406 |
| Due to Employees' Retirement System | - | 3,151 | - | 3,151 |
| Other Liabilities | - | - | 30,929 | 30,929 |
| Total Liabilities | <u>974,991</u> | <u>4,272</u> | <u>30,929</u> | <u>1,010,192</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred Inflows of Resources - Other | - | 2,624 | - | 2,624 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>2,624</u> | <u>-</u> | <u>2,624</u> |
| FUND BALANCES | | | | |
| Nonspendable | - | 36,060 | - | 36,060 |
| Assigned | - | 130,616 | - | 130,616 |
| Unassigned | - | - | (11,242) | (11,242) |
| Total Fund Balances | <u>-</u> | <u>166,676</u> | <u>(11,242)</u> | <u>155,434</u> |
| Total Liabilities, Deferred Inflows and Fund Balances | <u>\$ 974,991</u> | <u>\$ 173,572</u> | <u>\$ 19,687</u> | <u>\$ 1,168,250</u> |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
COMBINING STATEMENTS OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
NON-MAJOR FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

| | Special Aid Fund | School Lunch Fund | Miscellaneous Special Revenue Fund | Total Non-Major Funds |
|--|---------------------|----------------------|--|--------------------------|
| Revenues: | | | | |
| Miscellaneous | \$ 33,057 | \$ 11,641 | \$ - | \$ 44,698 |
| State Aid | 284,418 | 114,882 | - | 399,300 |
| Federal Aid | 962,272 | 386,873 | - | 1,349,145 |
| Surplus Food (Federal Aid) | - | 20,834 | - | 20,834 |
| Food Sales | - | 24,700 | - | 24,700 |
| Total Revenues | 1,279,747 | 558,930 | - | 1,838,677 |
| Expenditures: | | | | |
| Instruction | 1,289,553 | 247 | - | 1,289,800 |
| Pupil Transportation | 30,090 | - | - | 30,090 |
| Cost of Food Sales | - | 611,667 | - | 611,667 |
| Total Expenditures | 1,319,643 | 611,914 | - | 1,931,557 |
| Excess/(Deficiency) of Revenues Over Expenditures | (39,896) | (52,984) | - | (92,880) |
| Other Financing Sources/(Uses): | | | | |
| Operating Transfers In | 39,896 | 150,000 | - | 189,896 |
| Total Other Financing Sources/(Uses) | 39,896 | 150,000 | - | 189,896 |
| Change in Fund Balances | - | 97,016 | - | 97,016 |
| Fund Balances - Beginning | - | 69,660 | (11,242) | 58,418 |
| Fund Balances - Ending | \$ - | \$ 166,676 | \$ (11,242) | \$ 155,434 |

WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
SCHEDULE OF INDEBTEDNESS
JUNE 30, 2024

| | Fiscal Year of Issue | Fiscal Year of Final Maturity | Interest Rate | Outstanding Beginning of Fiscal Year | Issued During Fiscal Year | Paid During Fiscal Year | Refinanced During Fiscal Year | Outstanding End of Fiscal Year | Amount of Interest Paid During Fiscal Year | Amount of Interest Accrued at 6/30/2024 | Due Within the Next Year |
|-------------------------------------|----------------------------|--|------------------|--|---------------------------------|-------------------------------|-------------------------------------|--------------------------------------|---|--|--------------------------------|
| <u>LEASES PAYABLE</u> | | | | | | | | | | | |
| 2019 Network Printers | 2019 | 2023 | 2.81% | \$ 2,099 | \$ - | \$ 2,099 | \$ - | \$ - | \$ 5 | \$ - | \$ - |
| 2019 SMART Boards | 2019 | 2023 | 2.81% | 1,102 | | 1,102 | | - | 2 | - | - |
| 2024 Network Printers | 2024 | 2029 | 4.56% | - | 92,847 | 15,372 | - | 77,475 | 4,070 | - | 17,411 |
| TOTAL LEASE PAYABLE | | | | 3,201 | 92,847 | 18,573 | - | 77,475 | 4,077 | - | 17,411 |
| <u>BOND ANTICIPATION NOTE</u> | | | | | | | | | | | |
| District-Wide Renovations and Buses | | | 4.50% | - | 12,623,000 | - | - | 12,623,000 | - | 15,563 | 12,623,000 |
| Vehicles and Buses | | | 4.50% | - | 293,164 | 57,164 | 236,000 | - | 11,140 | - | - |
| Reconstruction Project and Bus | | | 4.75% | 5,171,000 | - | 344,000 | 4,827,000 | - | 245,623 | - | - |
| TOTAL BOND ANTICIPATION NOTE | | | | 5,171,000 | 12,916,164 | 401,164 | 5,063,000 | 12,623,000 | 256,763 | 15,563 | 12,623,000 |
| <u>SERIAL BONDS</u> | | | | | | | | | | | |
| 2023 Serial Bond | 2023 | 2037 | 4.75% | 3,065,000 | - | 205,000 | - | 2,860,000 | 120,557 | 57,200 | 215,000 |
| TOTAL SERIAL BONDS | | | | 3,065,000 | - | 205,000 | - | 2,860,000 | 120,557 | 57,200 | 215,000 |
| TOTAL INDEBTEDNESS | | | | \$ 8,239,201 | \$ 13,009,011 | \$ 624,737 | \$ 5,063,000 | \$ 15,560,475 | \$ 381,397 | \$ 72,763 | \$ 12,855,411 |

