

**PRELIMINARY OFFICIAL STATEMENT DATED JUNE 4, 2026**

**NEW ISSUE**

**BOND ANTICIPATION NOTES**

*In the opinion of Barclay Damon LLP, Bond Counsel to the School District, under existing law and assuming compliance with certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the School District, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate alternative minimum tax imposed under the Code. Bond Counsel is also of the opinion that, under existing law, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "Tax Matters" herein regarding certain other tax considerations.*

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

**\$4,100,000**  
**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**ALBANY AND SCHOHARIE COUNTIES, NEW YORK**

**GENERAL OBLIGATIONS**  
**\$4,100,000 Bond Anticipation Notes, 2026**  
**(the "Notes")**

**Dated: June 25, 2026**

**Due: June 25, 2027**

The Notes will constitute general obligations of the Berne-Knox-Westerlo Central School District, Albany and Schoharie Counties, New York (the "School District"), will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes and will be payable from ad valorem taxes, which may be levied upon all the taxable real property within the School District, without limitation as to rate or amount. The faith and credit of the Berne-Knox-Westerlo Central School District are irrevocably pledged for the payment of the Notes and the interest thereon. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

At the option of the purchaser(s), the Notes will be issued as registered notes registered in the name of the purchaser(s) or in book-entry-only form. If such Notes are issued as registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the offices of the School District. The purchaser(s) shall have the right to designate a bank or banks located and authorized to do business in the State of New York as the place or places for the payment of the principal and interest on the Notes. Any related bank fees are to be paid by the purchaser(s). A single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to each purchaser at such interest rate.

If the purchaser(s) notifies Bond Counsel by 3:00 P.M., prevailing time on the date of sale, such Notes may be issued in the form of book-entry-only notes, in denominations corresponding to the aggregate principal amount for each Note bearing the same rate of interest and CUSIP number. In the event that the purchaser(s) choose book-entry-only notes, as a condition to delivery of the Notes, the successful bidder(s) will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may only be made through book entries (without certificates issued by the School District) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable by the School District by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The School District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Barclay Damon LLP, Bond Counsel, Albany, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey or as may be agreed upon with the purchaser(s) on or about June 25, 2026.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com), on June 11, 2026 by no later than 10:45 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.**

June \_\_, 2026

THE SCHOOL 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 BIDDERS, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. FOR A DESCRIPTION OF THE SCHOOL DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES AS DESCRIBED IN THE RULE, SEE "APPENDIX – C, MATERIAL EVENT NOTICES" HEREIN" HEREIN.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
ALBANY AND SCHOHARIE COUNTIES, NEW YORK**

**SCHOOL DISTRICT OFFICIALS**

**2025-2026 BOARD OF EDUCATION**

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RENEE SHERWIN  
Treasurer

ANNE FARNAM  
District Clerk



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

BARCLAY  
DAMON<sup>LLP</sup>  
BARCLAY DAMON LLP  
Bond Counsel

No person has been authorized by Berne-Knox-Westerlo 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 Berne-Knox-Westerlo Central School District.

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PREPARED WITH THE ASSISTANCE OF



Fiscal Advisors & Marketing, Inc.  
 250 South Clinton Street, Suite 502  
 Syracuse, New York 13202  
 (315) 752-0051

[www.fiscaladvisors.com](http://www.fiscaladvisors.com)

**OFFICIAL STATEMENT**  
of the  
**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**ALBANY AND SCHOHARIE COUNTIES, NEW YORK**  
Relating To  
**\$4,100,000 Bond Anticipation Notes, 2026**

This Official Statement, which includes the cover page and appendices, has been prepared by the Berne-Knox-Westerlo Central School District, Albany and Schoharie Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of \$4,100,000 principal amount of Bond Anticipation Notes, 2026 (the "Notes").

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

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

**NATURE OF OBLIGATION**

The Notes when duly issued and paid for will constitute a contract between the School District and the holder thereof.

Holders of any series of notes or bonds of the School 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 School District and will contain a pledge of the faith and credit of the School 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 School District has power and statutory authorization to levy ad valorem taxes on all real property within the School District subject to such taxation by the School District, without limitation as to rate or amount.

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

Under the Constitution of the State, the School 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 School 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.

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

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

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

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

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

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

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

## THE NOTES

### Description of the Notes

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

The Notes will be dated June 25, 2026 and mature, without option of prior redemption, on June 25, 2027. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

If the Notes are issued registered in the name of the purchaser(s), principal of and interest on the Notes will be payable in Federal Funds at the office of the School District. The purchaser(s) shall have the right to designate a bank or banks located and authorized to do business in the State of New York as the place or places for the payment of the principal and interest on the Notes. Any related bank fees are to be paid by the purchaser(s). In such case, the Notes will be registered in the name of the purchaser(s) and a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to each purchaser at such interest rate.

