PRELIMINARY OFFICIAL STATEMENT

NEW AND RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Trespasz Law Offices, LLP, Bond Counsel to the School District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. Interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the School District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. (See "TAX MATTERS" herein.)

The Notes will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$7,626,655

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT

MADISON COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #: 618788

$7,626,655 Bond Anticipation Notes, 2025 Series B

(the "Notes")

Dated: July 15, 2025 **Due: July 15, 2026**

The Notes are general obligations of the Morrisville-Eaton Central School District, Madison County, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "THE NOTES – Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Notes will not be subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC"). If the Notes are issued registered in the name of the purchaser(s), a single note certificate will be issued for the Notes. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank(s) or trust company(ies) located and authorized to do business in the State of New York as selected by the successful bidder(s).

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owner(s) 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 necessary odd denomination. A single note certificate will be issued for the Notes bearing the same rate of interest and CUSIP number. The purchaser(s) will not receive certificates representing their ownership interest in the Notes. (See "BOOK-ENTRY-ONLY SYSTEM" herein)

The Notes are offered when, as and, if issued and received by the purchaser(s) and subject to the receipt of the unqualified legal opinion as to the validity of the Notes of Trespasz Law Offices, LLP, Syracuse, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about July 15, 2025.

ELECTRONIC BIDS for the Notes must be submitted on the Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com, on June 24, 2025 by no later than 10:45 A.M. Prevailing Time. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

June 12, 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, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX – C, MATERIAL EVENT NOTICES" HEREIN.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
MADISON COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

BRIAN KOEHL
President

MEGAN DOOLEY
Vice President

STEVEN BROEDEL
DUSTIN JONES
TREVOR THIEME

* * * * * * * * *

ADMINISTRATION

GREGORY MOLLOY
Superintendent

MATHEW ENIGK
Business Administrator

NICHOLAS RAUCH
Middle/High School Principal

BRYAN FAIRBROTHER
E.R. Andrews Elementary Principal

BRYAN FAIRBROTHER
Director of Special Education, Data, and RtI

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

TRESPASZ LAW OFFICES, LLP
BOND COUNSEL

Note: The District's Board of Education will change for the 2025-2026 fiscal year and prior to the date of the Notes in accordance with the District's annual reorganization meeting.

No person has been authorized by Morrisville-Eaton 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 Morrisville-Eaton Central School District.

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
MADISON COUNTY, NEW YORK

Relating To

$7,626,655 Bond Anticipation Notes, 2025 Series B

This Official Statement, which includes the cover page, has been prepared by the Morrisville-Eaton Central School District, Madison County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of $7,626,655 principal amount of Bond Anticipation Notes, 2025 Series B (referred to herein as the "Notes").

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

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

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 "THE NOTES - Nature of the Obligation" hereunder and "TAX LEVY LIMITATION LAW" herein.

The Notes are to be dated July 15, 2025 and will mature, without option of prior redemption, on July 15, 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) the name of the purchaser(s), in denominations of $5,000 or integral multiples thereof, except for one necessary odd denomination, as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being 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 a bond resolution duly adopted by the Board of Education on December 20, 2022 authorizing the District to finance a capital improvement project consisting of renovations, reconstruction and improvements to various District buildings at a maximum cost of $8,000,000, with $225,000 to be funded from the District's Capital Reserve, and the balance to be financed through the issuance of up to $7,775,000 bond anticipation notes and serial bonds.

The District issued $975,000 bond anticipation notes as the first borrowing for the project on September 6, 2023. The District issued $932,819 bond anticipation notes on July 16, 2024, which, along with $42,181 available funds of the District, redeemed and renewed the bond anticipation notes that matured July 17, 2024. The proceeds of the $2,100,000 bond anticipation notes issued April 24, 2025 provided additional new money for this project. The proceeds of the Notes, along with available District funds, will redeem and partially renew the bond anticipation notes issued on July 16, 2024 and will redeem and renew, in full, the bond anticipation notes issued on April 24, 2025, and will provide $4,700,000 in additional new money for the project.

Nature of the Obligation

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

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

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

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

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

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

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

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

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

State to deprive the city of those revenues to meet its obligations." According to the Court in *Quirk*, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

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

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

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The District is located in Morrisville, New York, a residential and college community and is made up of seven Towns which include Eaton, Fenner, Lebanon, Lincoln, Nelson, Smithfield, and Stockbridge. Encompassing 75 square miles of rolling countryside and a number of small lakes, the District is located in the heart of Madison County, in the center of New York State, 30 miles southeast of Syracuse and 30 miles southwest of Utica. While agribusiness plays a primary role in the District's economy, a significant number of residents are employed by SUNY Morrisville and Colgate University, located 10 miles away in Hamilton. Residents commute to Syracuse, Utica, or nearby Oneida for work, shopping and cultural opportunities. Morrisville is located on Route 20 with a direct route to the Interstate Thruway to the north and Interstate 81 is 27 miles west of the village.

A little more than an hour's driving time brings one to the foothills of the Adirondack Mountains, Lake Ontario and the Thousand Islands. In winter, several ski areas are operated within an hour's drive or less. There are many golf courses, both public and private, and modern bowling alleys cater to individual, league and tournament activities. The Morrisville State College Ice Plex was built in 1997. A second ice arena was constructed and completed in January 2001.

Ample opportunities for gratification of cultural interests are offered. SUNY Morrisville and Colgate University sponsor many events. The city of Syracuse offers several series of concerts and artists on tour. Many artists, lecturers, and dramatic productions are brought to the city. The Everson Museum, designed by the internationally famous I. M. Pei, houses a famous collection and presents a wide variety of exhibits.

Source: District officials.

District Population

The population of the District is estimated to be 5,252. (Source: U.S. Census Bureau 2019-2023 American Community 5-Year Survey estimates data).

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2006-2010	2016-2020	2019-2023	2006-2010	2016-2020	2019-2023
Towns of:						
Eaton	$ 13,946	$ 18,680	$ 23,145	$ 53,458	$ 60,429	$ 72,083
Fenner	22,276	35,921	38,192	58,158	67,917	87,813
Lebanon	23,035	26,375	32,867	52,054	54,699	73,333
Lincoln	30,055	33,207	43,154	67,321	73,558	94,250
Nelson	29,863	38,965	53,746	69,196	95,625	125,433
Smithfield	19,704	30,380	38,034	54,559	79,375	87,330
Stockbridge	19,449	25,919	33,223	47,898	64,375	79,821
County of:						
Madison	24,311	32,443	39,904	61,828	78,812	94,317
State of:						
New York	30,948	40,898	49,520	67,405	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, 2016-2020 and 2019-2023 5-Year American Community Survey estimates data.

Larger Employers

Name	Type of Service	Approximate No. of Employees
SUNY Morrisville	Higher Education	500
Crouse Community Center	Care for the Elderly	260
Morrisville-Eaton Central School District	Public Education	126
Morrisville Auxiliary Corp.	Higher Education	106
Madison County Highway Department	Road Service/Public Safety	35

Source: District officials.

Unemployment Rate Statistics

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

	Annual Averages						
	2018	2019	2020	2021	2022	2023	2024
Madison County	4.7%	4.3%	7.5%	4.6%	3.5%	3.7%	3.8%
New York State	4.1%	3.9%	9.8%	7.1%	4.3%	4.1%	4.3%

	2025 Monthly Figures					
	Jan	Feb	Mar	Apr	May	Jun
Madison County	4.9%	5.0%	4.4%	3.2%	N/A	N/A
New York State	4.6%	4.3%	4.1%	3.6%	N/A	N/A

Note: Information for the months of May and June of 2025 is unavailable as of the date of this Official Statement.

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

Form of School Government

The Board of Education, which is the policy-making body of the District, consists of five 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 District and no Board member may hold certain other District offices or positions while serving on the Board of Education. The President and the Vice President are elected by the Board members.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the School District for the ensuing fiscal year. A public hearing on such budget is held not less than seven 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.

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 School District's tax cap calculation, which includes a growth factor increase of the lessor of 2% or the rate of inflation (the "Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the Tax Cap also must receive at least 60% voter approval.

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

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). Clarification may be needed to determine whether a Board of Education must adopt a budget that requires the same tax levy amount as used in the prior fiscal year, or whether changes to the levy are permitted for such purposes as the permitted school district exclusions or the tax base growth factor. For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION LAW" herein.

Recent Budget Votes

The budget for the 2024-2025 fiscal year was approved by the qualified voters on May 21, 2024 by a vote of 376 to 176. The District's adopted budget called for a total tax levy increase of 7.49%, which was above the District's tax levy limit of 5.46% for the 2024-2025 fiscal year.

The District's budget for the 2025-26 fiscal year was approved by qualified voters on May 20, 2025 by a vote of 198 yes to 82 no. The adopted budget called for a total tax levy increase of 2.19%, which was equal to the District's tax levy limit of 2.19%.

Investment Policy

Pursuant to the statutes of the State of New York, the District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the District; (6) obligations of a New York public corporation which are made lawful investments by the District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of District moneys held in certain reserve funds established pursuant to law, obligations issued by the 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 statutory limitations, it is the District's current policy to invest in: (1) Savings Accounts or Money Market Accounts of designated banks; (2) Certificates of Deposit issued by a bank or trust company located in and authorized to do business in New York State; (3) Demand Deposit Accounts in a bank or trust company located in and authorized to do business in New York State; (4) Obligations of New York State; (5) Obligations of the United States Government (U.S. Treasury Bills and Notes); and (6) Repurchase Agreements involving the purchase and sale of direct obligations of the United States.

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 62.20% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

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

State aid, including building aid appropriated and apportioned to the District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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 (38) days after the April 1 deadline, the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal Aid Received by the State

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-26 preliminary building aid ratios, the District expects to receive State building aid of approximately 88.6% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State Aid History

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

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

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%, which was the highest level of State aid to date. 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 established new Early College High School and Pathways in Technology Early College High School Programs. An investment of $10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges was made to promote job readiness. An additional $150 million was used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

School district fiscal year (2024-2025): The State's 2024-25 Enacted Budget provided $35.9 billion in State funding to school districts for the 2024-25 school year. This represented an increase of $1.3 billion compared to the 2023-24 school year and included a $934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Enacted Budget maintained the "save harmless" provision, which ensured a school district received at least the same amount of Foundation Aid as it received in the prior year. The State's 2024-25 Enacted Budget also authorized a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

School district fiscal year (2025-2026): The State's 2025-26 Budget includes approximately $37.6 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of $1.7 billion. The State's 2025-26 Budget provides an estimated $26.3 billion in Foundation Aid, a year over year increase of $1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. The State's 2025-26 Budget also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

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 (such as State Aid) if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-26. Specifically, the State's 2025-26 Enacted Budget provides that 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* mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

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

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments.

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

A breakdown of currently anticipated Foundation Aid funding is available below

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

The State's 2025-26 Budget also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

State Aid Revenues

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

Fiscal Year	Total Revenues and Other Sources	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	$ 16,673,714	$ 11,209,239	67.23%
2020-2021	17,763,400	11,604,314	65.33
2021-2022	17,817,753	11,815,452	66.31
2022-2023	18,460,616	12,574,761	68.12
2023-2024	18,886,332	12,720,242	67.35
2024-2025 (Budgeted)	19,538,734 (1)	12,231,188	62.60
2024-2025 (Unaudited)	18,565,543	12,006,526	64.67
2025-2026 (Budgeted)	20,182,116 (2)	12,552,292	62.20

(1) Includes $600,000 appropriated fund balance and $295,312 appropriated reserves.
(2) Includes $600,000 appropriated fund balance and $515,065 interfund transfers.

Source: Audited Financial Statements for the 2019-2020 through 2023-2024 fiscal years, the adopted budget and unaudited figures for the 2024-2025 fiscal year, and the adopted budget of the District for the 2025-2026 fiscal year. This table is not audited. The unaudited projections for the 2024-2025 fiscal year are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

District Facilities

Name	Grades	Capacity	Year Built/Additions
Edwards R. Andrews Elementary School	K-6	822	1936, ’01
Junior Senior High School	7-12	810	1968, ’04, ’08

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2020-2021	544	2025-2026	574
2021-2022	560	2026-2027	581
2022-2023	551	2027-2028	594
2023-2024	559	2028-2029	594
2024-2025	566	2029-2030	594

Source: District officials.

Employees

The District currently has 120 full-time and 6 part-time employees with representation by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
59	Morrisville-Eaton Faculty Association	June 30, 2026
61	Morrisville-Eaton Support Personnel Organization	June 30, 2026
6	Administration	N/A [1]

[1] Administrators are not in a collective bargaining unit. Each has an individual contract.

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Effective April 20, 2024, this final average salary calculation for ERS Tier VI members has been changed from five years to the three highest consecutive years of earnings. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The District is required to contribute at an actuarially determined rate. The actual contributions for the fiscal years 2020-2021 through 2024-2025 fiscal years and budgeted figures for the 2025-2026 fiscal year are as follows:

Fiscal Year	ERS	TRS
2020-2021	$ 294,061	$ 396,710
2021-2022	290,094	481,518
2022-2023	250,704	479,147
2023-2024	265,417	429,563
2024-2025	311,580	419,506
2025-2026 (Budgeted)	399,764	472,581

Source: District officials.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2021-22 to 2025-26) is shown below:

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

*Estimated.

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

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

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

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

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

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

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

Other Post-Employment Benefits

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

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

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

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

The District contracted with Milliman, through Quest Star III BOCES, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2023 and June 30, 2024. The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

Balance beginning at:	July 1, 2022	July 1, 2023
	$ 42,716,946	$ 39,600,553
Changes for the year:		
Service cost	1,075,160	1,047,304
Interest on total OPEB liability	1,525,585	1,456,984
Effects of demographic gains or losses	(2,924,478)	-
Differences between expected and actual experience	-	-
Changes in Assumptions or other inputs	(1,387,450)	(1,543,729)
Benefit payments	(1,405,210)	(1,474,199)
Net Changes	$ (3,116,393)	$ (513,640)
Balance ending at:	June 30, 2023	June 30, 2024
	$ 39,600,553	$ 39,086,913

Source: Audited Financial Statements of the District. 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 toward its OPEB liability.

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

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

Other Information

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

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

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

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

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

The District is in preliminary discussions of pursuing a merger to take advantage of more State Aid opportunities, however, at this time, no decision has been made on whether a merger will proceed. The District anticipates that a merger study will be conducted at either the end of the 2024-2025 fiscal year or early in the 2025-2026 fiscal year.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ended June 30, 2024 and is attached hereto as "APPENDIX – D" to this Official Statement. Certain financial information of the District can also be found attached as Appendices to the Official Statement.

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

Beginning with the fiscal year ending June 30, 2003 the District 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 District is in compliance with Statement No. 34.

Anticipated Unaudited Results of Operations for Fiscal Year Ending June 30, 2025

Based on preliminary estimates, the District expects to end the fiscal year ending June 30, 2025 with an unappropriated unreserved fund balance of $807,285.

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

Revenues:	$ 18,565,543
Expenditures:	18,476,814
Excess (Deficit) Revenues Over Expenditures:	$ 88,729
Beginning Fund Balance at June 30, 2024:	$ 5,452,772
Total Projected Fund Balance at June 30, 2025:	$ 5,541,501

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

New York State Comptroller Reports of Examination

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

There are no State Comptroller's audits of the District released within the past five years; however, the Office of the State Comptroller is currently conducting an audit of the District. It is anticipated that the subject of the audit is purchased services of the District. Upon completion, it is anticipated that the audit will be available on the website of the Office of the State Comptroller. In addition, the Office of the State Comptroller recently conducted a tax cap review of the District.