**OTHER
INFORMATION**

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
GENERAL FUND
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
YEAR ENDED JUNE 30, 2024**

| | |
|--|-----------------------------|
| Adopted Budget | \$ 25,972,698 |
| Additions: | |
| Encumbrances from Prior Year | <u>231,111</u> |
| Original Budget | 26,203,809 |
| Budget Revisions: | |
| Insurance Recovery | 12,021 |
| BOCES Surplus Refund | 316,276 |
| Appropriated Tax Certiorari Reserve | 338,336 |
| Budget Amendments - BAN Principal & Interest | 1,266,446 |
| Budget Amendments - Other | <u>19,215</u> |
| Final Budget | <u><u>\$ 28,156,103</u></u> |

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
GENERAL FUND
SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
YEAR ENDED JUNE 30, 2024**

| | |
|--|-----------------------------|
| 2024-2025 Voter-approved expenditure budget maximum allowed | <u><u>\$ 27,054,075</u></u> |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law | |
| Unrestricted Fund Balance | |
| Assigned Fund Balance | \$ 1,911,342 |
| Unassigned Fund Balance | <u>4,233,680</u> |
| Total Unrestricted Fund Balance | <u>6,145,022</u> |
| Less: | |
| Appropriated Fund Balance for 2024-25 Budget | (1,900,000) |
| Encumbrances Included in Assigned Fund Balance | <u>(11,342)</u> |
| Total Adjustments | <u>(1,911,342)</u> |
| General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law | <u><u>\$ 4,233,680</u></u> |
| Actual Percentage | <u><u>15.65%</u></u> |

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
CAPITAL PROJECTS FUND
PROJECT LENGTH SCHEDULE
INCEPTION OF PROJECT THROUGH JUNE 30, 2024**