If the purchaser notifies Bond Counsel by 3:00 P.M., prevailing time on the date of sale, such Notes may be issued in the form of book-entry-only notes, in denominations corresponding to the aggregate principal amount for each Note bearing the same rate of interest and CUSIP number. In the event that the purchaser chooses book-entry-only notes, as a condition to delivery of the Notes, the successful bidder will be required to cause such note certificates to be (i) registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), and (ii) deposited with DTC to be held in trust until maturity. DTC is an automated depository for securities and clearinghouse for securities transactions, and will be responsible for establishing and maintaining a book-entry system for recording the ownership interests of its participants, which include certain banks, trust companies and securities dealers, and the transfers of the interests among its participants. The DTC participants will be responsible for establishing and maintaining records with respect to the Notes. Individual purchases of beneficial ownership interests in the Notes may only be made through book entries (without certificates issued by the School District) made on the books and records of DTC (or a successor depository) and its participants, in denominations of \$5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable by the School District by wire transfer or in clearinghouse funds to DTC or its nominee as registered owner of the Notes. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC; transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The School District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

**No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

**Purpose of Issue**

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including among others, the Local Finance Law and the Education Law, and a bond resolution that was duly adopted by the Board of Education of the District on January 26, 2026 authorizing the issuance of serial general obligation bonds in an aggregate principal amount not to exceed \$5,142,000 to finance the reconstruction of various District buildings, facilities and sites, and the acquisition of original furnishings, equipment, machinery or apparatus required for the purpose for which such buildings, facilities and sites are to be used and pay incidental costs related thereto.

The proceeds of the Notes represent the initial borrowing for the aforementioned project.

**BOOK-ENTRY-ONLY SYSTEM**

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

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DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 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](http://www.dtcc.com) and [www.dtc.org](http://www.dtc.org).

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

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

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

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

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the 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 ON THE NOTES; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE NOTES; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

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

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

### **Certificated Notes**

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

The Notes will be issued in registered form in a denomination equal to the principal amount of the Notes held by each purchaser bearing interest at the same interest rate. Principal of and interest on the Notes will be payable at the option of the School District at the offices of the School District or 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 the southwest corner of Albany County, with a portion of the District in Schoharie County, in a rural area nestled in the Helderberg Mountains. The District is a middle-class community, which has become a bedroom community for the cities of the Capital Region – Albany, Schenectady and Troy.

The District is located 16 miles south of the City of Schenectady, and 25 miles west of the City of Albany. The District is centered in the Hamlet of Berne on Route 443, and covers approximately 126 square miles.

The District was organized in 1931, but was enlarged by the annexation of various common school districts. It now includes virtually all of the Towns of Berne and Knox, most of the Town of Westerlo, and small portions of the Towns of New Scotland, Rensselaerville, Middleburgh and Wright.

Located in the District is the Clifford B. Hannay & Son Corporation, the nation's largest manufacturer of hose reels. Also, within the District is Helderberg Blue Stone & Marble, Inc., a large supplier of building stone in New York State.

The area contains many private summer homes. It is a recreational area which includes three lakes: Warner, Thompson and Onderdonk. It also contains Thatcher Park and Thompson Lake Campground. Within the District boundaries are hundreds of acres of conversation and wildlife sanctuaries. Also included in the area are ten churches and two public libraries.

The District is located within short driving distance of many colleges and universities which include the State University of New York at Albany, Union College, Siena University Rensselaer Polytechnic Institute, Russell Sage College, Maria College, Schenectady County Community College and Hudson Valley Community College.

Source: District officials

**District Population**

The 2024 estimated population of the District is 5,999. (Source: U.S. Census Bureau, 2020-2024 American Community Survey data.)