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

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

The classification of the District for the three most recent available fiscal years of the District are as follows:

Fiscal Year Ending	Stress Designation	Fiscal Score
2024	No Designation	10.0
2023	No Designation	10.0
2022	No Designation	6.7

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Eaton	$ 159,434,846	$ 189,529,300	$ 190,647,327	$ 192,705,047	$ 195,135,497
Fenner	12,443,215	12,543,135	12,395,525	12,443,371	12,471,672
Lebanon	3,698,697	4,352,113	4,347,793	4,309,081	4,438,276
Lincoln	2,651,180	2,646,361	2,620,293	2,605,310	2,822,132
Nelson	49,464,844	49,992,128	50,827,904	51,263,405	51,093,579
Smithfield	44,776,564	45,433,918	44,839,100	45,596,967	45,461,233
Stockbridge	380,686	382,479	371,314	355,603	348,647
Total Assessed Value	$ 272,850,032	$ 304,879,434	$ 306,049,256	$ 309,278,784	$ 311,771,036
State Equalization Rates					
Towns of:					
Eaton	85.00%	100.00%	95.00%	82.00%	80.00%
Fenner	92.00%	94.00%	81.00%	69.00%	64.00%
Lebanon	85.00%	100.00%	95.00%	82.00%	80.00%
Lincoln	95.50%	91.50%	81.00%	64.00%	64.00%
Nelson	92.00%	94.00%	81.00%	69.00%	64.00%
Smithfield	92.00%	94.00%	81.00%	69.00%	64.00%
Stockbridge	95.50%	91.50%	77.60%	64.50%	59.30%
Total Taxable Full Valuation	$ 311,058,091	$ 312,052,452	$ 342,381,978	$ 403,294,473	$ 424,818,616

Source: District officials.

Tax Rates per $1,000 (Assessed)

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Eaton	$ 18.94	$ 16.37	$ 16.20	$ 16.56	$ 17.32
Fenner	17.50	17.41	19.00	19.68	21.65
Lebanon	18.94	16.37	16.20	16.56	17.32
Lincoln	16.86	17.89	19.00	21.22	21.65
Nelson	17.50	17.41	19.00	19.68	21.65
Smithfield	17.50	17.41	19.00	19.68	21.65
Stockbridge	16.86	17.89	19.83	21.05	23.37

Source: District officials.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Total Tax Levy	$ 5,008,937	$ 5,108,116	$ 5,269,834	$ 5,476,559	$ 5,887,289
Amount Uncollected (1)	279,024	324,990	274,132	319,632	339,150
% Uncollected	5.57%	5.57%	5.20%	5.84%	5.76%

(1) See "Tax Collection Procedure" herein.

Source: District officials.

Tax Collection Procedure

District taxes are due September 1. If paid by September 30, no penalty is imposed. There is a 2% penalty added to payments commencing October 1 to October 31. Unpaid taxes are turned over to the County Treasurer for re-levy on County tax rolls. On November 1 a penalty of 5% is added, with an additional 2% as of December 1. The District is reimbursed by the County for all unpaid taxes the first week of April in each year and is thus assured of 100% collection of its annual levy.

Larger Taxpayers 2024 Assessment Roll for the 2024-2025 Tax Roll

Name	Type	Taxable Assessed Valuation
Tennessee Gas Pipeline, Co.	Utility	$10,638,552
Dominion Resource Services, Inc.	Utility	5,705,796
NYSEG	Utility	5,564,904
Niagara Mohawk	Utility	1,554,836
Oneida-Madison Electric Coop.	Utility	1,524,053
Schapiro, Susan F.	Homeowner	1,520,000
Dahlem, Joseph W.	Farm	1,242,000
Munnsville Wind Farm, LLC	Utility	1,145,496
Speedway LLC	Business	1,068,000
Fun Time Properties, LLC	Properties	990,000

The larger taxpayers listed above have a total taxable assessed valuation of $30,953,637, which represents approximately 7.29% of the tax base of the District for the 2024-2025 fiscal year.

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

Source: District officials.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues and Other Sources	Total Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Property Taxes
2019-2020	$ 16,673,714	$ 4,848,418	29.08%
2020-2021	17,763,400	5,100,603	28.71
2022-2023	17,817,753	5,187,103	29.11
2022-2023	18,460,616	5,367,045	29.07
2023-2024	18,886,332	5,536,505	29.31
2024-2025 (Budgeted)	19,538,734 (1)	5,938,464	30.39
2024-2025 (Unaudited)	18,565,543	5,939,165	31.99
2025-2026 (Budgeted)	20,182,116 (2)	6,075,709	30.10

(1) Includes $600,000 appropriated fund balance and $295,312 appropriated reserves.
(2) Includes $600,000 appropriated fund balance and $515,065 interfund transfers.

Source: Audited Financial Statements for the 2019-2020 through 2023-2024 fiscal years, the adopted budget and unaudited figures for the 2024-2025 fiscal year, and adopted budget of the District for the 2025-2026 fiscal year. This table is not audited. The unaudited projections for the 2024-2025 fiscal year are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Agricultural-11%, Residential-83% and Commercial-6%.

The estimated total annual property tax bill of a $50,000 market value residential property located in the District is approximately $1,720 including County, Town, School District, Library, and Fire District taxes.

STAR – School Tax Exemption

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

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

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

The below table lists the basic and enhanced exemption amounts for the 2025-26 District tax roll for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Eaton	$ 68,880	$ 24,000	4/10/2025
Fenner	55,100	19,880	4/10/2025
Lebanon	68,880	24,000	4/10/2025
Lincoln	55,100	19,350	4/10/2025
Nelson	55,100	19,880	4/10/2025
Smithfield	55,100	19,880	4/10/2025
Stockbridge	51,060	19,350	4/10/2025

$574,521 of the District's $5,887,289 school tax levy for the 2024-2025 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2025.

Approximately $576,000 of the District's $6,015,982 school tax levy for the 2025-2026 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2026.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under "The NOTES - Nature of the Obligation," the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, Chapter 97 of the Laws of 2011 imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. See "TAX LEVY LIMITATION LAW," herein.

Statutory Procedure

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

Debt Limit. Pursuant to the Local Finance Law, 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 constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

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

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

(1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication, or

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

The Board of Education, as the finance board of the School 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 School District, pursuant to the Local Finance Law.

Statutory law in the State also permits the School District to issue bond anticipation notes to be issued in anticipation of the issuance of serial bonds, which may be renewed each year, provided annual principal installments are made in the reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance date of such notes and provided that such renewals do not exceed five years beyond the original date of the issuance of such notes. (See “Payment and Maturity” under “Constitutional Requirements” herein, and “Details of Outstanding Indebtedness” herein).

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

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2020	2021	2022	2023	2024
Bonds	$ 2,800,000	$ 10,560,000	$ 9,390,000	$ 8,160,000	$ 7,025,000
Bond Anticipation Notes	11,811,905	3,262,999	819,000	784,540	1,901,786
Revenue Anticipation Notes	0	0	995,000	0	0
Other Indebtedness (1)	0	0	0	113,404	76,618
Total Debt Outstanding	$ 14,611,905	$ 14,817,999	$ 10,209,000	$ 9,057,944	$ 9,003,404

Note: The bond amounts shown above do not include refunded bonds outstanding where applicable.

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

Note: Apart from as noted above, the figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of June 12, 2025.

Type of Indebtedness	Maturity	Amount
Bonds	2025-2036	$ 7,025,000
Bond Anticipation Notes		
Capital Project	July 16, 2025	932,819 (1)
Capital Project	July 16, 2025	2,100,000 (1)
Bus Purchase	September 19, 2025	811,197
	Total Debt Outstanding	$ 10,869,016

(1) The aggregate $3,032,819 bond anticipation notes maturing on July 16, 2025 are to be redeemed and partially renewed at maturity with a portion of the proceeds of the Notes and available District funds.

Note: The figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared as of June 12, 2025:

Full Valuation of Taxable Real Property			$ 424,818,616
Debt Limit – 10% thereof			42,481,861
Inclusions:			
Bonds	$ 7,025,000		
Bond Anticipation Notes (BANs):	3,844,016		
Total Inclusions prior to issuance of the Notes	10,869,016		
Less: BANs being redeemed from appropriations	106,164		
Add: New money proceeds of the Notes	4,700,000		
Total Net Inclusions after issuance of the Notes		$ 15,462,852	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 15,462,852
Net Debt-Contracting Margin			$ 27,019,009
The percent of debt contracting power exhausted is			36.40%

(1) Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 88.6% 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.

Notes: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District. The figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District, and to the extent same is includable in the debt limit.

Bonded Debt Service

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

Cash Flow Borrowings

On August 21, 2020, the District issued $995,000 revenue anticipation notes. The Notes were issued to provide monies to meet a cash flow deficit expected to occur during the period that the Notes were outstanding. Such cash flow deficit was the result of a delay in the receipt of State aid revenues, which receipt was not timely with the cash flow needs of the School District.

The District does not anticipate issuing revenue anticipation notes or tax anticipates notes in the foreseeable future.

Capital Project Plans

The District typically issues bond anticipation notes annually for the purchase of buses and currently has $811,197 of such notes outstanding, which mature on September 19, 2025. On May 20, 2025, District voters approved a proposition in the amount of $401,535 for the purchase of buses.

On December 13, 2022, the District voters approved a referendum in the amount of $8,000,000 for a capital improvement project. The District used $225,000 of capital reserve funds for the project with the remaining $7,775,000 to be financed with the issuance of bond anticipation notes and serial bonds. The District issued $975,000 bond anticipation notes as the first borrowing for the project on September 6, 2023. The District issued $932,819 bond anticipation notes on July 16, 2024, which, along with $42,181 available funds of the District, redeemed and renewed the bond anticipation notes that matured July 17, 2024. The proceeds of the $2,100,000 bond anticipation notes issued April 24, 2025 provided additional new money for this project. The proceeds of the Notes, along with available District funds, will redeem and partially renew the bond anticipation notes issued on July 16, 2024 and will redeem and renew, in full, the bond anticipation notes issued on April 24, 2025, and will provide $4,700,000 in additional new money for the project.

There are currently no other capital projects authorized or contemplated at this time by the District

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Net Overlapping Indebtedness
County of:						
Madison	10/31/2024 [3]	$ 41,157,000	$ 925,000	$ 40,232,000	7.98%	$ 3,210,514
Towns of:						
Eaton	12/31/2023 [4]	183,421	- [5]	183,421	79.65%	146,095
Fenner	12/31/2023 [4]	219,915	- [5]	219,915	12.24%	26,918
Lebanon	12/31/2023 [4]	89,314	- [5]	89,314	4.36%	3,894
Lincoln	12/31/2023 [4]	609,456	- [5]	609,456	2.59%	15,785
Nelson	12/31/2022 [4]	1,795,232	- [5]	1,795,232	24.76%	444,499
Smithfield	12/31/2023 [4]	-	- [5]	-	81.55%	-
Stockbridge	12/31/2023 [4]	-	- [5]	-	0.42%	-
Village of:						
Morrisville	5/31/2024 [4]	1,589,165	- [5]	1,589,165	100.00%	1,589,165
					Total:	$ 5,436,870

(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 June 12, 2025.

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 15,462,852	$ 2,944.18	3.64%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	20,899,722	3,979.38	4.92

(a) The estimated population of the District is 5,252. (See "THE SCHOOL DISTRICT – Population" herein.)

(b) The District's full value of taxable real estate for the 2024-2025 fiscal year is $424,818,616. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

(d) The District's estimated share of Net Overlapping Indebtedness is $5,436,870. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of or interest on the Notes.

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

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

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

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

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

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

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

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

MARKET AND RISK FACTORS

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

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

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

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

Federal Policy Risk. Federal policies on trade, immigration, and other topics can shift dramatically from one administration to another. From time to time, such shifts can result in reductions to the State's level of federal funding for a variety of social services, health care, public safety, transportation, public health, and other federally funded programs. There can be no prediction of future changes in federal policy or the potential impact on any related federal funding that the State may or may not receive in the future.

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 Trespasz Law Offices, LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. Bond Counsel is further of the opinion that interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. Interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The proposed form of opinion of Bond Counsel is set forth in "APPENDIX – E."

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

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

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

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

LEGAL MATTERS

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

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

On December 27, 2022, the District had an Annual Financial Information and Operating Data filing due for the fiscal year ended June 30, 2022. The filing was made on December 28, 2022, one day late under one of the District's existing undertakings. A failure to file notice was submitted to EMMA on January 10, 2023.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATINGS

The Notes are not rated. The purchaser(s) of the Notes may choose to request that a rating be assigned after the sale pending the approval of the District and applicable rating agency, and at the expense of the purchaser(s), including any rating agency and other fees to be incurred by the District, as such rating action may result in a material event notice to be posted to EMMA and/or the provision of a Supplement to the final Official Statement. (See "APPENDIX – C" herein).

The District does not currently have an underlying rating on its indebtedness.

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 rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the District's outstanding serial bonds may have an adverse effect on the market price of the outstanding bonds or the issuance of the Notes.

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Matthew Enigk, Business Administrator, Morrisville-Eaton Central School District, 5061 Fearon Road, PO Box 990, Morrisville, New York 13408, Phone: (315) 684-9158, Fax: (315) 684-9171, Email: menigk@m-ecs.org.

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

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT

Dated: June 12, 2025

PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2020	2021	2022	2023	2024
ASSETS					
Cash & Cash Equivalents	$ 388,540	$ 961,833	$ 731,496	$ 634,223	$ 671,877
Restricted Cash & Cash Equivalents	812,767	1,517,223	1,707,019	2,251,587	4,040,117
Receivables					
Other Governments	575,928	852,742	572,370	794,967	964,277
Due From Other Funds	1,258,244	1,381,430	839,611	752,110	731,476
Other Receivables	9,668	132,216	-	-	1,195
Prepaid Expenditures	-	3,007	3,098	1,890	2,155
TOTAL ASSETS	$ 3,045,147	$ 4,848,451	$ 3,853,594	$ 4,434,777	$ 6,411,097
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 181,894	$ 22,435	$ 23,740	$ 69,518	$ 43,875
Accrued Liabilities	66,227	22,990	112,324	45,562	99,205
Due to Other Governments	-	-	-	-	-
Due to Other Funds	247,427	310,899	38,857	54,252	269,407
Due to Teachers' Retirement System	445,403	444,164	481,518	485,904	470,872
Due to Employee's Retirement System	72,023	81,216	52,827	68,119	74,966
Deferred Tax Revenue	112,083	-	-	-	-
Revenue Anticipation Note	-	995,000	-	-	-
TOTAL LIABILITIES	$ 1,125,057	$ 1,876,704	$ 709,266	$ 723,355	$ 958,325
FUND EQUITY					
Nonspendable	$ -	$ 3,007	$ 3,098	$ 1,890	$ 2,155
Restricted	812,767	1,517,223	1,707,019	2,251,587	4,040,117
Assigned	550,965	522,818	639,310	347,486	628,950
Unassigned	556,358	928,699	794,901	1,110,459	781,550
TOTAL FUND EQUITY	$ 1,920,090	$ 2,971,747	$ 3,144,328	$ 3,711,422	$ 5,452,772
TOTAL LIABILITIES and FUND EQUITY	$ 3,045,147	$ 4,848,451	$ 3,853,594	$ 4,434,777	$ 6,411,097

Source: Audited Financial Statements of the School District. Summary itself is not audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2020	2021	2022	2023	2024
REVENUES					
Real Property Taxes	$ 4,127,974	$ 4,378,794	$ 4,490,276	$ 4,667,690	$ 4,905,068
Other Tax Items	720,444	721,809	696,828	699,355	631,437
Charges for Services	18,709	3,856	12,358	12,187	13,045
Use of Money & Property	30,701	13,440	21,496	73,140	145,501
Sale of Property and Compensation for Loss	2,165	1,969	188,477	17,647	64,507
Miscellaneous	370,375	709,297	378,363	341,412	347,926
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	11,209,239	11,604,314	11,815,452	12,574,761	12,720,242
Revenues from Federal Sources	44,104	179,920	64,503	66,223	58,604
Total Revenues	$ 16,523,711	$ 17,613,399	$ 17,667,753	$ 18,452,415	$ 18,886,330
Other Sources:					
Appropriated Reserves	-	-	-	-	-
Interfund Transfers	150,003	150,001	150,000	8,201	2
Total Revenues and Other Sources	$ 16,673,714	$ 17,763,400	$ 17,817,753	$ 18,460,616	$ 18,886,332
EXPENDITURES					
General Support	$ 1,934,135	$ 1,836,419	$ 1,783,493	$ 1,933,698	$ 2,026,312
Instruction	7,299,414	7,147,166	7,530,260	7,596,569	7,418,266
Pupil Transportation	870,116	834,435	917,201	1,009,258	954,826
Community Services	-	-	-	-	-
Employee Benefits	4,690,721	4,717,710	4,728,091	4,626,022	4,726,175
Debt Service	1,682,441	1,968,889	2,069,102	1,928,549	1,847,978
Total Expenditures	$ 16,476,827	$ 16,504,619	$ 17,028,147	$ 17,094,096	$ 16,973,557
Other Uses:					
Interfund Transfers	208,044	207,124	617,025	799,426	171,425
Total Expenditures and Other Uses	$ 16,684,871	$ 16,711,743	$ 17,645,172	$ 17,893,522	$ 17,144,982
Excess (Deficit) Revenues Over Expenditures	(11,157)	1,051,657	172,581	567,094	1,741,350
FUND BALANCE					
Fund Balance - Beginning of Year	1,931,247	1,920,090	2,971,747	3,144,328	3,711,422
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 1,920,090	$ 2,971,747	$ 3,144,328	$ 3,711,422	$ 5,452,772

Source: Audited Financial Statements of the School District. Summary itself is not audited.