| Project | Expenditures and Transfers to Date | | | | | Methods of Financing | | | | | Fund Balance (Deficit) at June 30, 2024 |
|---------------------------------------|------------------------------------|----------------------|---------------------|----------------------|-----------------------|----------------------------|--------------|---------------------|------------------------|---------------------|--|
| | Project Budget | Prior Year | Current Year | Total | Unexpended Balance | Proceeds of Obligations | State Aid | Local Sources | Interfund Transfers | Totals | |
| Reconstruction Project | \$ 12,560,000 | \$ 657,135 | \$ 2,354,414 | \$ 3,011,549 | \$ 9,548,451 | \$ 275,000 | \$ - | \$ - | \$ - | \$ 275,000 | \$ (2,736,549) |
| Auditorium Flood | 358,050 | 2,637,519 | 310,878 | 2,948,397 | (2,590,347) | - | - | 589,513 | 2,052,954 | 2,642,467 | (305,930) |
| Abatement | 137,435 | - | 135,807 | 135,807 | 1,628 | - | - | - | 142,885 | 142,885 | 7,078 |
| School Based Health Clinic | 268,061 | 253,434 | - | 253,434 | 14,627 | - | - | - | 229,759 | 229,759 | (23,675) |
| Environmental Remediation | 371,220 | 312,611 | - | 312,611 | 58,609 | - | - | 1,720 | 331,863 | 333,583 | 20,972 |
| District Wide Security & Technology - | 1,495,000 | 1,267,398 | - | 1,267,398 | 227,602 | 550,000 | - | - | - | 550,000 | (717,398) |
| Septic EBIS/WHS - Project B | 1,043,000 | 1,031,789 | - | 1,031,789 | 11,211 | 565,000 | - | - | - | 565,000 | (466,789) |
| Reconstruction Buildings - Project C | 2,624,200 | 2,422,614 | - | 2,422,614 | 201,586 | 3,065,000 | - | - | - | 3,065,000 | 642,386 |
| Water Main Repair - WES | 233,000 | 234,256 | - | 234,256 | (1,256) | - | - | 234,244 | - | 234,244 | (12) |
| Vehicle Purchase | 261,167 | 167,719 | - | 167,719 | 93,448 | - | - | - | - | - | (167,719) |
| Vehicle Purchase | 126,176 | 126,176 | - | 126,176 | - | - | - | - | - | - | (126,176) |
| Buses 2024 | 309,175 | - | 293,160 | 293,160 | 16,015 | 126,164 | - | - | - | 126,164 | (166,996) |
| Buses 2019 | 119,420 | 118,925 | - | 118,925 | 495 | 257,000 | - | - | - | 257,000 | 138,075 |
| Buses 2018 | 240,000 | 223,887 | - | 223,887 | 16,113 | 230,000 | - | - | - | 230,000 | 6,113 |
| Buses 2017 | 250,000 | 231,862 | - | 231,862 | 18,138 | 150,000 | - | - | - | 150,000 | (81,862) |
| Buses 2015 | 650,000 | 619,481 | - | 619,481 | 30,519 | 206,792 | - | - | - | 206,792 | (412,689) |
| Buses 2014 | 234,550 | 234,550 | - | 234,550 | - | 157,321 | - | 176,000 | - | 333,321 | 98,771 |
| Projects from 2012 and earlier | - | 354,725 | - | 354,725 | (354,725) | 233,731 | - | - | - | 233,731 | (120,994) |
| Total | \$ 21,280,454 | \$ 10,894,081 | \$ 3,094,259 | \$ 13,988,340 | \$ 7,292,114 | \$ 5,816,008 | \$ - | \$ 1,001,477 | \$ 2,757,461 | \$ 9,574,946 | \$ (4,413,394) |

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS
FOR THE YEAR ENDED JUNE 30, 2024**

| | | | |
|--|--------------|----|-------------------------|
| Capital Assets, net | | \$ | 15,170,258 |
| Intangible Right to Use Lease Asset, net | | | 89,347 |
| Deductions: | | | |
| Short-term Portion of Bonds Payable | (215,000) | | |
| Long-term Portion of Bonds Payable | (2,645,000) | | |
| Bond Anticipation Notes | (12,623,000) | | |
| Short Term Portion of Lease Payable | (17,411) | | |
| Long Term Portion of Lease Payable | (60,064) | | |
| | | | <u>(15,560,475)</u> |
| Net Investment in Capital Assets | | \$ | <u><u>(300,870)</u></u> |