**Selected Wealth and Income Indicators**

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the Towns of Berne, Knox, Westerlo, New Scotland, Middleburgh, Wright and Rensselaerville and the Counties of Albany and Schoharie. The figures set below with respect to such Towns and Counties is included for information only. It should not be inferred from the inclusion of such data in this Official Statement that the Towns or the Counties are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>
Towns of:						
Berne	\$ 28,780	\$ 36,542	\$ 48,289	\$ 71,680	\$ 79,423	\$ 107,500
Knox	29,968	40,480	51,152	89,583	105,262	128,568
Westerlo	28,284	36,064	46,445	72,917	90,273	111,594
New Scotland	40,542	52,870	60,557	84,072	123,769	140,982
Middleburgh	25,353	40,689	44,465	64,458	64,739	73,750
Wright	28,375	34,698	43,990	72,969	81,319	102,375
Rensselaerville	27,708	43,318	52,218	69,177	110,859	107,625
Counties of:						
Albany	30,863	38,592	48,210	76,159	95,923	120,437
Schoharie	25,105	32,352	38,809	61,828	71,211	89,356
State of:						
New York	30,948	40,898	50,712	67,405	87,270	106,873

Note: 2021-2025 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 2020-2024 American Community Survey data.

**Larger Employers**

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

<u>Name</u>	<u>Type</u>	<u>Approximate Number of Employees</u>
Berne-Knox-Westerlo Central School District	Public Education	167
Clifford B. Hannay & Son	Manufacturer - Hoses	165
County Public Works Department	Highway Maintenance	83
Town of Berne	Municipal Government	49*
Town of Knox	Municipal Government	37*

\* Includes seasonal and part-time employees.

Source: District officials.

## Unemployment Rate Statistics

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

	<u>Annual Average</u>						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Albany County	3.5%	6.9%	4.4%	3.1%	3.2%	3.3%	3.4%
Schoharie County	4.4%	7.2%	4.9%	3.8%	4.2%	4.1%	4.0%
New York State	3.9%	9.8%	7.1%	4.3%	4.0%	4.2%	4.3%

	<u>2026 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Albany County	3.7%	4.0%	3.6%	3.4%	N/A	N/A
Schoharie County	5.5%	6.0%	5.3%	4.1%	N/A	N/A
New York State	4.7%	5.2%	4.4%	4.2%	N/A	N/A

Note: Unemployment rates for May and June 2026 are not available as of the date of this Official Statement.

## Form of School Government

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws general applicable to the District and any special laws applicable to the School District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education (the “Board”). On the third Tuesday in May each year, an election is held within the District boundaries to elect one or more members to the Board. The Board consists of five members serving three-year terms.

During the first ten days of July of each year, the Board meets for the purpose of reorganization. At that time an election is held within the Board to elect a President and Vice President and to appoint other District officials.

## Investment Policy

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

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

## **Budgetary Procedures and Recent Budget Votes**

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

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

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

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

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

### *Recent Budget Vote Results*

The budget for the 2025-26 fiscal year was approved by qualified voters on May 20, 2025 by a vote of 556 in favor to 234 against. The adopted budget included a total tax levy increase of 3.3%, which was equal to the District’s 3.3% tax levy limit for the 2025-26 fiscal year.

The budget for the 2026-27 fiscal year was approved by the qualified voters of the District on May 19, 2026 by a vote of 443 yes to 146 no. . The District’s adopted budget includes a total tax levy increase of 3.77%, which is equal to the District’s maximum allowable Tax Cap of 3.77% for the 2026-27 fiscal year.

## **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 2026-27 fiscal year, approximately 48.04% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. The State's Enacted Budgets were adopted after the April 1 deadline in the State's fiscal years 2023-24 (adopted on May 2, 2023, thirty-one (31) days late), 2024-25 (adopted on April 22, 2024, twenty-one (21) days late), 2025-26 (adopted on May 9, 2025, thirty-eight (38) days late) and 2026-27 (adopted on May 27, 2026, fifty-six (56) days late). The State's Enacted Budgets were adopted by April 1 or shortly thereafter in the State's fiscal years 2016-17 through 2022-23, inclusive. 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 2026-27 building aid ratios, the District expects to receive State building aid of approximately 79.2% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

### *State Aid History*

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

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

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

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

*School district fiscal year (2024-2025):* The State's 2024-25 Enacted Budget provided \$35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever at that time (assuming the State aid amount agreed to as described in the following paragraphs is the amount ultimately enacted). 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 receives 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 Enacted Budget included 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 provided 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. As part of the 2025–26 Enacted State Budget, the Governor and Legislature made targeted adjustments to the Foundation Aid formula. While the formula itself remains largely intact, the budget includes a hold harmless provision ensuring that no district receives less Foundation Aid than in the prior year. Additionally, all districts are guaranteed at least a 2% year-over-year increase in Foundation Aid. The enacted budget also includes formula modifications intended to provide enhanced support for high-need and disadvantaged school districts.

Provisions in the State’s 2025-26 Enacted Budget granted 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 provided that a “general fund imbalance” had 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. No “general fund imbalance” occurred during the State’s 2025-26 fiscal year.