GENERAL FUND

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

Fiscal Years Ending June 30:	2024			2025	2026
	Original Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 5,476,559	$ 4,861,559	$ 4,905,068	$ 5,887,289	$ 5,439,982
Other Tax Items	77,224	697,224	631,437	51,175	635,727
Charges for Services	-	10,500	13,045	-	13,000
Use of Money & Property	-	38,950	145,501	-	88,700
Sale of Property and Compensation for Loss	-	1,350	64,507	-	1,100
Interfund Revenues	-	-	347,926	38,100	-
Miscellaneous	218,800	248,105	-	305,670	276,250
Revenues from State Sources	12,812,647	12,812,647	12,720,242	12,231,188	12,552,292
Revenues from Federal Sources	140,000	60,000	58,604	130,000	60,000
Total Revenues	$ 18,725,230	$ 18,730,335	$ 18,886,330	$ 18,643,422	$ 19,067,051
Other Sources:					
Appropriated Reserves	$ -	$ -	$ -	$ 295,312	$ -
Appropriated Fund Balance	300,000	358,429	-	600,000	600,000
Interfund Transfers	-	-	2	-	515,065
Total Revenues and Other Sources	$ 19,025,230	$ 19,088,764	$ 18,886,332	$ 19,538,734	$ 20,182,116
EXPENDITURES					
General Support	$ 2,307,883	$ 2,311,688	$ 2,026,312	$ 2,386,129	$ 2,503,178
Instruction	7,997,851	8,040,308	7,418,266	8,810,798	9,137,107
Pupil Transportation	1,292,902	1,282,897	954,826	1,202,115	1,288,400
Community Services	-	-	-	-	-
Employee Benefits	5,354,896	5,346,696	4,726,175	5,604,593	5,710,191
Debt Service	1,834,600	1,834,600	1,847,978	1,317,099	1,375,240
Total Expenditures	$ 18,788,130	$ 18,816,189	$ 16,973,557	$ 19,320,734	$ 20,014,116
Other Uses:					
Interfund Transfers	237,100	272,575	171,425	218,000	168,000
Total Expenditures and Other Uses	$ 19,025,230	$ 19,088,764	$ 17,144,982	$ 19,538,734	$ 20,182,116
Excess (Deficit) Revenues Over Expenditures	-	-	1,741,350	-	-
FUND BALANCE					
Fund Balance - Beginning of Year		-	3,711,422	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 5,452,772	$ -	$ -

Source: Audited Financial Statements and budgets (unaudited) of the School District. Summary itself is not audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	$ 535,000	$ 333,700.00	$ 868,700.00
2026	555,000	312,300.00	867,300.00
2027	580,000	284,550.00	864,550.00
2028	610,000	255,550.00	865,550.00
2029	640,000	225,050.00	865,050.00
2030	670,000	193,050.00	863,050.00
2031	705,000	159,550.00	864,550.00
2032	735,000	124,300.00	859,300.00
2033	775,000	87,550.00	862,550.00
2034	820,000	48,800.00	868,800.00
2035	320,000	16,000.00	336,000.00
2036	80,000	3,200.00	83,200.00
TOTALS	$ 7,025,000	$2,043,600.00	$ 9,068,600.00

The table above does not include any energy performance contract, capital lease, or installment purchase contract indebtedness, to the extent any such indebtedness may be applicable to the District.

APPENDIX - B1
Morrisville-Eaton CSD

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2021A Capital Project		
	Principal	Interest	Total
2025	$ 535,000	$ 333,700.00	$ 868,700.00
2026	555,000	312,300.00	867,300.00
2027	580,000	284,550.00	864,550.00
2028	610,000	255,550.00	865,550.00
2029	640,000	225,050.00	865,050.00
2030	670,000	193,050.00	863,050.00
2031	705,000	159,550.00	864,550.00
2032	735,000	124,300.00	859,300.00
2033	775,000	87,550.00	862,550.00
2034	820,000	48,800.00	868,800.00
2035	320,000	16,000.00	336,000.00
2036	80,000	3,200.00	83,200.00
TOTALS	$ 7,025,000	$ 2,043,600.00	$9,068,600.00

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 Commission pursuant to the Securities Exchange Act of 1934, the District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the EMMA system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the 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 District

(m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(o) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material; and

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

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

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

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 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 District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

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

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

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

APPENDIX – D

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
MADISON COUNTY, NEW YORK

GENERAL PURPOSE FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2024

The Audited Financial Statements, including opinion, were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

MORRISVILLE-EATON
CENTRAL SCHOOL
DISTRICT

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2024

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

Independent Auditor's Report

Board of Education
Morrisville-Eaton Central School District

Report of the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Morrisville-Eaton Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Morrisville-Eaton Central School 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 Morrisville-Eaton Central School 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 and the standards applicable to financials audits contained in *Government Auditing Standards* issued by the Comptroller 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 Morrisville-Eaton Central School 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.

Emphasis of a Matter

As discussed in Note 17 to the financial statements, the District-wide net assets were decreased by $1,665,692 due to an error in recording net capital assets. Management reviewed its capital assets inventory and determined that there were certain omitted certain capital projects and equipment in error. Our opinion is not modified with respect to this matter.

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 Morrisville-Eaton Central School 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 generally accepted auditing standards 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 generally accepted auditing standards 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 Morrisville-Eaton Central School 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 Morrisville-Eaton Central School 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 and other required supplementary information, as listed in the table of contents, 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 and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Morrisville-Eaton Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 15, 2024, on our consideration of the Morrisville-Eaton Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Morrisville-Eaton Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Morrisville-Eaton Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 15, 2024

Rome, New York

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

The Morrisville-Eaton Central School District management's discussion and analysis of financial performance provides an overall review of the District's financial activities for the fiscal years ended June 30, 2024 and 2023. The intent of this discussion and analysis is to look at the District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

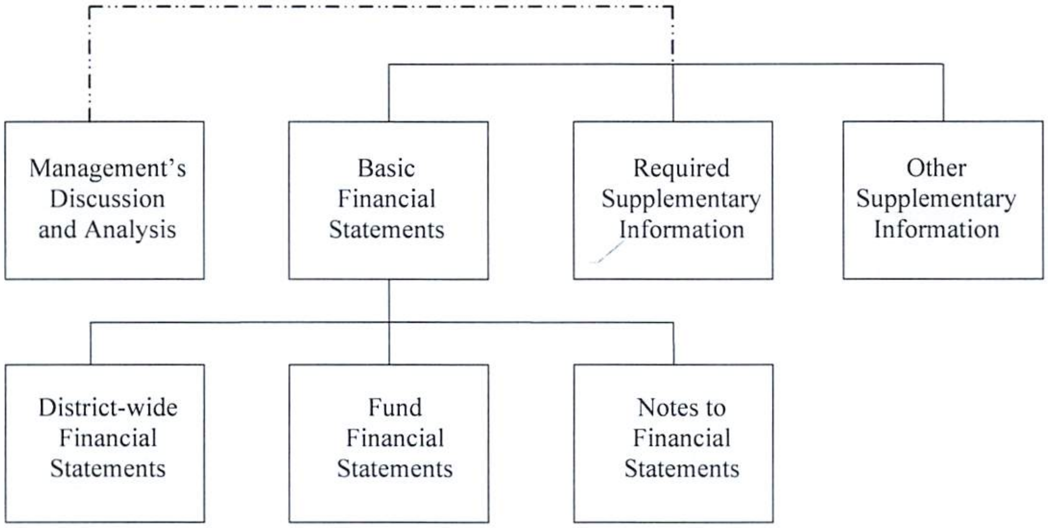
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024, are as follows:

- The District's total net position, as reflected in the District-wide financial statements, increased by $1,326,765 as a result of the current year activity.
- The current total net position is a deficit in the amount of $15,943,021. The deficit is primarily the result of the recognition of postemployment benefits other than pensions, which requires the recognition of an unfunded liability of $39,086,913 at June 30, 2024. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.
- The District's expenses for the year, as reflected in the District-wide financial statements, totaled $20,071,060. Of this amount, 12.4% was offset by program charges for services for $54,786, operating grants for $2,314,744, and capital grants for $112,627. General revenues of $18,915,668 amounted to 88.4% of total revenues.
- State and federal revenue increased by $141,690 to $12,778,846 in 2024 from $12,637,156 in 2023. This increase was mainly due to the increase in Foundation Aid of $243,454 and Excess Cost Aid of approximately $277,896. These increases were offset with decreases in Building Aid of $212,339 and BOCES Aid of $131,515.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 18 and 20, increased by $1,741,350 to $5,452,772.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of four parts – Management's Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of District-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements is as follows:



A. District-wide Financial Statements

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources, with the difference as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in Net Position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

B. Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. 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 also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of 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, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds: General Fund, School Lunch Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Debt Service Fund, and Capital Projects Fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total net position increased by $1,326,765 between fiscal year 2023 and 2024. A summary of the District's Statement of Net Position for June 30, 2024 and 2023, is as follows:

	2024	(Restated) 2023	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 7,290,605	$ 4,882,669	$ 2,407,936	49.3%
Capital and Right to Use Leased Assets, Net	32,188,994	32,392,516	(203,522)	(0.6%)
Total Assets	39,479,599	37,275,185	2,204,414	5.9%
Deferred Outflows of Resources	6,770,357	10,263,392	(3,493,035)	(34.0%)
Current and Other Liabilities	2,022,396	1,547,612	474,784	30.7%
Net Pension Liability - Proportionate Share	1,286,191	1,961,934	(675,743)	(34.4%)
Non-Current Liabilities	48,993,993	49,845,644	(851,651)	(1.7%)
Total Liabilities	52,302,580	53,355,190	(1,052,610)	(2.0%)
Deferred Inflows of Resources	9,890,397	11,453,173	(1,562,776)	(13.6%)
Net Position				
Net Investment in Capital Assets	22,099,135	21,979,821	119,314	0.5%
Restricted	4,135,645	2,319,814	1,815,831	78.3%
Unrestricted (Deficit)	(42,177,801)	(41,569,421)	(608,380)	(1.5%)
Total Net Position (Deficit)	$ (15,943,021)	$ (17,269,786)	$ 1,326,765	7.7%

Current and other assets increased by $2,407,936, as compared to the prior year. The increase is mainly due to an increase in cash and cash equivalents at year end in the amount of $271,303 and restricted cash and cash equivalents at year end in the amount of $2,278,756 offset by a decrease in amounts due from other governments of $146,595.

Capital and right to use leased assets (net of accumulated depreciation and amortization) decreased by $203,522. This decrease is primarily due to current year depreciation and amortization expense exceeding by capital outlays and leased assets. Note 6 to the Financial Statements provides additional information.

Deferred outflows of resources decreased by $3,493,035 as compared to the prior year, mainly due to the changes of assumptions for the calculation of other post-employment benefits liability, whereby the discount rate increased from 3.65% to 3.93%.

The District's proportionate share of the net pension liability decreased by $675,743 as a result of the change in the total pension liability for both the Employees' Retirement System (ERS) and Teachers' Retirement System (TRS).

Non-current liabilities decreased by $851,651, as compared to the prior year. The decrease is mainly the result of the repayment of serial bonds in the amount of $1,135,000 and a decrease in the OPEB Liability of $513,640. These decreases were offset with the issuance of a long term bond anticipation note of $975,000.

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction and leases from the total cost of all asset acquisitions, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment, and furniture to support District operations.

The restricted portion of the Net Position at June 30, 2024 is $4,135,645, which represents the amounts of the District's restricted funds in the General, Miscellaneous Special Revenue, and Debt Service funds. See the chart on page 10 for additional details.

The unrestricted Net Position at June 30, 2024, is a deficit of $42,177,801, which represents the amount by which the District's liabilities and deferred inflows of resources, exceeded the District's assets and deferred outflows of resources, excluding capital assets restricted assets and debt related to capital and leased assets. The deficit is mainly due to the recognition of other postemployment benefits liability in the amount of $39,086,913.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. A summary of this statement for the years ended June 30, 2024 and 2023 is as follows:

Revenues	2024	2023	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	$ 54,786	$ 105,327	$ (50,541)	(48.0%)
Operating Grants	2,314,744	1,796,005	518,739	28.9%
Capital Grants	112,627	36,260	76,367	210.6%
General Revenues				
Property Taxes and STAR	5,536,505	5,367,045	169,460	3.2%
State and Federal Sources	12,778,846	12,637,156	141,690	1.1%
Other	600,317	432,457	167,860	38.8%
Total Revenues	21,397,825	20,374,250	1,023,575	5.0%
Expenses				
General Support	2,032,703	2,726,173	(693,470)	(25.4%)
Instruction	15,051,593	14,500,208	551,385	3.8%
Pupil Transportation	2,031,573	1,999,316	32,257	1.6%
Debt Service-Unallocated Interest	287,369	286,254	1,115	0.4%
Food Service Program	667,822	581,987	85,835	14.7%
Total Expenses	20,071,060	20,093,938	(22,878)	(0.1%)
Total Change in Net Position	$ 1,326,765	$ 280,312	$ 1,046,453	

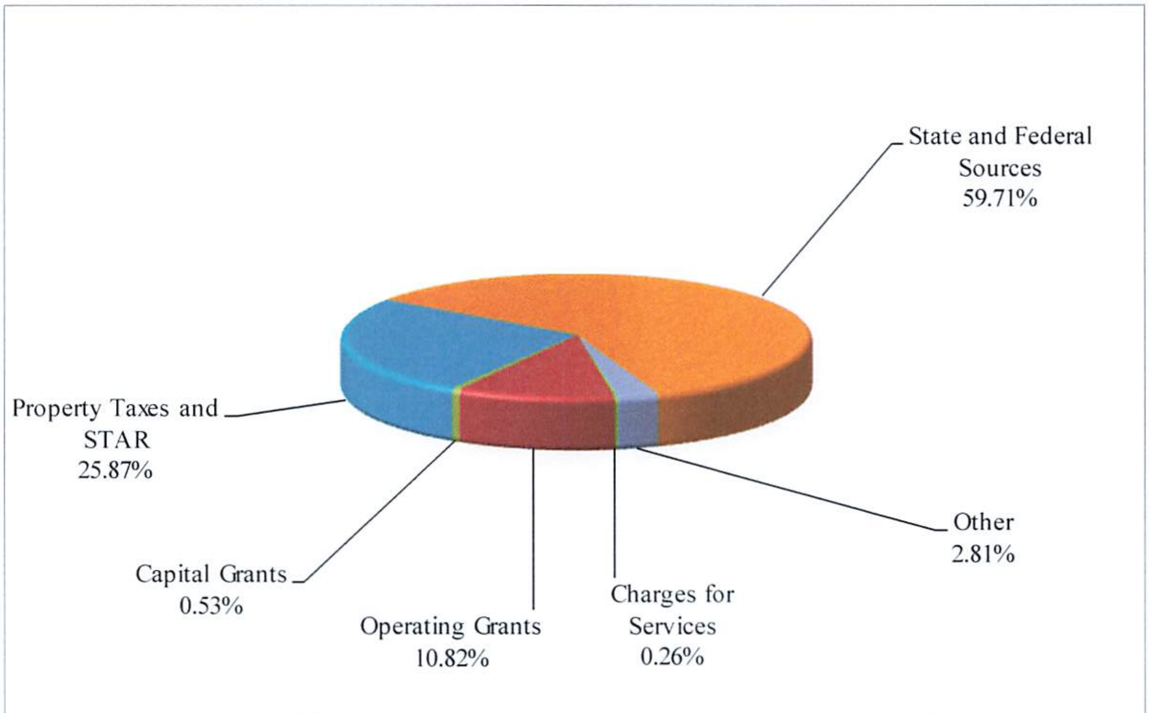
The District's revenues increased by $1,023,575 in 2024 or 5.0%. The major factors that contributed to the increase were:

- Operating grants increased $518,738 due to COVID-19 Education Stabilization Fund revenues grants recognized in the current year.
- Property taxes and STAR increased by $169,460 due to a budgeted increase.
- State and federal sources increased $141,690. This increase was mainly due to the increase in Foundation Aid of $243,454 and Excess Cost Aid of approximately $277,896. These increases were offset with decreases in Building Aid of $212,339 and BOCES Aid of $131,515.
- Other revenues increased $167,860 as a result of a $92,006 increase in Use of Money and Property due to increased rates available in the current economy, and Sale of Property and Compensation for Loss of $64,507.