**OTHER REPORTING
REQUIRED BY
GOVERNMENT AUDITING
STANDARDS**

**WEBUTUCK CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2024**

| Name of Federal Agency or Department | Assistance Listing Number | Pass - Through Entity Identifying Number | Disbursement/ Expenditures |
|--|---------------------------------|--|-------------------------------|
| <i>Department of Education:</i> | | | |
| Flow Through NYS Education Department: | | | |
| Special Education Grants to States | 84.027A | 0032-24-0176 | \$ 245,495 |
| Special Education Grants to States | 84.027X | 5532-22-0176 | 336 |
| Special Education Preschool Grants | 84.173A | 0033-24-0176 | 5,856 |
| Total Special Education Cluster | | | <u>251,687</u> |
| Title I Grants to Local Education Agencies | 84.010 | 0021-23-0655 | 695 |
| Title I Grants to Local Education Agencies | 84.010 | 0021-24-0655 | 203,885 |
| Prior Year Title I SIG Grants to Local Education Agencies | 84.010A | 0011-22-2148 | 52,567 |
| Title I SIG Grants to Local Education Agencies | 84.010A | 0011-23-2148 | 20,210 |
| Total Title I | | | <u>277,357</u> |
| Improving Teacher Quality State Grants | 84.367A | 0147-24-0655 | 21,375 |
| Total Improving Teacher Quality State Grants | | | <u>21,375</u> |
| Student Support and Academic Enrichment Program | 84.424A | 0204-24-0655 | 9,970 |
| Student Support and Academic Enrichment Program | 84.424A | 0204-23-0655 | 1,260 |
| Total Student Support and Academic Enrichment Program | | | <u>11,230</u> |
| Educational Stabilization Fund, ARP ESSER III | 84.425U | 5880-21-0655 | 433,567 |
| Educational Stabilization Fund, CRRSA - GEER II | 84.425C | 5896-21-0655 | 9,939 |
| Total Education Stabilization Fund Under The Coronavirus Aid, Relief, and Economic Security Act | | | <u>443,506</u> |
| Flow Through BOCES: | | | |
| Title III BOCES | 84.365A | N/A | 9,684 |
| Total Title III BOCES | | | <u>9,684</u> |
| Total Department of Education | | | <u>1,014,839</u> |
| <i>Department of Agriculture:</i> | | | |
| Flow Through NYS Education Department: | | | |
| Child Nutrition Cluster: | | | |
| School Breakfast Program | 10.553 | N/A | 88,144 |
| National School Lunch Program | 10.555 | N/A | 319,563 |
| Total Child Nutrition Cluster | | | <u>407,707</u> |
| Total Department of Agriculture | | | <u>407,707</u> |
| Total Expenditures of Federal Awards | | | <u>\$ 1,422,546</u> |

N/A - Pass-Through entity identifying number not applicable or not available

See accompanying notes to the schedule of expenditures of federal awards

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

NOTE 1 – BASIS OF PRESENTATION:

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

NOTE 2 – INDIRECT COST RATE:

Certain federal award programs of the District have been charged with indirect costs, based upon a rate established by New York State. The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance applied to overall expenditures.

NOTE 3 – MATCHING COSTS:

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 4 – INSURANCE:

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

NOTE 5 – NON-MONETARY ASSISTANCE:

Non-monetary assistance is reported in the schedule at the fair market value of the commodities received and disbursed. Such assistance has been apportioned to the lunch and breakfast program and total \$19,219.

NOTE 6 – RECONCILIATION TO FINANCIAL STATEMENTS:

The federal expenditures presented in the Schedule reconcile to the Federal revenue reported in the Statement of Revenues, Expenditures and Changes in Fund Balance as follows:

| | |
|--|---------------------|
| Federal Expenditures as reported in the Schedule | \$ 1,422,546 |
| Reconciling Items: | |
| Add Medicare | 138,146 |
| Subtract Prior Year Title I SIG Grants to Local Education Agencies | <u>(52,567)</u> |
| Federal Aid and Surplus Food as reported in the Statement of Revenues, Expenditures and Changes in Fund Balance | <u>\$ 1,508,125</u> |



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Education
Webutuck (Northeast) Central School District
194 Haight Road
PO Box 405
Amenia, NY 12501

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 the Webutuck (Northeast) 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, and have issued our report thereon dated October 7, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (Internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 and therefore, material weaknesses may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and which is described in the accompanying schedule of findings as item 2024-001, 2024-002, and 2024-003.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

RBT CPAs, LLP

Hudson, NY

October 7, 2024



LIMITED LIABILITY PARTNERSHIP
CERTIFIED PUBLIC ACCOUNTANTS BUSINESS DEVELOPMENT CONSULTANTS

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

Board of Education
Webutuck Central School District
194 Haight Road
Amenia, NY 12501

Report on Compliance for Each Major Program
Opinion on Each Major Federal Program

We have audited the Webutuck Central School District (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 Webutuck Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 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; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Webutuck Central School 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 Webutuck Central School District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management 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 Webutuck Central School District's federal programs.

Auditor's 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 Webutuck Central School 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 generally accepted auditing standards, *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 Webutuck Central School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *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 Webutuck Central School 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 Webutuck Central School 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 Webutuck Central School 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.

Other Matters

The results of our auditing procedures disclosed an instance of non-compliance which is required to be reported in accordance with the Uniform Guidance and which is described in the accompanying schedule of findings and questions costs as items 2024-004. Our opinion on each major federal program is not modified with respect to this matter.