The State’s 2026-27 Enacted Budget was signed into law on May 27, 2026 – fifty-six (56) days after the April 1 start of the fiscal year. The FY 2026-27 Education, Labor and Family Assistance (ELFA) legislation contains several significant provisions affecting New York public school districts. The major school district–related items include:

- **Foundation Aid increase:** The budget provides an approximately \$779 million increase in Foundation Aid, bringing total Foundation Aid to about \$27.1 billion statewide. Every district is guaranteed at least a minimum annual increase.
- **Overall School Aid increase:** Total School Aid for the 2026-27 school year is projected at approximately \$39.3 billion, an increase of roughly \$1.6 billion over the prior year.
- **Universal Pre-K expansion:** The legislation significantly expands funding for universal prekindergarten programs. Districts will receive increased per-pupil funding for four-year-old programs, with the goal of statewide universal full-day Pre-K by the 2028-29 school year.
- **Expense-based aids fully funded:** The budget continues statutory reimbursement formulas for Building Aid, Transportation Aid, BOCES Aid and special education expense aids. These aids are projected to increase by roughly \$282 million statewide.
- **Building Aid for renewable energy projects:** Certain renewable energy improvements, including ground-mounted solar facilities, may now qualify as part of a project’s “primary cost allowance” for Building Aid purposes.

**Foundation Aid formula adjustments.** The budget continues recent efforts to modernize the Foundation Aid formula by relying more heavily on updated poverty and economic-need data instead of older census metrics and free-and-reduced lunch statistics.

### *State Aid Litigation*

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

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

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

A breakdown of currently anticipated Foundation Aid funding is outlined 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.
- FY 2027 Budget: \$27.1 billion in Foundation Aid, an increase of \$779 million from 2025-26, and a 1% minimum increase in Foundation Aid to all school districts.

The State’s 2025-26 and 2026-27 Budgets also made 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 following table illustrates the percentage of total General Fund revenues of the District for the 2020-2021 through 2024-2025 fiscal years, the budgeted figures for the 2025-2026 and 2026-2027 fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total State Aid</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2020-2021	\$ 10,214,209	\$ 22,731,572	44.93%
2021-2022	11,246,051	22,830,759	49.26
2022-2023	11,514,223	23,575,680	48.84
2023-2024	11,794,563	24,153,011	48.83
2024-2025	11,734,060	25,034,748	46.87
2025-2026 (Budgeted)	11,591,886	23,437,328	49.46
2026-2027 (Budgeted)	11,303,879	23,529,966	48.04

<sup>(1)</sup> Does not include interfund transfers or use of reserves or appropriated fund balance.

Source: 2020-21 through and including the 2024-25 audited financial statements, 2025-26 and 2026-27 adopted budgets of the District. This table is not audited.

**District Facilities**

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
Berne-Knox-Westerlo Elementary School	K-5	410	1932, '48, '55, '01, '20
Berne-Knox-Westerlo High School	6-12	670	1965, '96, '05, '11, '20

Source: District officials.

**Enrollment Trends**

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2021-22	701	2026-27	700
2022-23	697	2027-28	700
2023-24	718	2028-29	703
2024-25	709	2029-30	703
2025-26	702	2030-31	703

Source: School District officials.

**District Employees**

The District employs a total of approximately 135 full-time and 21 part-time employees. Certain employees are represented by the following unions:

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
78	Berne-Knox-Westerlo Teachers' Association	June 30, 2027
38	Berne-Knox-Westerlo CSEA	June 30, 2026 <sup>(1)</sup>
27	Berne-Knox-Westerlo Teachers' Support Staff	June 30, 2027
12	Berne-Knox-Westerlo Handbook	June 30, 2027
4	Helderberg Administrators	June 30, 2029

<sup>(1)</sup> Currently under negotiations.

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 System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members (other than those in Tier V and VI, as described below) working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation 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 (for both Tier V and Tier VI).
- 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 new Tier VI pension program was signed into law, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees 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 State’s 2024-25 Enacted Budget included a provision that improved the pension benefits of Tier VI members by modifying the final average salary calculation from 5 years back to 3 years. This measure was effective as of April 1, 2024 for PFRS Tier VI members and April 20, 2024 for ERS Tier VI members.

The State’s Enacted 2026-27 Budget made a number of changes to the Tier VI pension program:

**Lowered Retirement Age:** The full-benefit retirement age is reduced from 63 to 58 for members with 30 years of service, allowing educators to retire without pension penalties earlier.