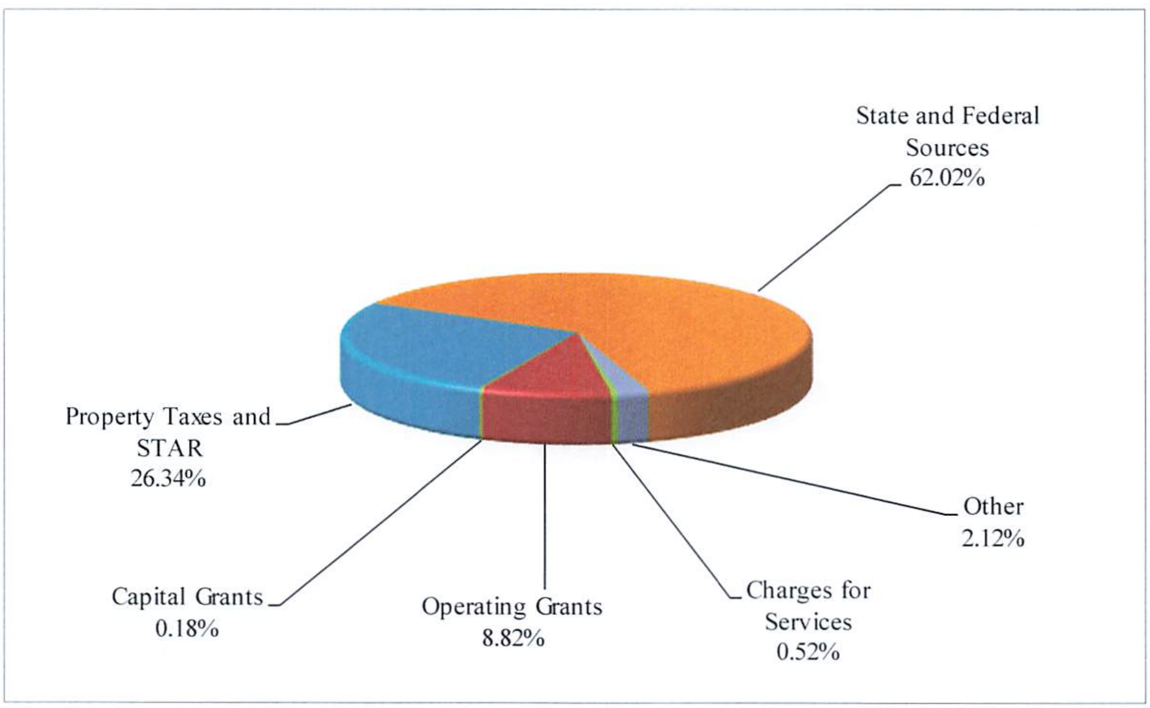
The District's total expenses for the year decreased by 0.1% in 2024 or $22,878. The major factors that contributed to the decrease were the allocation of employee benefits.

A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2024

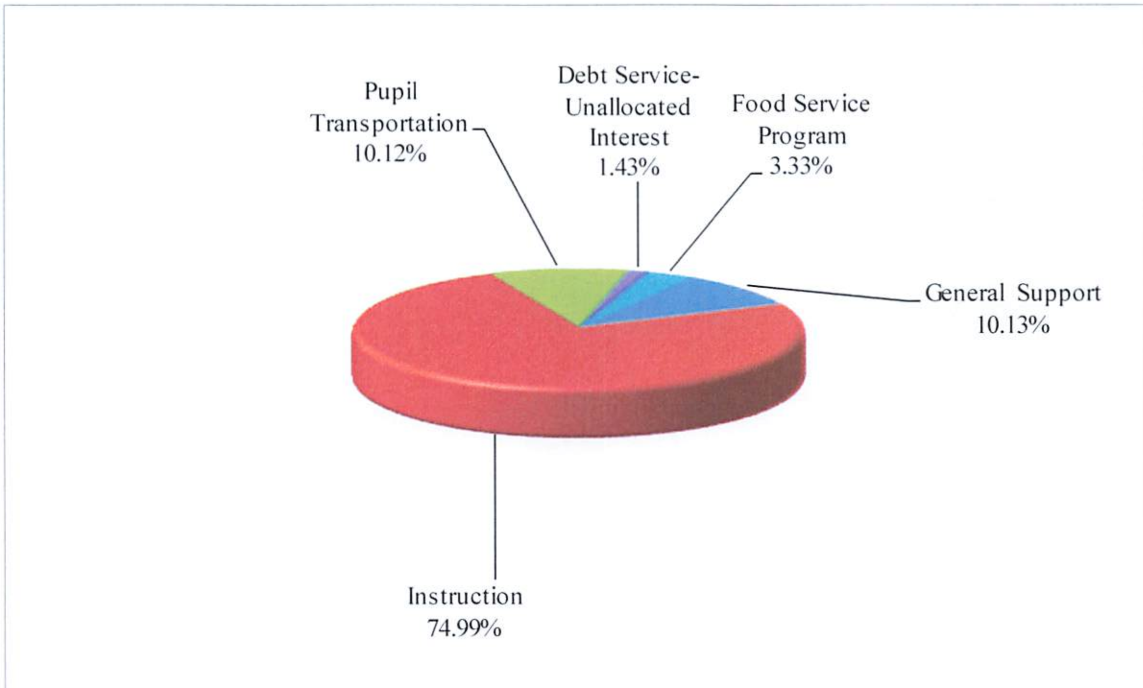


For the Year Ended June 30, 2023

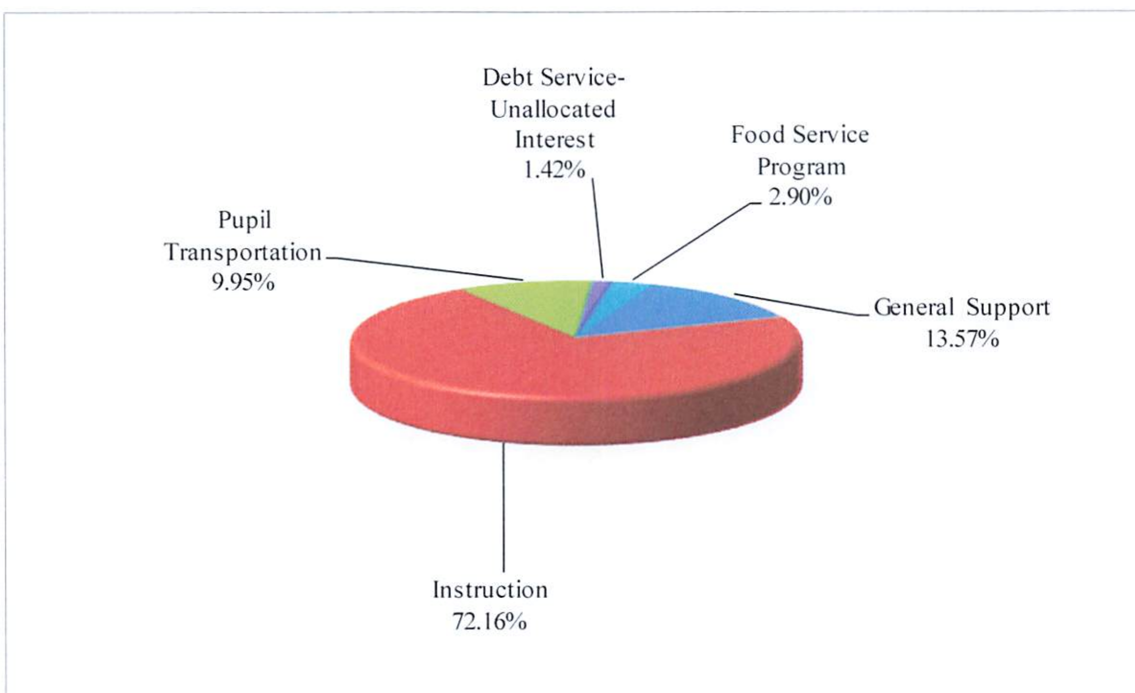


A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2024



For the Year Ended June 30, 2023



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2024, the District's governmental funds reported a combined fund balance of $5,344,561 which is an increase of $1,970,370 from the prior year. This increase is mainly due to an excess of revenues and other financing sources over expenditures in the general, school lunch, and capital funds for the year. A summary of the change in fund balance by fund is as follows:

General Fund	2024	2023	Increase (Decrease)
Nonspendable	$ 2,155	$ 1,890	$ 265
Restricted			
Unemployment Insurance	345,139	134,425	210,714
Employee Benefit Accrued Liability	668,291	545,651	122,640
Retirement Contribution	1,779,299	881,243	898,056
Liability	315,792	207,195	108,597
Capital	931,596	483,073	448,523
Total Restricted	4,040,117	2,251,587	1,788,530
Assigned			
Appropriated for Subsequent Year's Budget	600,000	300,000	300,000
General Support	3,994	25,486	(21,492)
Instruction	3,122	22,000	(18,878)
Pupil Transportation	1,834		1,834
Other Financing Uses	20,000		20,000
Total Assigned	628,950	347,486	281,464
Unassigned	781,550	1,110,459	(328,909)
Total General Fund	5,452,772	3,711,422	1,741,350
School Lunch Fund			
Nonspendable	18,048	19,110	(1,062)
Assigned	220,024	128,119	91,905
Total School Lunch Fund	238,072	147,229	90,843
Miscellaneous Special Revenue Fund			
Reserve for Scholarships	27,733	30,126	(2,393)
Debt Service Fund			
Restricted	67,795	38,101	29,694
Capital Projects Fund			
Unassigned (Deficit)	(441,811)	(552,687)	110,876
Total Fund Balance	$ 5,344,561	$ 3,374,191	$ 1,970,370

Combined increases of $1,788,530 to the General Fund restricted fund balances for the year ended June 30, 2024, was due to increased funding of the employee benefit liability, retirement and capital reserves, as well as interest earnings on existing balances.

The Capital Fund deficit of $441,811 is mainly due to the short-term financing of capital projects with bond anticipation notes totaling $926,786 at June 30, 2024.

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2023-2024 Budget

The District's General Fund adopted budget for the year ended June 30, 2024, was $19,025,230. This is an increase of $1,511 over the prior years adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was $5,558,783 in estimated property taxes, STAR program, and other tax items, and State Aid in the amount of $12,812,647.

B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance." The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	$ 1,110,459
Revenues and Other Sources Over Budget	155,997
Additional Appropriated Fund Balance	(10,943)
Increase in Nonspendable - Prepaid Expenditures	(265)
Expenditures and Encumbrances Under Budget	1,914,832
Net Increase in Restricted Funds	(1,788,530)
Appropriated for June 30, 2025 Budget	(600,000)
Closing, Unassigned Fund Balance	$ 781,550

Opening, Unassigned Fund Balance

The $1,110,459 shown in the table is the portion of the District's June 30, 2023, fund balance that was retained as unassigned. This was 5.84% of the District's 2023-2024 approved operating budget.

Revenues, and Other Financing Sources Under Budget

The 2023-2024 budget for revenues and other sources was $18,730,335. The actual revenues and other sources received for the year were $18,886,332. The actual revenue over the estimated or budgeted revenue and transfers was $155,997. These variances contributed directly to the change to the unassigned portion of the General Fund - fund balance and appropriated reserves from June 30, 2023 to June 30, 2024.

Additional Appropriated Fund Balance

During 2023-2024, the School District increased its appropriated fund balance by $10,943.

Expenditures and Encumbrances Under Budget

The 2023-2024 budget for expenditures was $19,088,764. The actual expenditures and encumbrances were $17,173,932. The final budget was under expended by $1,914,832. This under expenditure contributed to the change to the unassigned portion of the General Fund balance from June 30, 2023 to June 30, 2024.

Net Increase in Restricted Funds

Increases of $1,788,530 to the General Fund restricted fund balances during the year ended June 30, 2024 contributed to the change to the unassigned portion of the General Fund balance.

Appropriated Fund Balance

The District has chosen to use $600,000 of its available June 30, 2024 fund balance to partially fund its 2024-2025 approved operating budget. This amount was an increase of $300,000 from the amount appropriated for the prior year.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the previous table, the District will begin the 2024-2025 fiscal year with an unassigned fund balance of $781,550 which represents 4.00% of the 2024-2025 approved budget. This is a decrease of $328,909 from the unassigned fund balance from the prior year as of June 30, 2023.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital Assets

At June 30, 2024, the District had invested in a broad range of capital assets, including land, buildings and improvements, and equipment. The net decrease in capital assets is due to depreciation expense exceeding capital additions for the year ended June 30, 2024. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2024 and 2023, is as follows:

	2024	(Restated) 2023	Increase (Decrease)
Land	$ 1,019,652	$ 1,019,652	$
Construction in Progress	1,196,747	2,355	1,194,392
Buildings and Improvements	24,822,507	26,030,837	(1,208,330)
Land Improvements	3,442,340	3,343,163	99,177
Furniture, Equipment, and Vehicles	1,380,111	1,561,394	(181,283)
Capital Assets, Net	$ 31,861,357	$ 31,957,401	$ (96,044)

Depreciation expense for the year ended June 30, 2024 was $1,585,073.

B. Right to Use Leased Assets

At June 30, 2024, the District had leased various equipment which is reduced through amortization expense over the term of the lease.

	2024	2023	Increase (Decrease)
Leased Equipment, Net	$ 327,637	$ 435,116	$ (107,479)

Amortization expense for the year ended June 30, 2024 was $187,805.

C. Debt Administration

At June 30, 2024, the District had total bonds payable of $8,000,000. A summary of the outstanding bonds at June 30, 2024 and 2023, is as follows:

Issue Date	Interest Rate	2024	2023	Increase (Decrease)
6/16/16	2.00 - 4.00%	$	$ 620,000	$ (620,000)
6/16/21	4.00 - 5.00%	7,025,000	7,540,000	(515,000)
9/6/23	4.49%	975,000		975,000
		$ 8,000,000	$ 8,160,000	$ (160,000)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Federal Government made grant funding available for School districts to assist with countering the financial and educational impact of COVID-19 and to continue to make our facilities safe. The Morrisville-Eaton Central School (MECS) District's plan was to utilize these resources to retain support positions, to maintain instruction in the classroom and provide enhanced educational and social emotional supports inside and outside the classroom.

The Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA) is one of the funding sources that the district began to utilize in the 21-22 school year. The funding period is March 13, 2020, to September 30, 2023. This funding source ended at the end of the 22-23 fiscal year returning expenditures paid by the grant back to the 23-24 General Fund Budget. Nine Teacher Aides salaries and benefits were paid with these funds. Approximately $264,156 of salary and benefit expense is part of the 23-24 General Fund budget.

The American Rescue Plan (ARP), ESSER 3, which has a funding period of March 13, 2020, to September 30, 2024, was used for the 23-24 fiscal year. The District began to use these funds during the 21-22 school year. This funding source is ending in the 23-24 fiscal year returning expenditures paid by the grant back to the General Fund Budget. Fifteen Teacher Aides, one Elementary Special Education Teacher, one AIS Teacher, and one Teaching Assistant, salaries and benefits were paid with these funds. Approximately $471,802 of salary and benefit expenditures will now be part of the 24-25 General Fund budget.

The American Rescue Plan State Reserve (ARPSR) funds are another funding source. The funding period is March 13, 2020, to September 30, 2024. The funds are broken down into three separate grants as follows: Comprehensive After School, Summer Learning and Enrichment and Addressing the Impact of Lost Instructional Time. The use of these funds was allowable beginning in the 21-22 school year.

The Comprehensive After School funding covered various program expenditures such as afterschool tutoring, music stipends, costs associated with the district Morning Show, implementation of Google Career courses, Ski Club adviser, Student Career Fair, Social Emotional Learning professional development and supplies and Post-Secondary Pathways – Course Mapping to Career. This funding source is ending at the end of the 23-24 fiscal year returning selected expenditures paid by the grant back to the 24-25 General Fund Budget, approximately $44,197.