Government Auditing Standards requires the auditor to perform limited procedures on the Webutuck Central School District's response to the instance of non-compliance finding identified in our audit and described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the other auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

Report on Internal Control over Compliance

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's 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 and therefore, material weaknesses and significant deficiencies may exist that were not identified. However, as discussed below, we did identify certain deficiencies in internal control over compliance that we consider to be material weaknesses.

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. We consider the deficiencies in internal control over compliance described in the accompanying schedule of findings and questioned costs as item 2024-004 to be a significant deficiency.

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.

District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit as described in the accompanying schedule of findings and questioned costs. The District's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of this Report

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.

RBT CPAs, LLP

Hudson, NY
October 7, 2024

**WEBUTUCK CENTRAL SCHOOL DISTRICT
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED JUNE 30, 2024**

I. FINANCIAL STATEMENT FINDINGS

2023-001: Fund General Ledger and Year-end Closing Procedures. Satisfied in 2024.

2023-002: Unassigned Fund Balance

2023-003: Interfund Balances. Satisfied in 2024.

2023-004: Capital Projects

2023-005: Balanced Budget. Satisfied in 2024.

II. FINDINGS AND QUESTIONED COSTS - MAJOR FEDERAL PROGRAMS AUDIT

None Noted

**WEBUTUCK CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2024**

I. SUMMARY OF INDEPENDENT AUDIT RESULTS

Financial Statements

Type of auditors' report the auditor issued:

Unmodified

Internal control over financial reporting:

| | | |
|---|-----------------------|-------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> </u> Yes | <u> X </u> No |

| | | |
|---|--------------------------|----------------------|
| Noncompliance material to financial statements noted? | <u> X </u> Yes | <u> </u> No |
|---|--------------------------|----------------------|

Federal Awards

Internal control over major Federal programs:

| | | |
|---|--------------------------|-------------------------|
| • Material weakness(es) identified? | <u> </u> Yes | <u> X </u> No |
| • Significant deficiency(ies) identified? | <u> X </u> Yes | <u> </u> No |

| | |
|---|------------|
| Type of auditors' report issued on compliance for major federal programs: | Unmodified |
|---|------------|

| | | |
|--|--------------------------|----------------------|
| Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | <u> X </u> Yes | <u> </u> No |
|--|--------------------------|----------------------|

Identification of major Federal programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u> |
|--------------------|---|
| 84.010 | Title I Grants to Local Educational Agencies (LEAs) |
| 84.425U | Educational Stabilization Fund, ARP ESSER III |
| 84.425C | Educational Stabilization Fund, CRRSA - GEER II |

| | |
|---|------------|
| Dollar threshold used to distinguish between Type A and Type B programs | \$ 750,000 |
|---|------------|

| | | |
|--|-----------------------|-------------------------|
| Auditee qualified as low-risk auditee? | <u> </u> Yes | <u> X </u> No |
|--|-----------------------|-------------------------|

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024**

II. FINANCIAL STATEMENT FINDINGS

A. Internal Control Findings

None noted

B. Compliance Findings

Finding 2024-001 (Previously 2023-002): Unassigned Fund Balance

| | |
|---------------------|---|
| Condition: | The District's unassigned fund balance as of June 30, 2024, was approximately 15.65% of the 2024 budgeted expenditures. |
| Criteria: | Section 1318 of the NYS Real Property Tax Law requires school districts maintain no more than 4% of the subsequent year's budgeted expenditures in unassigned fund balance in the General Fund. |
| Cause: | The District continuously monitors spending, to reduce costs and eliminate wasteful spending, thereby resulting in a surplus over several years. |
| Effect: | The District was not in compliance with Section 1318 of the NYS Real Property Tax Law. |
| Recommendation: | RBT recommends that the District maintain an unassigned fund balance percentage in accordance with Section 1318 of the NYS Real Property Tax Law. |
| Auditee's Response: | The District agrees with the finding. See attached corrective action plan. |

Finding 2024-002 (Previously 2023-004): Capital Projects

| | |
|---------------------|---|
| Condition: | The District has several old capital projects with no activity, but which have a fund balance remaining. Several of the projects have deficit fund balances. |
| Criteria: | Fund balances must be monitored to ensure that District does not commit resources that are not available. |
| Cause: | Fund Balance of the capital projects were not monitored. |
| Effect: | The Capital Projects Fund is carrying fund balance composed of open projects over the last 10 years. |
| Recommendation: | RBT recommends that these capital projects be reviewed for completion and any residual funds be transferred to the funding source or reserved for the payment of debt as appropriate. Interfund transfers should be recorded to offset the deficit fund balances. The District should review the status of its capital projects, at least annually, as part of its year-end closing process in order to ensure accurate annual reporting and as a check to verify that all planned funding for a particular project was received. |
| Auditee's Response: | The District agrees with the finding. See attached corrective action plan. |