**Reduced Contribution Rates:** Member pension contribution percentages are adjusted into tiered salary brackets:

- \$75,000 or less: 3%
- Over \$75,000 to \$100,000: 4%
- Over \$100,000 to \$125,000: 5.25%
- Over \$125,000: 5.75%

**Overtime Cap Increase:** For eligible members, the maximum amount of overtime used to calculate final average salary benefits has been increased to \$30,000 plus CPI (up from the previous \$22,500 cap).

The School District is required to contribute at an actuarially determined rate. The actual contributions for the last five years, along with budgeted contributions for the 2025-26 and 2026-27 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$357,621	\$668,633
2021-2022	302,571	739,422
2022-2023	299,763	739,064
2023-2024	351,244	716,999
2024-2025	410,027	678,928
2025-2026 (Budgeted)	475,000	677,969
2026-2027 (Budgeted)	500,000	680,000

Source: District officials.

The annual required ERS pension contribution is due annually on February 1 with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually. Although permitted by recently enacted laws, the District is not amortizing any pension payments, nor does it intend to do so in the foreseeable future.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2021-22 to 2026-27) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2021-22	16.2%	9.80%
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11
2025-26	16.5	9.59
2026-27	17.6	8.24*

\*Estimated. Final contribution rate expected to be adopted at the July 31, 2026 TRS Retirement Board meeting.

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 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 authorized local governments, 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 Rate Pension Contribution Option”). For 2016-17 the stable contribution option rate is 15.1% for ERS and 14.13% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but 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 State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, included a provision that allows school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts are permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS reserve fund during the 2018-19 fiscal year.

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.

**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 BPAS Consulting Services to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability for the 2023-24 and 2024-25 fiscal years, by source.

	2023	2024
Balance beginning at July 1:	<u>\$ 95,475,991</u>	<u>\$ 98,365,004</u>
<u>Changes for the year:</u>		
Service cost	2,831,104	2,876,749
Interest on OPEB liability	4,004,443	4,210,583
Changes in benefit terms	-	(1,144,477)
Difference between expected and actual experience	63,487	(18,294,250)
Changes in assumptions or other inputs	(1,288,049)	(7,582,682)
Benefit payments	<u>(2,721,972)</u>	<u>(2,481,403)</u>
Net Changes	<u>\$ 2,889,013</u>	<u>\$ (22,415,480)</u>
<b>Balance ending at June 30:</b>	<b><u>2024</u></b>	<b><u>2025</u></b>
	<b><u>\$ 98,365,004</u></b>	<b><u>\$ 75,949,524</u></b>

Source: Audited Financial Statements of the District. The above table is not audited. For additional information regarding the District’s OPEB liability see “APPENDIX – D” attached hereto.

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

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

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

### **Financial Statements**

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2025 and is attached hereto as "APPENDIX – D". In addition, 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. Certain summary financial information of the District can be found attached as Appendices to the Official Statement.

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

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

### **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 have been no State Comptroller's audits of the District that have been published in the previous five years, nor are there any currently in progress or pending release at this time.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

### **The State Comptroller's Fiscal Stress Monitoring System**

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

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

The classifications and fiscal scores of the District for the 2020-21 through 2024-25 fiscal years are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2025	No Designation	16.7
2024	No Designation	13.3
2023	Moderate	51.7
2022	No Designation	20.0

Additional information regarding the Fiscal Stress Monitoring System can be found by visiting the Fiscal Stress Monitoring System section of the Office of the State Comptroller website.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, nor incorporation herein by reference.

### 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.

### TAX INFORMATION

#### Taxable Valuations

##### Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Towns of:					
Berne	\$ 154,912,707	\$ 155,422,553	\$ 156,466,303	\$ 157,268,006	\$ 157,672,944
Knox	118,002,902	118,184,929	118,886,436	119,939,640	120,256,009
Westerlo	1,227,519	1,230,522	1,241,276	1,247,161	1,252,860
New Scotland	5,313,799	5,281,616	5,286,063	5,232,414	5,271,945
Middleburgh	81,140	81,115	80,855	80,749	80,676
Wright	301,907	300,327	291,394	283,025	282,475
Rensselaerville	177,410	177,109	176,977	177,235	176,911
Total Assessed Values	<u>\$ 280,017,384</u>	<u>\$ 280,678,171</u>	<u>\$ 282,429,304</u>	<u>\$ 284,228,230</u>	<u>\$ 284,993,820</u>