The Summer Learning and Enrichment covered a percentage of the salaries and benefits for the Administration and Administration support staff that managed the Morrisville-Eaton Summer programs. This funding source is ending in the summer of 24-25 fiscal year returning selected expenditures paid by the grant back to the 25-26 General Fund Budget totaling approximately $34,538.

The Addressing the Impact of the Lost Instructional Time funding covered a percentage of the salaries and benefits of the Computer Service Tech Support Specialist for maintaining devices and connectivity so students could continue learning. Also, salaries and benefits for an English/AIS English Teacher, a Guidance Counselor, and a Teacher's Assistant were paid. Care Solace was added for social emotional support, reading professional development and other professional coaching was funded. This funding source is ending in the 23-24 fiscal year returning selected expenditures paid by the grant back to the 24-25 General Fund Budget totaling approximately $238,502.

Meeting the Federal spending requirements and meeting the District's needs was accomplished by recategorizing certain teacher aides, a teaching assistant, AIS teaching positions, a Guidance Counselor, an IT Specialist, music stipends and tutoring from our General Fund expenditures to the Federal fund. The ARP ESSER 3 funds were used to add a Special Education Teacher as well that will not be in the 24-25 budget. ARP ESSER 3 also funded Teacher Aids, Teacher Assistants, and AIS instruction to support planned interventions and supports. The CRRSA grant funds, that ended in 22-23 were used similarly for Teacher Aids that support intervention and instruction. Use of the CRRSA and ARP funds provided short term relief from the short fall in state aid coming to the District reducing our short-term reliance on reserves and appropriated fund balance.

The available funds in the General Fund were captured for additional BOCES services that contributed to fulfilling academic and behavioral/social emotional needs of the students. Services such as an Itinerant Counselor, School Social Worker, Behavior Specialist support, a Network Coordinator to support the technology needs of the district, virtual instruction services, new enrichment opportunities, and summer school programs for the Middle/High and Elementary schools. Most of these services were removed from the 23-24 budget and the Network Coordinator was fully removed from the 24-25 budget. Making these reductions does lower expenses but it also lowers revenue. Our BOCES aid projection for 24-25 is lower because of these BOCES reductions. The BOCES reductions in the 24-25 budget will impact the 25-26 BOCES aid.

The federal funds have had a positive, short-term impact on the students of the district. Since CRRSA, ARP ESSER 3 and ARP State Reserve funds are not continuing beyond September 2024, districts across the state, including MECS, are experiencing the funding cliff for 24-25, 25-26 and beyond. The districts 23-24 budget began to address these challenges with reductions to the BOCES budget, 3 FTE's totaling approximately ($333,852), salary reductions instructional 2.5 FTE's totaling approximately ($168,908), and salary reductions non-instructional 3.5 FTE's totaling approximately ($113,797).

The Morrisville-Eaton Faculty Educational Support Personnel Organization and the Morrisville-Eaton Faculty Association's contracts are for the period 2021-2022 to 2025-2026. The district is entering into the fourth year of these five-year contracts with collective bargaining units representing both non-instructional and instructional staffs.

The 2023-24 fiscal year ended with unappropriated and unassigned fund balance of 4% after appropriating $600,000 to offset revenues in the 24-25 budget.

Looking ahead to the 24-25 budget year.
Creating a school budget in New York State amid current economic challenges involves several complexities:

- Declining Enrollment: Many districts are experiencing decreased student populations, leading to reduced state funding and a need to reassess resource allocation.
- Inflationary Pressures: Rising costs of goods and services, including salaries, utilities, and supplies, put additional strain on budgets that are already tight.
- Funding Gaps: Many schools rely on a combination of state, federal, and local funding. Variability in these sources can create unpredictability, especially with shifts in state priorities or economic downturns.
- Increased Needs: The COVID-19 pandemic has amplified mental health and social-emotional support needs among students, necessitating more funding for counseling and support services.
- Teacher Shortages: Attracting and retaining qualified teachers is becoming increasingly difficult, often leading to higher salary demands and increased hiring costs.
- Equity Issues: Ensuring equitable distribution of resources among districts, particularly those serving low-income or marginalized communities, poses challenges, particularly with limited funding.
- Policy Changes: Changes in state or federal education policy can create uncertainty, complicating budget planning and potentially altering funding formulas.
- Maintenance of Facilities: Aging infrastructure requires ongoing investment, and deferred maintenance can lead to higher costs in the long run.
- Community Expectations: There is often pressure from the community for enhanced programs and services, which can clash with budgetary constraints.
- Political Factors: Budget decisions can be influenced by local politics, making it difficult to implement necessary changes in a non-partisan manner.

Navigating these challenges requires careful planning, community engagement, and innovative approaches to resource allocation.

This current economic climate reinforces the importance of districts being fiscally responsible, spending within the approved budget and long-range financial planning. The district is making every effort to develop a long-range financial plan to sustain programs available to the students in the future. The district's primary focus has been to allocate resources effectively to support academic programs, extracurricular activities, and staff development initiatives. One of the main sources of revenue for school districts is New York State foundation aid. The foundation aid formulas inequities combined with increasing cost is responsible for budgeting challenges. The district is hopeful that if New York State revises the foundation aid formula it will be more accommodating to small rural schools that have been greatly impacted by the lack of State aid over the last four years. The district will continue to leverage the grant funding available: ESSA (Title I, II, III & IV), IDEA (Sec. 611 & 619), Pre-K and Rural Schools grants. The district will continually be looking for additional funding or shared service opportunities to fulfill instructional and non-instructional demands. This year, the district faces the challenge of operating within a tighter budget. While this may require adjustments, we want to assure you that our commitment to providing high-quality education and support remains steadfast. The budgetary constraints reflect broader economic conditions, but they do not diminish our determination to deliver an exceptional learning experience for our students.

To maintain these levels of service in today's fiscal climate will be challenging. The District has a need for optimization. The district's plans for confronting declining State aid and the tax cap impact on revenue is exploring shared programs, mergers and other innovative ideas determined. The 24-25 budget key points communicated are the following:

- Analyzing all positions – using attrition for saving salary and benefit costs when possible
- Preserving all programs with some reductions in supplies, equipment, and other costs where possible
- Maximizing the use of grant funding – DASNY, Title, IDEA, UPK and Rural Schools
- Maintaining a budget compliant with the voter approved tax cap
- 0% Increase in NYS Foundation Aid
- Keeping our budget-to-budget increase in a reasonable range
- Some changes to the Administrative portion of the budget were decreases of 1 non-instructional FTE, ($54K), contractual services 1 FTE, ($22K) and BOCES services, ($71K). Some increases were contractual salary increases, $31K, supplies, $7K and benefits, $12K.
- Some changes to the Capital portion of the budget were increases in contractual salaries of $12K, contractual and supplies, $59K which $35K was propane, electric and gas rate increases.
- Some changes to the Program portion of the budget were decreases of 2.9 instructional FTE's salaries and benefits, ($235K), 1 non-instructional FTE salary, ($17K), contractual services .40 FTE, ($54K) and reductions of contingencies in the budget of ($318K) including SPED, contractual and supplies, salaries and health insurance.
- The main increases to the budget for 24-25 was the return of the expenditures to the General Fund from the grants that will be ending, $858,648. These grants are ARP ESSER 3 and ARP State Reserve grants.
- Maintain BOCES services to support Social/Emotional needs
- Contracted with Madison County for a Social Worker
- Manufacturing (MACNY) and Agriculture Business Program Development (FFA)

The District received a 0% increase in State aid for 2024-25 and the District's calculated tax levy growth resulted in a 7.49978% levy increase which was over the calculated tax cap for 24-25. The District's community approved a school budget of $19,538,734 on May 21, 2024, which included a $600,000 appropriation of our 23-24 fund balance. The 24-25 budget is higher than the 23-24 budget by $513,504. A 2.699% increase over the prior year's budget. With no increase in New York State foundation aid for 24-25 the District was faced with additional budget reductions some of which were instructional salary and benefit reductions of 2.50 FTE's totaling $200,125, non-instructional salary and benefit reductions of 2.40 FTE's totaling $105,514 and BOCES service reductions of $102,864. The 24-25 budget includes the use of $600,000 in appropriated fund balance and the use of reserves totaling $295,312 to limit the reductions needed.

Being fiscally responsible, controlling spending to stay within the budget, and long-range financial planning will help prepare the district for the future. The district is making every effort to sustain programs available to the students. The district has conducted a Special Education Study, a Transportation Study, a Consolidation Study, and a significant amount of work has gone into exploring mergers. All this to find efficiencies that can substantially impact the future of Morrisville-Eaton Central School district. The district is hopeful that if New York State revises the foundation aid formula it will be more accommodating to small rural schools that have been greatly impacted by the lack of State aid over the last four years. Possibly, follow through with additional funding to support these districts. The district must plan for the worst and hope for the best and continue to explore opportunities for savings and efficiency. To give the best student education and opportunities possible into the future, we are committed to evolving, being innovative and continually striving to be more efficient.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at P.O. Box 990, Morrisville, New York 13408-0638.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

Assets		
Cash and Cash Equivalents	$	1,026,803
Restricted Cash and Cash Equivalents		4,822,950
Receivables		
Due from Other Governments		1,415,380
Other Receivables		5,269
Inventory		18,048
Other Assets		2,155
Right to Use Leased Assets, Net		327,637
Capital Assets, Net		31,861,357
Total Assets		39,479,599
Deferred Outflows of Resources		
Other Postemployment Benefits		3,987,457
Pensions		2,782,900
Total Deferred Outflows of Resources		6,770,357
Total Assets and Deferred Outflows of Resources	$	46,249,956
Liabilities		
Accounts Payable	$	368,260
Accrued Liabilities		157,509
Due To		
Other Governments		24,003
Teachers' Retirement System		470,872
Employees' Retirement System		74,966
Short-Term Notes Payable		
Bond Anticipation Note		926,786
Net Pension Liability - Proportionate Share		1,286,191
Non-current Liabilities		
Due Within One Year		
Bonds Payable		535,000
Premium on Bonds		129,090
Lease Liability		37,529
Due in More Than One Year		
Compensated Absences		281,382
Bonds Payable		6,490,000
BAN Payable		975,000
Premium on Bonds		1,419,990
Lease Liability		39,089
Other Postemployment Benefits		39,086,913
Total Liabilities		52,302,580
Deferred Inflows of Resources		
Other Postemployment Benefits		9,175,381
Pensions		715,016
		9,890,397
Net Position		
Net Investment in Capital Assets		22,099,135
Restricted		4,135,645
Unrestricted (Deficit)		(42,177,801)
Total Net Position (Deficit)		(15,943,021)
Total Liabilities, Deferred Inflows and Net Position	$	46,249,956

The Accompanying Notes are an Integral Part of These Financial Statements.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position
General Support	$ 2,032,703	$	$	$	$ (2,032,703)
Instruction	15,051,593	13,045	1,688,671	112,627	(13,237,250)
Pupil Transportation	2,031,573				(2,031,573)
Debt Service - Unallocated Interest	287,369				(287,369)
Food Service	667,822	41,741	626,073		(8)
Total Functions/Programs	$ 20,071,060	$ 54,786	$ 2,314,744	$ 112,627	(17,588,903)
General Revenues					
Real Property Taxes					4,905,068
STAR and Other Real Property Tax Items					631,437
Use of Money and Property					175,195
Sale of Property and Compensation for Loss					64,507
State and Federal Sources					12,778,846
Miscellaneous					360,615
Total General Revenues					18,915,668
Change in Net Position					1,326,765
Net Position (Deficit), Beginning of Year					(15,604,094)
Prior Period Adjustment					(1,665,692)
Net Position (Deficit), Beginning of Year (Restated)					(17,269,786)
Net Position (Deficit), End of Year					$ (15,943,021)

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets							
Cash and Cash Equivalents	$ 671,877	$ 168,576	$ 186,350	$	$	$	$ 1,026,803
Restricted Cash and Cash Equivalents	4,040,117			28,233	65,691	688,909	4,822,950
Receivables							
Due from Other Governments	964,277	37,087	403,542			10,474	1,415,380
Due from Other Funds	731,476		184,675		2,104	84,732	1,002,987
Other Receivables	1,195	312				3,762	5,269
Inventory		18,048					18,048
Prepaid Expenditures	2,155						2,155
Total Assets	$ 6,411,097	$ 224,023	$ 774,567	$ 28,233	$ 67,795	$ 787,877	$ 8,293,592
Liabilities							
Payables							
Accounts Payable	$ 43,875	$ 3,550	$ 20,037	$	$	$ 300,798	$ 368,260
Accrued Liabilities	99,205						99,205
Due To							
Other Governments		449	23,554				24,003
Other Funds	269,407		730,976	500		2,104	1,002,987
Teachers' Retirement System	470,872						470,872
Employees' Retirement System	74,966						74,966
Bond Anticipation Note						926,786	926,786
Total Liabilities	958,325	3,999	774,567	500		1,229,688	2,967,079
Fund Balance							
Non-Spendable	2,155	18,048					20,203
Restricted	4,040,117			27,733	67,795		4,135,645
Assigned	628,950	201,976					830,926
Unassigned (Deficit)	781,550					(441,811)	339,739
Total Fund Balance (Deficit)	5,452,772	220,024		27,733	67,795	(441,811)	5,326,513
Total Liabilities, Deferred Inflow of Resources, and Fund Balance	$ 6,411,097	$ 224,023	$ 774,567	$ 28,233	$ 67,795	$ 787,877	$ 8,293,592

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
June 30, 2024

Total Governmental Fund Balances		$ 5,326,513
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The cost of building, acquiring, or leasing capital assets (land, buildings, 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 and leased assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.		
	Original Cost of Right to Use Assets	767,381
	Accumulated Amortization	(439,744)
	Original Cost of Capital Assets	48,325,074
	Accumulated Depreciation	(16,463,717)
		32,188,994
Proportionate share of long-term liability associated with participation in state retirement system are not current financial resources or obligations and are not reported in the funds.		
	Deferred Outflows - Pensions	2,782,900
	Net Pension Liability - Proportionate Share	(1,286,191)
	Deferred Inflows - Pensions	(715,016)
		781,693
Long-term liabilities, including bonds payable that are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consisted of:		
	Bonds Payable	(7,025,000)
	BAN Payable	(975,000)
	Unamortized Premiums on Bonds	(1,549,080)
	Accrued Interest on Bonds Payable	(58,304)
	Lease Liability	(76,618)
	Other Post Employment Liabilities	(39,086,913)
	Deferred Outflows - OPEB	3,987,457
	Deferred Inflows - OPEB	(9,175,381)
	Compensated Absences Payable	(281,382)
		(54,240,221)
Total Net Position (Deficit)		$ (15,943,021)

The Accompanying Notes are an Integral Part of These Financial Statements.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues							
Real Property Taxes	$ 4,905,068	$	$	$	$	$	$ 4,905,068
STAR and Other Real Property Tax Items	631,437						631,437
Charges for Services	13,045						13,045
Use of Money and Property	145,501				29,694		175,195
Sale of Property and Compensation for Loss	64,507						64,507
Miscellaneous	347,926	7,023	881	4,785			360,615
State Aid	12,720,242	113,089	397,607			112,627	13,343,565
Federal Aid	58,604	512,984	1,291,064				1,862,652
School Lunch Sales		41,741					41,741
Total Revenues	18,886,330	674,837	1,689,552	4,785	29,694	112,627	21,397,825
Expenditures							
General Support	2,026,312					453,237	2,479,549
Instruction	7,418,266		1,680,047	7,178		620,394	9,725,885
Pupil Transportation	954,826		15,722			285,866	1,256,414
Food Service Program		457,394					457,394
Employee Benefits	4,726,175	194,648					4,920,823
Debt Service - Principal	1,439,326						1,439,326
Debt Service - Interest	408,652						408,652
Total Expenditures	16,973,557	652,042	1,695,769	7,178		1,359,497	20,688,043
Excess (Deficit) Revenues Over Expenditures	1,912,773	22,795	(6,217)	(2,393)	29,694	(1,246,870)	709,782
Other Financing Sources (Uses)							
Proceeds from Debt						975,000	975,000
BANs Redeemed from Appropriations						267,540	267,540
Transfers from Other Funds	2	50,000	6,219			115,206	171,427
Transfers to Other Funds	(171,425)		(2)				(171,427)
Total Other Financing Sources (Uses)	(171,423)	50,000	6,217			1,357,746	1,242,540
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	1,741,350	72,795		(2,393)	29,694	110,876	1,952,322
Fund Balance (Deficit), Beginning of Year	3,711,422	147,229		30,126	38,101	(552,687)	3,374,191
Fund Balance (Deficit), End of Year	$ 5,452,772	$ 220,024	$	$ 27,733	$ 67,795	$ (441,811)	$ 5,326,513