Finding 2024-03: Annual Sexual Harassment Prevention Training

| | |
|---------------------|---|
| Condition: | Not all District employees completed annual sexual harassment prevention training. |
| Criteria: | Every employer in New York is required to provide employees with sexual harassment prevention training pursuant to section 201-G of the Labor Law, and every employee must complete sexual harassment prevention training annually. |
| Cause: | The District did not require all employees to complete annual sexual harassment prevention training. |
| Effect: | The District was not in compliance with New York State Laws. |
| Recommendation: | RBT recommends that the District provide all employees with sexual harassment prevention training, and obtain certification of completion for all employees annually. |
| Auditee's Response: | The District agrees with the finding. See attached corrective action plan. |

**WEBUTUCK (NORTHEAST) CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS - CONTINUED
FOR THE YEAR ENDED JUNE 30, 2024**

III. FEDERAL AWARDS FINDINGS AND QUESTIONED COSTS

2024-004: Allowable Costs/Cost Principle - Support of Salaries and Wages

| | |
|---------------------|---|
| Federal Program: | Assistance Listing Nos.: 84.010 Title I Grant |
| Condition: | The District did not comply with the required standards of Support of Salaries and Wages because employees whose time was charged to federal grants during fiscal year PAR, were not completed for February to June 2024. |
| Criteria: | <p>The distribution of the salaries and wages of employees are to be supported by either time certifications or personnel activity reports or equivalent documentation which meets the standards in Subsection 8.h (5) of the OMB Circular A-87 Part 225 Appendix B. The certification for employees who work on one cost objective must be prepared at least semi-annually. Personnel activity reports (PAR) for employees who work on multiple activities or cost objectives must be prepared at least monthly and meet certain prescribed standards, such as accounting for the employee's total compensation, and reflecting an after-the-fact distribution of the actual activity of each employee.</p> <p>The costs of such compensation are allowable to the extent that they satisfy the specific requirements of this and other appendices under 2 CFR Part 225, and that the total compensation for individual employees: (3) is determined and supported as provided in Subsection h. (8. Compensation for Personal Services. A. (3)).</p> |
| Questioned Costs: | There are no questioned costs. |
| Effect: | It is more likely that the extent of effort charged to the various cost objectives may not be representative of the related time devoted to the respective cost objectives. |
| Cause: | District did not have a system in place to ensure the District complied with the required standards of Support of Salaries and Wages for an employee who needed to complete monthly or semi-annual certifications and that the time allocation on the grant is reported accurately. |
| Recommendation: | In order to prevent future occurrences of this deficiency, we recommend that management require that copies of these payroll certifications be forward to the District Treasurer on a timely basis after the time has been charged to the grant, and that they are reviewed for accuracy. |
| Perspective: | This is a systemic issue in that controls over the requirement have not been developed to ensure no issues arise. |
| Repeat: | This is not a repeat finding. |
| Auditee's Response: | The District agrees with the finding. See attached corrective action plan. |



NORTH EAST (WEBUTUCK) CENTRAL SCHOOL DISTRICT

Robert Farrier
School Business Administrator
194 Haight Road, P.O. Box 405
Amenia, New York 12501

Telephone 845-373-4100
Fax 845-373-4102

October 9, 2024

Office of the State Comptroller
Division of Local Government Services and Economic Development
Data Management Unit, 12th Floor
110 State Street
Albany, New York 12236

New York State Education Department
Office of Audit Services
89 Washington Ave, Room 524ED
Albany, New York 12234

Response to the June 30, 2024 Annual Audit for North East (Webutuck) Central School District

A. Financial Statement Findings

Compliance Findings

Finding 2024-001: Unassigned Fund Balance

Condition: The District's unassigned fund balance as of June 30, 2024, was approximately 15.65% of the 2024 budgeted expenditures.

Criteria: Section 1318 of the NYS Real Property Tax Law requires school districts maintain no more than 4% of the subsequent years budgeted expenditures in unassigned fund balance in the General Fund.