##### State Equalization Rates

Towns of:					
Berne	54.00%	50.00%	43.00%	41.50%	38.00%
Knox	50.00%	42.00%	39.00%	38.00%	37.00%
Westerlo	0.81%	0.75%	0.64%	0.62%	0.58%
New Scotland	91.00%	81.00%	74.00%	70.00%	65.00%
Middleburgh	63.15%	54.00%	51.00%	49.00%	46.50%
Wright	70.00%	60.00%	51.00%	49.50%	50.00%
Rensselaerville	55.20%	50.00%	44.20%	42.01%	38.75%
Total Taxable Full Valuation	<u>\$ 681,147,261</u>	<u>\$ 763,832,884</u>	<u>\$ 870,935,142</u>	<u>\$ 904,378,009</u>	<u>\$ 965,261,061</u>

Source: District officials.

**Tax Rate Per \$1,000 (Assessed)**

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Towns of:					
Berne	\$ 29.31	\$ 28.08	\$ 29.56	\$ 29.49	\$ 31.18
Knox	31.65	33.43	32.59	32.21	32.02
Westerlo	1,953.78	1,872.25	1,985.81	1,974.07	2,042.94
New Scotland	17.39	17.34	17.17	17.48	18.23
Middleburgh	25.06	26.00	24.92	24.98	25.48
Wright	22.61	23.40	24.92	24.73	23.70
Rennselaerville	28.67	28.08	28.75	29.13	30.58

Source: District officials.

**Tax Collection Procedure**

The real property taxes of the District are levied by the Counties and are collected by BKWCSD. Such taxes are due September 1<sup>st</sup> and payable through October 4<sup>th</sup> without penalty and November 4<sup>th</sup> with penalty. On or about November 15<sup>th</sup>, a list of all unpaid taxes is given to the County Treasurers for the re-levy on County/Town tax rolls.

The District is not responsible for the collection of taxes of any other unit of government.

The District is reimbursed by the Counties for all unpaid taxes in April of each year and is thus assured of 100% collection of its annual levy.

**Tax Levy and Collection Record**

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total Tax Levy	\$ 10,779,562	\$ 10,725,665	\$ 11,068,886	\$ 11,068,886	\$ 11,437,442
Amount Uncollected <sup>(1)</sup>	609,876	518,532	685,081	553,454	523,904
% Uncollected	5.66%	4.83%	6.19%	5.00%	4.58%

<sup>(1)</sup> The School District is reimbursed by the Counties for all unpaid taxes. See “Tax Collection Procedure” herein.

Source: District officials.

**Real Property Tax Revenues**

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years, budgeted figures for the 2025-2026 and 2026-2027 fiscal years comprised of Real Property Taxes and Tax Items.

<u>Fiscal Year</u>	<u>Total Revenues <sup>(1)</sup></u>	<u>Total Real Property Taxes &amp; Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2020-2021	\$ 22,731,572	\$ 11,017,109	48.47%
2021-2022	22,830,759	10,779,682	47.22
2022-2023	23,575,680	10,758,124	45.63
2023-2024	24,153,011	11,085,761	45.90
2024-2025	25,034,748	11,085,258	44.28
2025-2026 (Budgeted)	23,437,328	11,437,442	48.80
2026-27 (Budgeted)	23,529,966	11,868,087	50.44

<sup>(1)</sup> Does not include interfund transfers or use of reserves or appropriated fund balance.

Source: 2020-2021 through and including the 2024-25 audited financial statements and, 2025-2026 and 2026-2027 adopted budgets of the District. This table is not audited.

**Ten Largest Taxpayers - 2025 Assessment Roll for 2025-26 District Tax Roll**

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
Tennessee Gas Pipeline	Utility	\$ 7,803,900
Iroquois Gas Transmission	Utility	5,817,300
Tennessee Gas Transmission	Utility	4,994,099
Tennessee Gas Transmission CO	Utility	2,737,141
Niagara Mohawk Power Corp	Utility	1,590,749
Bronfman, Clare.	Individual	1,587,880
Niagara Mohawk DBA	Utility	1,481,318
Ritter, Arthur C	Individual	1,178,760
Chestatee 22 Living Trust	Trust	1,132,000
Iroquois Gas Trans System	Utility	1,127,600

The larger taxpayers listed above have a total taxable assessed valuation of \$29,450,747 which represents 10.3% of the tax base of the School District.

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that, if decided adversely to the District, would have a material adverse impact on the District’s finances.

Source: District Tax Rolls.

**STAR – School Tax Exemption**

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 \$110,750 or less for the 2026-27 school year, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$88,500 for the 2026-27 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.