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND EXPENDITURES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Net Changes in Fund Balance - Total Governmental Funds		$ 1,952,322
Capital Outlays to purchase or build capital and right to use leased assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation and amortization expense in the Statement of Activities. This is the amount by which capital outlays and leased assets were exceeded by depreciation and amortization.		
Depreciation Expense	(1,585,073)	
Amortization Expense	(187,805)	
Leased Assets	80,326	
Capital Outlays	1,489,029	(203,523)
Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Proceeds from Long Term Bond Anticipation Note	(975,000)	
Amortization of Premium on Advanced Refunding	156,281	
Amortization of Deferred Charges on Refunding	(15,827)	
Repayment of Bond and Lease Principal	1,171,786	337,240
Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in Accrued Interest on Serial Bonds	(19,171)	
Change in Compensated Absences	(15,054)	
Change in Other Postemployment Benefits Liability and Deferred Outflows	(199,215)	(233,440)
Certain revenues and expenses in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Teachers' Retirement System	(370,499)	
Employees' Retirement System	(155,335)	(525,834)
Change in Net Position Governmental Activities		$ 1,326,765

The Accompanying Notes are an Integral Part of These Financial Statements.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Custodial Fund
Assets	
Cash and Cash Equivalents - Restricted	$ 60,532
Net Position	
Restricted for Extraclassroom Activities	$ 60,532
Total Liabilities and Net Position	$ 60,532

The Accompanying Notes are an Integral Part of These Financial Statements.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

		Custodial Fund
Additions		
Extraclassroom Collections	$	97,751
Property Tax Collections for Other Governments - Library		145,070
Total Additions		242,821
Deductions		
Extraclassroom Expenses		90,046
Property Tax Payments to Other Governments - Library		145,070
Total Deductions		235,116
Change in Net Position		7,705
Net Position, Beginning of Year		52,827
Net Position, End of Year	$	60,532

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Morrisville-Eaton Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as it applies 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 School District are described below:

Reporting Entity

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of five 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 School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal members.

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

(a) Extraclassroom Activity Funds

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

Joint Venture

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

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.

Basis of Presentation

(a) District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State Aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, and depreciation expense for the year are allocated to functional areas in proportion to their total expenditures. 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.

(b) Fund Financial Statements

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

General Fund: This is the School District's primary operating fund used to account for and report all financial resources not accounted for in another fund.

Special Revenue Funds: These funds account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The following are the School District's classes of special revenue funds:

School Lunch Fund: This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

Special Aid Fund: This fund accounts for and reports the proceeds of Federal and State grants, which are legally restricted to expenditures for specified purposes.

Miscellaneous Special Revenue Fund: This fund is used to account for and report transactions of the School District's programs funded by local grants and donations. The District has both custody and administrative control over the various programs.

Debt Service Fund: This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

Capital Project Fund: This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

(c) Fiduciary Funds

This fund is used to account for and report fiduciary activities. Fiduciary activities are those in which the School 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 School District, and are not available to be used. There is one classes of fiduciary funds:

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the School District as agent for Extraclassroom Activity funds and property taxes for a library.

Measurement Focus and Basis of Accounting

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within ninety days after the end of the fiscal year. A ninety-day period of measurability is used since the State of New York determined payments of aid to School Districts for the current year ended the subsequent September.

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

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-Wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the 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 within one year or due in more than one year in the Statement of Net Position.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

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, OPEB liability, pension liability, potential contingent liabilities, and useful lives of long-lived assets.

Cash and Cash Equivalents

The School 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 School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

Investment and Deposit Policy

The School District follows an investment and deposit policy, the overall objective of which is to provide the School District with the best rate of return available without exposing the principal to an unreasonable risk of loss; to comply with the requirements of all applicable federal and state laws, including the Education Law, General Municipal Law, and Local Finance Law; and to provide sufficient liquidity of invested funds in order to meet obligations as they become due.

Property Taxes

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period September 1 to October 31. The County of Madison subsequently enforces uncollected real property taxes. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the School District no later than the following April 1.

Receivables

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

Deferred Outflow of Resources

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

Interfund Transactions and Transfers

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

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions during the year ended June 30, 2024, is shown in Note 14 to the financial statements.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2003. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at time received.

The School District uses capitalization thresholds of $1,000, (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

Depreciation

	Lives	Method
Land Improvements	20 Years	Straight Line
Buildings and Improvements	20-50 Years	Straight Line
Furniture, Equipment, and Vehicles	5-20 Years	Straight Line

Right to Use Leased Assets

The District has recorded right to use lease assets as a result of implementing GASB 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease which range from 3 to 5 year.

Inventory

The inventory in the School Lunch Fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. A reserve for inventory has been recognized to indicate that this does not constitute available spendable resources. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Prepaid Items

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 in the Statement of Net Position or balance sheet. A current asset for the prepaid amounts is recorded at the time of purchase and an expense 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 (prepaid items) has been identified as not available for other subsequent expenditures.

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first 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(asset) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to other postemployment benefits (OPEB) reporting in the District-wide Statement of Net Position. This represents the effect of the net change in actuarial assumptions.

Compensated Absences

The School District employees are granted vacation in varying amounts, based primarily on length of service and service position.

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

Consistent with GASB, an accrual for accumulated sick leave is included in the compensated absences liability at year end. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

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 postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting.

Short-Term Debt

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

Unearned Revenue

Unearned revenue is 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 School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both recognitions criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

Equity Classifications

(a) District-Wide Financial Statements

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

Net Investment in Capital Assets – consists of net capital assets and right to use assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

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

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

(b) Fund Statements

The following classifications describe the relative strength of the spending constraints:

Non-Spendable Fund Balance

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund and a prepaid balance in the General Fund.

Restricted Fund Balance

This category 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. Generally, the District's policy is to use restricted fund balances only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted fund balance are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

- ***Reserve for Unemployment Insurance***

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

- ***Reserve for Employee Benefit Accrued Liability***

  Employee Benefits Accrued Liability Reserve (GML §6-p) is used for the payment of any accrued employee benefit due an employee upon termination service. This reserve fund may be established by a majority vote of the board of education and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. The reserve is accounted for in the General Fund.

- ***Property Loss Reserve and Liability Reserve***

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

- ***Capital Reserve***

  Capital Reserve (GML §6-c, §6-g), 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 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 reserve is accounted for in the General Fund.

- ***Retirement Contribution Reserve***

  The Retirement Contribution Reserve Fund (GML §6-r) (Chapter 260 of the NYS Laws of 2004) is used to reserve funds for the payment of retirement contributions to the New York State and Local Employees' Retirement System. This reserve was established by a Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. A detailed report of the operation and condition of the fund must be provided to the Board. The Board adopted 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, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund.

- ***Debt Service Fund***

  This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

- ***Miscellaneous Special Revenue Fund***

  This reserve is used to account for various endowment and scholarship awards.

Unrestricted Resources

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless School District has provided otherwise in its commitment or assignment actions.

- ***Committed*** – Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the school districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2024.
- ***Assigned*** – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than capital fund, are classified as Assigned Fund Balance in the applicable fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.
- ***Unassigned*** – Includes all other fund net position that do not meet the definition of the above four classifications and are deemed to be available for general use by the School District. In other governmental funds, if expenditures incurred for specific purposes exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

(c) Restricted for Extraclassroom Activities and Scholarships

This reserve is used to account for various endowment and scholarship awards as well as various student groups or extraclassroom activities. This reserve is accounted for in the Custodial Fund.

(d) 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. Committed and assigned fund balances are determine next, with any remaining fund balance reported as unassigned.

2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities

The total fund balances of the School 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.

Statement of Revenues, Expenditures, and Changes in Fund Balance Compared To 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 six broad categories.

(a) Long-Term Revenue Differences

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

(b) Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital or lease of 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 and amortization expense on those items as recorded in the Statement of Activities.

(c) 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.

(d) 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.

(e) Employee Benefit Allocation

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Equity based on the requirements of New York State. These costs have been allocated based on total salary for each function.

(f) Other Postemployment Benefit Differences

Other postemployment benefit (OPEB) differences occur as a result of changes in the School District's total OPEB liability and differences between the School District's contributions and OPEB expense.

3. STEWARDSHIP AND COMPLIANCE

Fund Balance Limitations

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

At June 30, 2024, the School District had an unassigned fund balance of $781,550 or 4.00% of the 2024-2025 budget, which is in compliance with laws and regulations.

Statutory Debt Limit

At June 30, 2024, the School District was in compliance with the statutory debt limit.

NYS Real Property Tax Cap

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments (including school districts) can levy. The School District was in compliance with the tax cap for the year ended June 30, 2024.

Budgetary Procedures and Budgetary Accounting

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund for which legal (appropriated) budgets are adopted.

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

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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.

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

Change from Adopted Budget to Revised Budget:

Adopted Budget	$ 19,025,230
Add: Prior Year's Encumbrances	47,486
Original Budget	19,072,716
Add: Insurance Reimbursement	10,943
Local Scholarships	5,105
Total Additions	16,048
Final Budget	$ 19,088,764

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 assigned 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.

4. CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. As of June 30, 2024, the School District's bank balances of $6,187,437 were fully collateralized by FDIC insurance and securities held by an agent of the pledging financial institution in the District's name.

Restricted Cash and Cash Equivalents

As of June 30, 2024, the School District's restricted cash and cash equivalents consisted of the following:

	General	Misc. Special Revenue	Debt Service	Capital	Total
Unemployment Insurance Reserve	$ 345,139	$	$	$	$ 345,139
Employee Benefit Accrued Liability Reserve	668,291				668,291
Liability Reserve	315,792				315,792
Retirement Contribution Reserve - ERS	1,496,532				1,496,532
Retirement Contribution Reserve - TRS	282,767				282,767
Debt Service Fund			65,691		65,691
Capital Reserve	931,596				931,596
Capital Fund				688,909	688,909
Scholarships		28,233			28,233
Total	$ 4,040,117	$ 28,233	$ 65,691	$ 688,909	$ 4,822,950

Restricted cash and cash equivalents of $57,862 in the Fiduciary Custodial Fund represents funds for the students Extraclassroom Activity Funds.

Investment Pool

Morrisville-Eaton Central School District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, as amended, and Article 3-A of the General Municipal Law (Chapter 623 of the Laws of 1998), whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

The School District has $3,737,212 included as unrestricted and restricted cash equivalents. This amount represents the cost of the investment pool share and is considered to approximate market value.

The investment pool is categorically exempt from the New York State collateral requirements. Additional information concerning the cooperative is presented in the annual report of NYLAF available by writing to NYLAF Administration, 2135 City Gate Lane, 7th Floor, Naperville, IL 60563.

5. PARTICIPATION IN BOCES

During the year, the School District was billed $3,137,843 for BOCES' administrative and program costs.

During the year ended June 30, 2024, the School District issued no debt on behalf of BOCES.

6. CAPITAL ASSETS & RIGHT TO USE LEASED ASSETS

Capital asset activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Prior Period Adjustment	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated					
Land	$ 1,019,652	$	$	$	$ 1,019,652
Construction in Progress	2,355		1,195,326	934	1,196,747
Total	1,022,007		1,195,326	934	2,216,399
Capital Assets Being Depreciated					
Land Improvements	218,950				218,950
Buildings and Improvements	41,141,591		99,732		41,241,323
Furniture, Equipment and Vehicles	4,453,497		194,905		4,648,402
Total	45,814,038		294,637		46,108,675
Accumulated Depreciation					
Land Improvements	217,888		555		218,443
Buildings and Improvements	10,102,961	1,665,692	1,208,330		12,976,983
Furniture, Equipment and Vehicles	2,892,103		376,188		3,268,291
Total	13,212,952	1,665,692	1,585,073		16,463,717
Net Capital Assets Being Depreciated	32,601,086	(1,665,692)	(1,290,436)		29,644,958
Net Capital Assets	$ 33,623,093	$ (1,665,692)	$ (95,110)	$ 934	$ 31,861,357

Depreciation expense was allocated based on estimated use by function and charged as follows:

Function/Program	
General Support	$ 303,920
Instruction	1,103,668
Pupil Transportation	121,835
School Lunch	55,650
Total Depreciation	$ 1,585,073

Right to use leased asset activity for the year ended June 30, 2024, is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Equipment	$ 687,055	$ 80,326	$	$ 767,381
Accumulated Amortization				
Leased Equipment	251,939	187,805		439,744
Net Right to Use Leased Assets	$ 435,116	$ (107,479)	$	$ 327,637

Amortization expense was charged to the instructional program in the amount of $187,805.

7. SHORT-TERM DEBT

Bond Anticipation Notes - The School 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.

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund					
Bus BAN - Capital Fund	9/21/2023	$ 926,786	9/21/2024	4.49%	$ 926,786

Changes in the School District's short–term outstanding debt for the year ended June 30, 2024, are as follows:

	Beginning Balance	Issued	Paid/ Refinanced	Ending Balance
Bus BAN - Capital Fund	$ 787,540	$ 406,786	$ 267,540	$ 926,786
2022 Capital Project		975,000	975,000	
Total BANs	$ 787,540	$ 1,381,786	$ 1,242,540	$ 926,786

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

Total interest for the year was as follows:	
Interest Paid	$ 25,359
Interest Accrued Current Year	32,250
Interest Accrued Prior Year	(19,583)
Total	$ 38,026

8. NONCURRENT LIABILITIES

Noncurrent liability balances and activity are as follows for the year ended June 30, 2024:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Government Activities					
Serial Bonds Payable	$ 8,160,000	$	$ 1,135,000	$ 7,025,000	$ 535,000
Premium on Bonds	1,705,361		156,281	1,549,080	129,090
BAN Payable		975,000		975,000	
Other Liabilities					
Compensated Absences	266,328	15,054		281,382	
Lease Liability	113,404		36,786	76,618	37,529
OPEB Liabilty	39,600,553	2,504,288	3,017,928	39,086,913	
Total Noncurrent Liabilities	$ 49,845,646	$ 3,494,342	$ 4,345,995	$ 48,993,993	$ 701,619

Serial Bonds

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment and construction of buildings and improvements. This policy 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 for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as an expenditure when such amounts are due.

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

Interest Paid	$ 366,700
Lease Interest	3,929
Plus: Interest Accrued in the Current Year	58,304
Plus: Amortization of Bond Refunding Cost	15,824
Amortization of Bond Premium	(156,281)
Less: Interest Accrued in the Prior Year	(39,133)
Total Interest Expense on Long-Term Debt	$ 249,343

The following is a statement of the District's serial and statutory installment bonds with corresponding maturity schedules:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund					
2021 DASNY Bond	6/16/21	$ 8,475,000	6/15/36	4.00 - 5.00%	$ 7,025,000
2022 Capital Project	9/6/23	$ 975,000	7/17/24	4.49%	975,000
					$ 8,000,000

Bond Anticipation Note

The bond anticipation note in long term debt was refinanced on July 16, 2024 at an interest rate of 4.00% with maturity date of July 16, 2025

Lease Liability

The District has entered into a agreement with the BOCES to lease technology equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements. The agreement was executed on May 15, 2023 and is for a term of 3 years. Annual lease payments for these agreements range from $37,529 – $39,089. The District also made a lump sum payment at the beginning of the lease agreements for $49,594. The lease liability is measured at a discount rate of 4.5% which is stated in the lease agreements. As a result of these leases, the District has recorded a right to use asset with a net book value of $327,637 at June 30, 2024.

Principal and interest payments due on bonds payable is as follows:

	Serial Bonds		Lease Payable	
	Principal	Interest	Principal	Interest
2025	$ 535,000	$ 333,700	$ 37,529	$ 3,183
2026	555,000	312,300	39,089	1,624
2027	580,000	284,550		
2028	610,000	255,550		
2029	640,000	225,050		
2030-2034	3,705,000	613,250		
2035-2036	400,000	19,200		
Total	$ 7,025,000	$ 2,043,600	$ 76,618	$ 4,807

Special Provisions Affecting Remedies Upon Default

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

Debt Limit

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consist of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority. At year end the District is within the debt limit compliance requirements.