Cause: The District continuously monitors spending, to reduce costs and eliminate wasteful spending, thereby resulting in a surplus over several years.

Effect: The District was not in compliance with Section 1318 of NYS Real Property Tax Law.

Corrective Action: A comprehensive plan has been created to reduce Fund Balance for the District. This plan includes utilizing Fund Balance to fund reserve accounts, more specifically the Districts Capital Reserve Account to help reduce borrowings for Capital projects and anticipated transportation costs related to the electric bus initiative. The District put the plan in place during the 2023-2024 Budget year, and reduced the unassigned Fund Balance significantly and will continue to work to reduce.

Corrective Action Implemented by: The Corrective Action will be implemented by Robert Farrier, School Business Administrator in conjunction with Superintendent Raymond Castellani and the Board's Finance Committee.

Corrective Action Implemented Date: Continuous throughout budget year, full implementation by 6/30/2025

Finding 2024-002: Capital Projects

Condition: The School District has several old capital projects with no activity, but which have a fund balance remaining. Several of the projects have deficit fund balances.

Cause: Fund Balance of the capital projects were not monitored.

Corrective Action: A comprehensive review of all Capital Projects will be conducted and corresponding entries for completed projects will be made monthly and at year end to ensure that all appropriate transfers to repay the inter-fund loans are completed.

Corrective Action Implemented by: The Corrective Action will be implemented by Robert Farrier, School Business Administrator and Kelly Kilmer, Treasurer.

Corrective Action Implemented Date: 2/1/2025

Finding 2024-003: Annual Sexual Harassment Prevention Training

Condition: Not all District employees completed annual sexual harassment prevention training.

Criteria: Every employer in New York is required to provide employees with sexual harassment prevention training pursuant to section 201-G of the Labor Law, and every employee must complete sexual harassment prevention training annually.

Cause: The District did not require all employees to complete annual sexual harassment prevention training.

Effect: The District is not in compliance with New York State Laws.

Corrective Action: A comprehensive tracking plan has been implemented to ensure all employees complete the training annually. The training will be part of the annual training process completed by all employees.

Corrective Action Implemented by: The Corrective Action will be implemented by Robert Farrier, School Business Administrator in conjunction with Personnel Assistant Louise Giewont.

Corrective Action Implementation Date: This corrective action plan has already been implemented on 9/15/24.

B. Findings and Questioned Costs for Federal Awards

Finding 2024-004: Allowable Costs/Cost Principle

Federal Program: Assistance Listing Nos. 84.010 Title I Grants to Local Educational Agencies (LEAs)

Condition: The District did not comply with the required standards of Support of Salaries and Wages, because employees who time was charged to federal grants during fiscal year PAR, were completed for May and June before the time had occurred.

Criteria: The distribution of the salaries and wages of employees are to be supported by either time certification or personnel activity reports or equivalent documentation which meets the standards in Subsection 8.h (5) of the OMB Circular A-87 Part 225 Appendix B. The certification for employees who work on one cost objective must be prepared at least semi-annually. Personnel activity reports (PAR) for employees who work on multiple activities or cost objectives must be prepared at least monthly and meet certain prescribed standards, such as accounting for the employee's total compensation, and reflecting an after-the-fact distribution of the actual activity of each employee.

The costs of such compensation are allowable to the extent that they satisfy that specific requirement of this and other appendices under 2 CFR Part 225, and that the total compensation for the individual employees: (3) is determined and supported as provided in Subsection h. (8. Compensation for Personal Services. A. (3)).

Questioned Costs: There are no questioned costs.

Effect: It is more likely that the extent of effort charged to the various cost objectives may not be representative of the related time devoted to the respective cost objectives.

Cause: District did not have a system in place to ensure the District complied with the required standards of Support of Salaries and Wages for an employee who needed to complete monthly or semi-annual certifications and that the time allocation on the grant is reported accurately.

Corrective Action: A comprehensive tracking plan has been implemented to ensure the costs objectives associated with each employee for each period is tracked and PAR is returned for the corresponding period.

Corrective Action Implemented by: The Corrective Action will be implemented by Robert Farrier, School Business Administrator in conjunction with Treasurer Kelly Kilmer.

Corrective Action Implementation Date: This corrective action plan has already been implemented on 9/15/24.