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-16 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-16 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes were 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 of the STAR exemption remains the same each year, while the amount of the STAR credit can increase up to two percent annually.

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

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Berne	\$33,360	\$ 11,400	4/10/2026
Knox	32,750	11,100	4/10/2026
Westerlo	510	170	4/10/2026
New Scotland	57,530	19,500	4/10/2026
Middleburgh	41,150	13,950	4/10/2026
Wright	44,250	15,000	4/10/2026
Rensselaerville	34,290	11,630	4/10/2026

\$799,405 of the District’s \$11,437,442 school tax levy for the 2025-26 fiscal year was exempt by the STAR Program. The District received full reimbursement from such exempt taxes in January 2026

The District’s anticipates a similar amount of the Districts \$11,868,087 school tax levy for the 2026-27 fiscal year to be exempted by the STAR Program. The District anticipates full reimbursement from such exempt taxes in January 2027.

**Additional Tax Information**

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

Senior Citizens' exemptions are offered to those who qualify. Disability exemptions are also offered to those who qualify.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$1,185 (2025-26) for District taxes.

**TAX LEVY LIMITATION LAW**

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

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

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

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

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

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

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

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

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

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the School District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the School District and the Notes, include the following:

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

The School District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the 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. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its Notes.

### Statutory Procedure

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

Debt Limit. The 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 and exclusions set forth in the Local Finance Law. The constitutional 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 ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services.

The School 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 School District has complied with this estoppel procedure in connection with the Notes.

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.

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

**Debt Outstanding End of Fiscal Year**

<u>Fiscal Years Ending June 30<sup>th</sup>:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 4,784,000	\$ 21,596,636	\$ 19,667,273	\$ 17,778,793	\$ 15,300,000
Bond Anticipation Notes	17,800,000	0	0	0	0
Energy Performance Contract <sup>(1)</sup>	809,117	655,148	495,292	332,830	167,752
Lease Obligations <sup>(1)</sup>	<u>427,291</u>	<u>494,245</u>	<u>339,039</u>	<u>229,199</u>	<u>91,192</u>
Total Debt Outstanding	<u>\$ 23,820,408</u>	<u>\$ 22,746,029</u>	<u>\$ 20,501,604</u>	<u>\$ 18,340,822</u>	<u>\$ 15,558,944</u>

<sup>(1)</sup> Such indebtedness is subject to appropriation but does not involve a pledge of faith and credit of the District, and therefore do not technically constitute indebtedness of the District. Such obligations are, however, counted against the debt limit of the District. (See “Other Obligations” herein.)

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the School District as of June 4, 2026

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2026-2036	\$ 13,978,894
<u>Bond Anticipation Notes</u>	--	<u>0</u>
	Total Indebtedness	<u>\$ 13,978,894</u>

Note: The figures above do not include any energy performance contract, capital lease, or installment purchase obligations, to the extent that any such obligations may be applicable to the District, which, although such obligations do not constitute general obligation indebtedness do count towards the debt limit of the District.

**Debt Statement Summary**

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 4, 2026:

Full Valuation of Taxable Real Property .....	\$ 965,261,061
Debt Limit 10% thereof.....	96,526,106

Inclusions:

Bonds.....	\$ 13,978,894
Bond Anticipation Notes .....	<u>0</u>
Total Inclusions prior to issuance of the Notes	13,978,894
Less: BANs being redeemed from appropriations	0
Add: New money proceeds of the Bonds .....	4,100,000
Total Net Inclusions after issuance of the Bonds	<u>\$ 18,078,894</u>

Exclusions:

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

Total Net Indebtedness .....\$ 18,078,894

Net Debt-Contracting Margin.....\$ 78,447,212

The percent of debt contracting power exhausted is ..... 18.73%

<sup>(1)</sup> Pursuant to the provisions of Chapter 760 of the Laws of New York State of 1963, the District receives aid on existing bonded debt. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2026-27 Building Aid Ratios, the District anticipates State building aid of 79.2% for debt service on SED-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 its capital project indebtedness.

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

Note: The above debt statement summary does not include energy performance and lease purchase obligations outstanding, which are subject to appropriation but do not involve a pledge of faith and credit of the District, and therefore do not technically constitute indebtedness of the District. Such obligations do however count towards the debt limit of the District. The District remains within its debt limit after taking into account the outstanding balance of such obligations. (See “Other Obligations” herein).

**Bonded Debt Service**

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

**Cash Flow Borrowings**

The School District historically does not issue revenue or tax anticipation notes and does not presently anticipate issuing revenue or tax anticipation notes in the foreseeable future.