Deferred Outflow - Advance Refunding of Debt

Refunding of certain bonds resulted in deferred losses due to the reacquisition price exceeding the carrying value of the refunded bonds. This amount has been classified as a deferred outflow of resources in accordance with GASB. The cost of issuing the serial bonds has been capitalized and recorded as a deferred outflow on the District-wide financial statements. The cost is being amortized using the straight-line method the remaining time to maturity of the bonds. The current year amortization is $15,827 and is included as an addition to interest expense on the statement of activities.

Deferred Charge from Refunding of Debt	$ 187,309
Less: Accumulated Amortization	(187,309)
Net Refunding of Debt Costs	$

Premium on Bonds

The original issue premium on the advance refunding bond has been deferred and recorded as a deferred inflow of resources on the District-wide financial statements. The premium is being amortized using the straight-line method over 8 years, the remaining time to maturity of the respective bond issue. The Net Deferred Premium is shown below:

Deferred Premium from Refunding of Debt	$ 2,153,857
Less: Accumulated Amortization	(604,777)
Net Deferred Premium	$ 1,549,080

Compensated Absences

Compensated absences represent the value of earned and unused portion of the liability for compensated absences.

9. PENSION PLANS

A. New York State and Local Employees' Retirement System (ERS)

(a) Plan Description

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

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

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010 but before April 1, 2012 are required to contribute 3% of their annual salary for their entire working career. Those who joined on or after April 1, 2012 contribute at a rate ranging from 3% to 6% based on their total annualized salary. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2024, were paid.

The required contributions for the current year and two preceding years were:

	Amount
2022	$ 290,094
2023	$ 235,406
2024	$ 274,009

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

At June 30, 2024, the School District reported a liability of $1,015,606 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024, the School District's proportion was .0068976% which is .0000564% higher than the prior year's percentage of .0068412%.

For the year ended June 30, 2024, the School District recognized a pension expense of $435,989. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 327,126	$ 27,693
Changes of Assumptions	383,978	
Net difference between projected and actual earnings on Pension plan investments		496,118
Changes in proportion and differences between contributions and proportionate share of contributions	50,361	39,731
Contributions subsequent to the measurement date	74,966	
Total	$ 836,431	$ 563,542

At June 30, 2024, $74,966 was reported as deferred outflows of resources related to pensions resulting from School District contributions subsequent to the measurement date and will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2025	$ (195,745)
2026	$ 195,657
2027	$ 305,591
2028	$ (107,580)

(d) Actuarial Assumptions

The total pension liability at March 31, 2024 was determined by using an actuarial valuation as of April 1, 2023, with update procedures used to roll forward the total pension liability to March 31, 2024. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the April 1, 2023 valuation were as follows:

Investment rate of return (net of investment expense, including inflation)	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015 - March 31,2020 System's Experience
Inflation rate	2.90%

Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021.

The actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

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 returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32%	4.00%
International equity	15%	6.65%
Private equity	10%	7.25%
Real estate	9%	4.60%
Opportunistic/Absolute return strategies	3%	5.25%
Credit	4%	5.40%
Real assets	3%	5.79%
Fixed Income	23%	1.50%
Cash	1%	0.25%
	100%	

** Real rates of return are net of the long-term inflation assumption of 2.90%.*

(e) Discount Rate

The discount rate used to calculate the total pension asset/liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the 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 asset/liability.

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

The following presents the School District's proportionate share of the net pension liability calculated using the discount rate of 5.9% percent, as well as what the School District's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate share of the net pension liability (asset)	$ 3,193,168	$ 1,015,606	$ (803,111)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of $74,966 at June 30, 2024. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2024-2025 billing cycle and has been recorded as a liability in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at www.nystrs.org or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

(b) Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

	Amount
2022	$ 447,762
2023	$ 449,673
2024	$ 427,064

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

At June 30, 2024, the School District reported a liability of $270,585 for its proportionate share of the net pension liability. The 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. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the School District's proportion was .023661 percent, which was a decrease of .002130 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized pension expense of $797,426. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 656,097	$ 1,621
Changes of assumptions	582,562	126,966
Net difference between projected and actual earnings on Pension plan investments	138,318	
Changes in proportion and differences between contributions and proportionate share of contributions	142,428	22,887
Contributions subsequent to the measurement date	427,064	
Total	$ 1,946,469	$ 151,474

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2024	$ 131,881
2025	$ (121,935)
2026	$ 1,114,742
2027	$ 107,901
2028	$ 82,699
Thereafter	$ 52,643

(d) Actuarial Assumptions

The total pension liability at June 30, 2023 measurement date was determined by using an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023.

Significant actuarial assumptions used in the June 30, 2022 valuation were as follows:

Investment Rate of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.
Salary scale	Rates of increase differ based on Service. They have been calculated based upon recent NYSTRS member experience.

Service	**Rate**
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.30% compounded annually.
Inflation rate	2.40%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP 2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period of July 1, 2015 to June 30, 2020.

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 System's target asset allocation as of the valuation date of June 30, 2023 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	33.0%	6.8%
International Equity	15.0%	7.6%
Global Equity	4.0%	7.2%
Real Estate Equity	11.0%	6.3%
Private Equity	9.0%	10.1%
Domestic Fixed Income	16.0%	2.2%
High-Yield Bonds	1.0%	4.4%
Global Bonds	2.0%	1.6%
Real Estate Debt	6.0%	3.2%
Private Debt	2.0%	6.0%
Cash Equivalents	1.0%	0.3%
	100.0%	

** Real rates of return are net of the long-term inflation assumption of 2.4% for 2023.*

(e) Discount Rate

The discount rate used to calculate the total pension liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on 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.

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

The following presents School District's proportionate share of the net pension liability calculated using the discount rate of 6.95 percent, as well as what the School 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 (5.95 percent) or 1-percentage-point higher (7.95 percent) than the current rate:

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate share of the net pension (asset)	$ 4,121,148	$ 270,585	$ (2,967,905)

(g) Pension Plan Fiduciary Net Position

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS in amount of $427,064 (excluding employees share) in the General Fund at June 30, 2024. This amount represents contribution for the 2023-2024 fiscal year that will be made in 2024-2025 and has been recorded as a liability in the current year.

10. POSTEMPLOYMENT HEALTH CARE BENEFITS

(a) Plan Description

The School District provides defined benefit other postemployment benefits for all retired employees and their eligible dependents. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

(b) Benefits Provided

The School District administers the payment of Postemployment Healthcare Benefits for Retirees of the School District (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan. The Plan provides for continuation of medical, dental, and vision insurance benefits for certain retirees and their spouses and can be amended by action of the School District subject to applicable collective bargaining and employment agreements as follows:

- Plan Types – The School District provides medical, Medicare Part B, dental, and vision benefits to its eligible retirees. The benefits are provided through fully insured plans that are sponsored by a regional health insurance consortium.
- Eligibility – Employees are required to reach age 55 and provide 8 to 15 years of service to the district to qualify for benefits.
- Benefit Cost Sharing – The School District pays up to 100% of the retiree's medical benefits depending on the employee group. The District also reimburses the employee and dependent spouse for the full cost of Medicare Part B reimbursement.
- Spouse Benefit – The School District contributes towards the cost of eligible spouses during the retiree's lifetime. Spouses pay from 15% for coverage net of individual coverage.
- Surviving Spouse Benefit – The surviving spouse is required to pay 100% of the cost of benefits following the death of the retired employee.

The Plan does not issue a stand-alone publicly available financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

(c) Employees Covered by Benefit Terms

	Total
Actives	103
Retirees	116
Spouses of Retirees	54
Total	273

(d) Total OPEB Liability

The District's total OPEB liability of $39,086,913 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2022.

(e) Changes in the Total OPEB Liability

Changes in the District's total OPEB liability were as follows:

Balance at June 30, 2023	$ 39,600,553
Changes recognized for the year:	
Service cost	1,047,304
Interest on Total OPEB Liability	1,456,984
Changes of Assumptions or Other Inputs	(1,543,729)
Benefit payments	(1,474,199)
Net changes	(513,640)
Balance at June 30, 2024	$ 39,086,913

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

	1% Decrease (2.93%)	Current Assumption (3.93%)	1% Increase (4.93%)
Total OPEB liability as of June 30, 2024	$ 45,046,858	$ 39,086,913	$ 34,243,846

(g) Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

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

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability as of June 30, 2024	$ 33,378,838	$ 39,086,913	$ 46,343,999

(h) OPEB Expense and Deferred Outflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $199,215. At June 30, 2024, the District reported deferred outflows of resources of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 224,337	$ 1,841,338
Changes of assumptions or other inputs	3,763,120	7,334,043
Total	$ 3,987,457	$ 9,175,381

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

Year ended June 30:		Amount
2025	$	(672,017)
2026	$	(1,749,202)
2027	$	(2,163,761)
2028	$	(602,944)
2029	$	

(f) Actuarial Methods and Assumptions

The total OPEB liability was determined by an actuarial valuation as of July 1, 2022 with a measurement date of June 30, 2024. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Valuation Date	July 1, 2022
Measurement Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Plan Type	Single Employer Defined Benefit Plan
Inflation rate	2.40%
Healthcare Cost Trend Rates	6.4% in 2022, decreasing 0.5% per year to an ultimate rate of 3.8% over 50 years
Discount Rate	3.93% based on S&P Municipal Bond 20-year Index for bonds with an average rating of AA/Aa or higher (prior year rate was 3.65%)
Mortality	MP-2021 Ultimate Scale with employee rates before commencement and healthy annuitant rates after benefit commencement

11. RISK MANAGEMENT

General Information

The School District is exposed to various risks of loss related to tax certioraris, torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. Except for tax certiorari, 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. Sufficient reserves exist to cover any unfavorable settlements of the tax certiorari.

Health and Workers' Compensation Pools

The School District is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The School District participates in the Madison-Oneida-Herkimer Consortium consisting of 13 other governmental entities for their health insurance coverage, as well as, in the Madison-Oneida-Herkimer Workers' Compensation Consortium consisting of 29 other school districts for its workers' compensation insurance coverage. Entities joining the plans must remain members for a minimum of one year; a member may withdraw from the plans after that time by submitting a notice of withdrawal 30 days prior to the plans' year end. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plans' assets were to be exhausted, members would be responsible for the plan's liabilities. The plans use a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plans establish a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expense in the periods in which they are made. The Consortiums are shared-risk public entity risk pools whereby each entity pays annual premiums as follows: Health Consortium - Monthly premium from individual members based on the type of coverage selected. Workers' Compensation - Premiums are computed based upon an established rate of covered payroll. Premiums paid to the Health and Workers' Compensation Consortium totaled $4,355,605 and $77,483, respectively, for the year ended June 30, 2024. Paid claims are accounted for in the aggregate with individual entity activity not being tracked separately.

The School District continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance.

12. CONTINGENCIES AND COMMITMENTS

Potential Grantor Liability

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

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2024, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. The General Fund encumbrances are reflected as part of the assigned fund balance. The other encumbrances are not reflected on the fund financial statements because the assignment would result in a negative unassigned fund balance. Significant encumbrances included in governmental fund balances are as follows:

	Assigned General Fund
Encumbrances	
General Support	$ 3,994
Instruction	3,122
Pupil Transportation	1,834
Other Financing Uses	20,000
Total Encumbrances	$ 28,950

13. FUND BALANCE

(a) The following is a summary of the change in General Fund restricted reserve funds during the year ended June 30, 2024:

	Beginning Balance	Increase	Decreases	Ending Balance
Reserve				
Unemployment Insurance	$ 134,425	$ 210,714	$	$ 345,139
Employee Benefit Accrued Liability	545,651	122,640		668,291
Liability	207,195	108,597		315,792
Capital Reserve	483,073	448,523		931,596
Retirement Contribution Reserve - TRS	187,584	95,183		282,767
Retirement Contribution Reserve - ERS	693,659	802,873		1,496,532
Total	$ 2,251,587	$ 1,788,530	$	$ 4,040,117

(b) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2024:

	General	School Lunch	Misc. Special Revenue	Debt Service	Capital	Total
Nonspendable	$ 2,155	$ 18,048	$	$	$	$ 20,203
Restricted						
Unemployment Insurance	345,139					345,139
Employee Benefit Accrued Liability	668,291					668,291
Liability Reserve	315,792					315,792
Capital Reserve	931,596					931,596
Retirement Contribution Reserve - TRS	282,767					282,767
Retirement Contribution Reserve - ERS	1,496,532					1,496,532
Debt Service				67,795		67,795
Scholarships			27,733			27,733
Total Restricted	4,040,117		27,733	67,795		4,135,645
Assigned						
Appropriated for Subsequent Year's Budget	600,000					600,000
General Support	3,994					3,994
Instruction	3,122					3,122
Pupil Transportation	1,834					1,834
Other Financing Uses	20,000					20,000
School Lunch Fund		201,976				201,976
Total Assigned	628,950	201,976				830,926
Unassigned (Deficit)	781,550				(441,811)	339,739
Total Fund Balance (Deficit)	$5,452,772	$220,024	$ 27,733	$67,795	$(441,811)	$5,326,513

14. INTERFUND TRANSACTIONS

The following is a summary of interfund transactions for the year ended June 30, 2024:

Fund	Interfund Receivables	Interfund Payables	Interfund Revenues	Interfund Expenditures
General	$ 731,476	$ 269,407	$ 2	$ 171,425
School Lunch			50,000	
Special Aid	184,675	730,976	6,219	2
Miscellaneous Special Revenue		500		
Debt Service	2,104			
Capital Fund	84,732	2,104	115,206	
Total	$ 1,002,987	$ 1,002,987	$ 171,427	$ 171,427

- Interfund receivables and payables are considered temporary. The School District intends to repay the amounts within the next fiscal year.
- Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.
- The School District transferred $6,219 from the General Fund to the Special Aid Fund, to fund the local share of the summer handicap program.
- The General Fund transferred $50,000 to the School Lunch Fund to cover the budgeted deficit in the fund.
- The General Fund also transferred $115,206 to the Capital Fund for the 2024 small capital outlay project and reserve funding.

15. DEFICIT FUND BALANCES

Capital Fund

At June 30, 2024, the Capital Fund had a fund deficit of $441,811. This deficit is due to expenditures being incurred before permanent financing is obtained.

16. NET POSITION DEFICIT – DISTRICT-WIDE

The District-wide Net Position had an unrestricted deficit at June 30, 2024 of $43,152,801 and a total net position deficit of $15,943,021. The deficit is primarily the result of the recognition of postemployment benefits other than pensions, which requires the recognition of an unfunded liability of $39,086,913 at June 30, 2024. Since New York State Laws provide no mechanism for funding the liability, the deficit is not expected to be eliminated.

17. GOVERNMENT-WIDE – PRIOR PERIOD ADJUSTMENT

The District-wide net assets were decreased by $1,665,692 due to an error in recording net capital assets. Management reviewed the capital assets inventory and determined that there were certain capital projects that were entered in duplicate or in error.

Net Position (Deficit), Beginning of Year, As Previously Stated	$ (15,604,094)
Capital Asset Corrections	
Accumulated Depreciation	(1,665,692)
Net Effect of Prior Period Adjustment	(1,665,692)
Net Position (Deficit), Beginning of Year, As Restated	$ (17,269,786)

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
Revenues				
Local Sources				
Real Property Taxes	$ 4,861,559	$ 4,861,559	$ 4,905,068	$ 43,509
Other Real Property Tax Items	697,224	697,224	631,437	(65,787)
Charges for Services	10,500	10,500	13,045	2,545
Use of Money and Property	38,950	38,950	153,285	114,335
Sale of Property and Compensation for Loss	1,350	1,350	64,507	63,157
Miscellaneous	243,000	248,105	340,142	92,037
State Aid	12,812,647	12,812,647	12,720,242	(92,405)
Federal Aid	60,000	60,000	58,604	(1,396)
Total Revenues	18,725,230	18,730,335	18,886,330	155,995
Other Financing Sources				
Transfers from Other Funds			2	2
Appropriated Fund Balance	347,486	358,429		(358,429)
Total Revenues and Other Financing Sources	$ 19,072,716	$ 19,088,764	18,886,332	$ (202,432)

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
Expenditures					
General Support					
Board of Education	$ 20,170	$ 20,170	14,005	$	$ 6,165
Central Administration	241,725	241,725	236,009		5,716
Finance	401,335	401,335	366,918		34,417
Staff	71,882	86,882	60,168		26,714
Central Services	1,319,682	1,283,002	1,086,656	3,994	192,352
Special Items	278,574	278,574	262,556		16,018
Total General Support	2,333,368	2,311,688	2,026,312	3,994	281,382
Instruction					
Instruction, Administration, and Improvement	569,597	662,510	595,592	3,035	63,883
Teaching - Regular School	3,127,522	3,206,967	3,078,939		128,028
Programs for Children With Special Needs	2,505,639	2,353,534	2,151,289		202,245
Occupational Education	662,286	637,559	610,198	87	27,274
Teaching - Special School	55,332	60,059	49,755		10,304
Instructional Media	375,392	375,392	312,651		62,741
Pupil Services	724,082	744,287	619,842		124,445
Total Instruction	8,019,850	8,040,308	7,418,266	3,122	618,920
Pupil Transportation	1,292,902	1,282,897	954,826	1,834	326,237
Employee Benefits	5,354,896	5,346,696	4,726,175		620,521
Debt Service - Principal	1,402,540	1,402,540	1,439,326		(36,786)
Debt Service - Interest	432,060	432,060	408,652		23,408
Total Expenditures	18,835,616	18,816,189	16,973,557	8,950	1,833,682
Other Financing Uses					
Transfers to Other Funds	237,100	272,575	171,425	20,000	81,150
Total Expenditures and Other Financing Uses	$ 19,072,716	$ 19,088,764	17,144,982	$ 28,950	$ 1,914,832
Net Change in Fund Balance			1,741,350		
Fund Balance, Beginning of Year			3,711,422		
Fund Balance, End of Year			$ 5,452,772		

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

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

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2024

Measurement Date	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	* 6/30/2018
Total OPEB Liability							
Service cost	$ 1,047,304	$ 1,075,160	$ 1,817,704	$ 1,438,904	$ 982,939	$ 1,182,236	$ 1,066,853
Interest on Total OPEB Liability	1,456,984	1,525,585	1,140,851	970,896	1,237,928	1,102,331	1,062,899
Change in assumptions and other inputs	(1,543,729)	(1,387,450)	(10,523,045)	7,218,435	7,210,461	(3,213,322)	
Effects of demographic gains or losses		(2,924,478)		286,649		999,566	
Differences between expected and actual experience in the measurement of the total OPEB liability							445,866
Benefit payments	(1,474,199)	(1,405,210)	(1,428,417)	(1,388,550)	(1,257,644)	(1,237,069)	(1,514,021)
Net change in total OPEB Liability	(513,640)	(3,116,393)	(8,992,907)	8,526,334	8,173,684	(1,166,258)	1,061,597
Total OPEB Liability - Beginning	39,600,553	42,716,946	51,709,853	43,183,519	35,009,835	36,176,093	35,114,496
Total OPEB Liability - Ending	$ 39,086,913	$ 39,600,553	$ 42,716,946	$ 51,709,853	$ 43,183,519	$ 35,009,835	$ 36,176,093
Covered payroll	$ 5,188,725	$ 5,188,725	$ 5,544,283	$ 5,544,283	$ 5,636,617	$ 5,636,617	$ 4,943,525
Total OPEB Liability as a percentage of covered payroll	753.30%	763.20%	770.47%	932.67%	766.12%	621.11%	731.79%

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

Notes to Required Supplementary Information:

The District's net OPEB liability is not funded. Therefore, the liability is the net position of the plan. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 10 to the financial statements.

Changes to Assumptions

The discount rate changed from 3.65% to 3.93%.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
SCHEDULES OF DISTRICT PENSION CONTRIBUTIONS
For the Year Ended June 30, 2024

ERS Pension Plan
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 274,009	$ 235,406	$ 290,094	$ 324,863	$ 286,235	$ 278,143	$ 262,954	$ 266,632	$ 322,986	$ 326,878
Contributions in Relation to the Contractually Required Contribution	274,009	235,406	290,094	324,863	286,235	278,143	262,954	266,362	322,986	326,878
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
School District's Covered-ERS Employee Payroll	$ 2,030,891	$ 2,142,038	$ 1,827,307	$ 2,123,055	$ 1,859,410	$ 1,912,276	$ 1,730,008	$ 1,706,762	$ 1,777,047	$ 1,720,842
Contributions as a Percentage of Covered-Employee Payroll	13.49%	10.99%	15.88%	15.30%	15.39%	14.55%	15.20%	15.62%	18.18%	19.00%

TRS Pension Plan
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 427,064	$ 449,673	$ 447,762	$ 418,901	$ 414,835	$ 487,772	$ 423,592	$ 500,154	$ 564,014	$ 752,324
Contributions in Relation to the Contractually Required Contribution	427,064	449,673	447,762	418,901	414,835	487,772	423,592	500,154	564,014	752,324
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
School District's Covered-TRS Employee Payroll	$ 4,375,656	$ 4,370,000	$ 4,569,000	$ 4,395,603	$ 4,682,111	$ 4,592,957	$ 4,322,367	$ 4,267,526	$ 4,253,499	$ 4,291,637
Contributions as a Percentage of Covered-Employee Payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY (ASSET)
For the Year Ended June 30, 2024

Employees' Retirement System Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0068976%	0.0068412%	0.0060180%	0.0067001%	0.0073098%	0.0068529%	0.0069195%	0.0067971%	0.0074372%	0.0072131%
District's proportionate share of the net pension liability (asset)	$ 1,015,606	$ 1,467,027	$ (491,950)	$ 6,672	$ 1,935,686	$ 485,547	$ 223,234	$ 638,671	$ 1,193,697	$ 243,675
District's covered-employee payroll	$ 2,030,891	$ 2,142,038	$ 1,827,307	$ 2,123,055	$ 1,859,410	$ 1,912,276	$ 1,730,008	$ 1,706,762	$ 1,777,047	$ 1,720,842
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	50.01%	68.49%	26.92%	0.31%	104.10%	25.39%	12.90%	37.42%	67.17%	14.16%
Plan fiduciary net position as a percentage of total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%	97.90%

Teachers' Retirement System Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's proportion of the net pension liability (asset)	0.023661%	0.025791%	0.025894%	0.027585%	0.027517%	0.026538%	0.026930%	0.027565%	0.028570%	0.028418%
District's proportionate share of the net pension liability (asset)	$ 270,585	$ 494,907	$ (4,487,214)	$ 762,259	$ (714,882)	$ (479,878)	$ (204,695)	$ 295,229	$ (2,967,538)	$ (3,165,639)
District's covered-employee payroll	$ 4,370,000	$ 4,569,000	$ 4,395,603	$ 4,682,111	$ 4,592,957	$ 4,322,367	$ 4,267,526	$ 4,253,499	$ 4,291,637	$ 4,197,852
District's proportionate share of the net pension (asset), liability as a percentage of its covered-employee payroll	6.19%	10.83%	102.08%	16.28%	15.56%	11.10%	4.80%	6.94%	69.15%	75.41%
Plan fiduciary net position as a percentage of total pension asset	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

See Independent Auditor's Report.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
For the Year Ended June 30, 2024

Change from Adopted Budget to Revised Budget

Adopted Budget	$ 19,025,230
Add: Prior Year's Encumbrances	47,486
Original Budget	19,072,716
Add: Insurance Claim	10,943
Local Scholarships	5,105
Total Additions	16,048
Final Budget	$ 19,088,764

Section 1318 of Real Property Tax Law Limit Calculation

2024-2025 Voter-approved expenditure budget		$ 19,538,734
Maximum allowed (4% of 2024-2025 Budget)		$ 781,549
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted fund balance:		
Assigned fund balance	$ 628,950	
Unassigned fund balance	781,550	
Total unrestricted fund balance	1,410,500	
Less:		
Appropriated fund balance	600,000	
Encumbrances included in committed and assigned fund balance	28,950	
Total adjustments	628,950	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 781,550
Actual percentage		4.00%

See Independent Auditor's Report.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2024

PROJECT TITLE	Original Authorization	Revised Authorization	Expenditures: Prior Years	Expenditures: Current Year	Expenditures: Total	Unexpended Balance	Methods of Financing: Proceeds of Obligations	Methods of Financing: Federal and State Aid	Methods of Financing: Local Sources	Methods of Financing: Total	Fund (Deficit) June 30, 2024
Buses 2018	$ 259,024	$ 259,024	$ 259,574	$	$ 259,574	$ (550)	$	$	$ 259,574	$ 259,574	$
Buses 2019	342,213	342,213	312,546		312,546	29,667			308,919	308,919	(3,627)
Buses 2020	288,205	288,205	250,075		250,075	38,130			198,905	198,905	(51,170)
Buses 2021	304,736	304,736	277,539		277,539	27,197			163,399	163,399	(114,140)
Buses 2022	241,000	241,000	240,886		240,886	114			104,073	104,073	(136,813)
Buses 2023	275,000	275,000	265,955		265,955	9,045			116,540	116,540	(149,415)
Buses 2024	406,783	406,783		299,658	299,658	107,125					(299,658)
Buses Prior									3,605	3,605	3,605
Total Buses	2,116,961	2,116,961	1,606,575	299,658	1,906,233	210,728			1,155,015	1,155,015	(751,218)
2022 Capital Improvement Project	8,000,000	8,000,000	1,450	895,640	897,090	7,102,910	975,000		225,000	1,200,000	302,910
Smart School Bond Act	895,411	895,411	386,463		386,463	508,948		391,738		391,738	5,275
Equipment Outlay - 2023	50,000	50,000	934	48,992	49,926	74		49,705		49,705	(221)
Elementary Hot Water Heater	15,475	15,475		15,475	15,475				15,475	15,475	
Local Capital Outlay Project - 2018	100,000	100,000	98,644		98,644	1,356			100,000	100,000	1,356
Local Capital Outlay Project - 2019	100,000	100,000	99,913		99,913	87			100,000	100,000	87
Local Capital Outlay Project - 2023	100,000	100,000	99,771		99,771	229			99,771	99,771	
Local Capital Outlay Project - 2024	100,000	100,000		99,732	99,732	268			99,732	99,732	
Totals	$ 11,477,847	$ 11,477,847	$ 2,293,750	$ 1,359,497	$ 3,653,247	$ 7,824,600	$ 975,000	$ 441,443	$ 1,794,993	$ 3,211,436	$ (441,811)

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2024

Capital Assets, Net	$ 31,861,357
Right to Use Leased Assets, Net of Amortization	327,637
	32,188,994
Add:	
Capital Cash	688,909
Deduct:	
Accounts Payable	(300,798)
Bond Anticipation Note Payable	(1,901,786)
Serial Bonds Payable and Unamortized Premium	(8,574,080)
Due to Other Funds (In Capital Fund)	(2,104)
Total Deductions	(10,778,768)
Net Investment in Capital Assets	$ 22,099,135

See Independent Auditor's Report.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
315-336-9220 Fax: 315-336-0836

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
Morrisville-Eaton Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Morrisville-Eaton Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Morrisville-Eaton Central School District's basic financial statements, and have issued our report thereon dated October 15, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

D'Arcangelo + Co., LLP

October 15, 2024

Rome, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300
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Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by the Uniform Guidance

Board of Education
Morrisville-Eaton Central School District, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Morrisville-Eaton Central School District's 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 Morrisville-Eaton Central School District's major federal programs for the year ended June 30, 2024. Morrisville-Eaton Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, Morrisville-Eaton 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 Morrisville-Eaton 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 Morrisville-Eaton 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 Morrisville-Eaton 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 Morrisville-Eaton 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 Morrisville-Eaton 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 Morrisville-Eaton 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 Morrisville-Eaton 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 Morrisville-Eaton 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.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the 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. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

D'Arcangelo + Co., LLP

October 15, 2024

Rome, New York

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Agency or Pass-through Number	Current Year Expenditures	Subrecipient
U.S. Department of Agriculture				
(Passed Through the State Education Department of the State of New York - Pass-Through Grantor's No. 420701060000)				
Nutrition Cluster				
National School Lunch Program (Noncash)	10.555	N/A	$ 26,064	$
National School Breakfast Program	10.553	N/A	111,444	
National School Lunch Program	10.555	N/A	253,843	
Summer Food Service	10.559	N/A	118,243	
Total Cash Assistance			483,530	
TotalNutrition Cluster			509,594	
Supply Chain Assistance	10.565	N/A	3,390	
Total U.S. Department of Agriculture			512,984	
U.S. Department of Education				
(Passed Through the State Education Department of the State of New York - Pass-Through Grantor's No. 420701060000)				
Title I Grants to Local Educational Agencies	84.010	0021-23-1305	1,553	
Title I Grants to Local Educational Agencies	84.010	0021-24-1305	133,149	
Total			134,702	
Title II, Part A Supporting Effective Instruction	84.367	0147-23-1295	19,141	
Special Education Cluster				
Special Education - Grants to States	84.027	0032-24-0348	201,410	
COVID-19-Special Education – Grants to States, (IDEA Part B)	84.027X	5532-22-0348	26,327	
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-24-0348	9,751	
COVID-19- Special Education - Preschool Grants, (IDEA Preschool)	84.173X	5533-22-0348	2,166	
Total Special Education Cluster			239,654	
Student Support and Academic Enrichment Program	84.424	0204-23-1295	9,598	
COVID - 19 Education Stabilization Fund				
Elementary and Secondary School Emergency Relief (ESSER2)	84.425D	5891-21-1295	13,490	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-1295	471,801	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5882-21-1295	39,304	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5883-21-1295	55,022	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5884-21-1295	270,600	
Total COVID - 19 Education Stabilization Fund			850,217	
(Direct)				
Rural Education Achievement Program	84.358	S358A222894	11,138	
Rural Education Achievement Program	84.358	S358A232760	2,064	
Rural Education Achievement Program	84.358	S358A242760	24,550	
			37,752	
Total U.S. Department of Education			1,291,064	
Total Federal Financial Assistance			$ 1,804,048	$

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Morrisville-Eaton Central School District. The School District's organization is defined in Note 1 to the School District's basic financial statements.

Basis of Accounting

The expenditures in the accompanying schedule are presented on an accrual basis of accounting. The information in this schedule 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements

Food Donation

Non-monetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2024, the School District had food commodities totaling $10,642 in inventory.

Cluster Programs

The following programs are identified by "OMB Compliance Supplement" to be part of a cluster of programs:

U.S. Department of Agriculture
Nutrition Cluster

AL #10.553	School Breakfast Program
AL #10.555	National School Lunch Program
AL # 10.559	Summer Food Service

U.S. Department of Education
Special Education Cluster

AL #84.027	Special Education - Grants to States (IDEA, Part B)
AL #84.027X	COVID-19-Special Education - Grants to States (IDEA, Part B)
AL #84.173	Special Education - Preschool Grants (IDEA Preschool)
AL #84.173X	COVID-19-Special Education - Preschool Grants (IDEA Preschool)

Indirect Cost Rate

The School District has not elected to use the 10% de minimis indirect cost rate.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2024

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	U.S. Department of Education COVID-19 Education Stabilization Fund ALN #84.425D Elementary and Secondary School Emergency Relief (ESSER) Fund ALN #84.425U American Rescue Plan – Elementary and Secondary School Emergency Relief (ARP ESSER)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

(Continued)

Findings – Financial Statement Audit

No findings noted in the current year.

Findings and Questioned Costs – Major Federal Award Program Audit

No findings noted in the current year.

MORRISVILLE-EATON CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2024

Findings – Financial Statement Audit

No findings were noted in the prior year.

Findings and Questioned Costs – Major Federal Award Program Audit

No findings were noted in the prior year.

FORM OF OPINION OF BOND COUNSEL

July 15, 2025

Morrisville-Eaton Central School District
5061 Fearon Road, PO Box 990
Morrisville, NY 13408

Re: Morrisville-Eaton Central School District
$7,626,655 Bond Anticipation Notes, 2025 Series B, CUSIP No.: ____________

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $7,626,655 Bond Anticipation Notes, 2025 Series B (the "Notes") of the Morrisville-Eaton Central School District, County of Madison, State of New York (the "District"). The Notes are dated July 15, 2025 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, resolutions of the District and a Certificate of Determination dated on or before July 15, 2025 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

In our opinion, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. Interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

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

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

Very truly yours,

Trespasz Law Offices, LLP