**Other Obligations**

The District has entered into various installment purchase agreements to finance the cost of vehicles and equipment. The following is a schedule of remaining payments due under such agreements:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 29,056	\$ 0
2027	12,448	3,954
2028	13,336	3,065
2029	14,288	2,113
2030	<u>15,309</u>	<u>1,093</u>
Total Lease Payments	<u>\$ 84,437</u>	<u>\$ 10,225</u>

The District entered into an energy performance contract to finance various energy and efficiency improvements. The following is a schedule of remaining payments due under such agreement:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ <u>167,752</u>	\$ <u>2,718</u>
Total Payments	<u>\$ 167,752</u>	<u>\$ 2,718</u>

Source: Audited financial statements of the District. Table itself is not audited.

The indebtedness noted in this section is subject to appropriation but does not involve a pledge of faith and credit of the District, and therefore does not technically constitute indebtedness of the District. Such obligations do however count towards the debt limit of the District. The District remains within its debt limit after taking into account the outstanding balance of such obligations.

**Capital Project Plans**

The District typically issues serial bonds on an annual basis to finance the purchase of school buses.

On November 10, 2025, the qualified voters of the District approved a proposition by a margin of 77% authorizing the District to undertake a capital project to replace the roofs on both the elementary and secondary school buildings at a maximum estimated cost of \$5,142,000. The District will receive approximately 79% in building aid, helping to alleviate the financial impact on the community. Completion of the capital project is expected to occur in September 2026. The proceeds of the Notes represent the initial borrowing for the aforementioned project.

The District has no other capital projects authorized or contemplated at this time.

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**Estimated Overlapping Indebtedness**

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

<u>Municipality</u>	Status of <u>Debt as of</u>	Gross <u>Indebtedness</u> <sup>(1)</sup>	District <u>Share</u>	Applicable <u>Indebtedness</u>
County of:				
Albany	12/31/2024	\$ 228,760,000	2.22%	\$ 5,078,472
Schoharie	12/31/2024	6,835,000	0.02%	1,367
Town of:				
Berne	12/31/2024	790,585	89.99%	711,447
Knox	12/31/2024	-	86.21%	-
Westerlo	12/31/2024	426,973	43.09%	183,983
New Scotland	12/31/2024	2,888,330	0.56%	16,175
Middleburgh	12/31/2024	-	0.08%	-
Wright	12/31/2024	66,281	0.39%	258
Rensselaerville	12/31/2024	373,051	0.15%	560
<b>Total:</b>				<b>\$ 5,992,262</b>

<sup>(1)</sup> Outstanding bonds and bond anticipation notes are as of the close of the respective fiscal years and are not adjusted to include subsequent bond or note sales, if any.

Note: Gross indebtedness sourced from local government data provided by the State Comptroller's office. Information regarding applicable exclusions, such as water debt, sewer debt, and budgeted appropriations for respective municipalities is not currently available from source.

**Debt Ratios**

The following table sets forth certain ratios relating to the District's indebtedness as of June 4, 2026:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$18,078,894	\$ 3,013.65	1.87%
Net Indebtedness Plus Gross Overlapping Indebtedness <sup>(d)</sup> .....	24,071,156	4,012.53	2.49

<sup>(a)</sup> The 2024 estimated population of the School District is 5,999. (See “THE SCHOOL DISTRICT – District Population” herein.)

<sup>(b)</sup> The School District's full value of taxable real estate for the 2025-26 tax roll is \$965,261,061. (See “TAX INFORMATION” herein.)

<sup>(c)</sup> See “Debt Statement Summary” herein.

<sup>(d)</sup> Estimated gross overlapping indebtedness is \$5,992,262. (See “Estimated Overlapping Indebtedness” herein.)

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

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

## MARKET AND RISK FACTORS

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

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

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

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

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

## Cybersecurity

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

## 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.

## TAX MATTERS

In the opinion of Barclay Damon LLP, Bond Counsel to the District, under existing law, and assuming compliance with the certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the District, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate alternative minimum tax under the Code. Bond Counsel also is of the opinion that, under existing law, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

### *General*

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

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

### *Certain Collateral Federal Income Tax Consequences*

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

### *Backup Withholding and Information Reporting*

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

### *Legislation*

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

The Notes will be designated or deemed designated by the District as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

## **LEGAL MATTERS**

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

## LITIGATION

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

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

## CONTINUING DISCLOSURE

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

### Historical Continuing Disclosure Compliance History

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

On November 5, 2025 the District entered into a five year lease purchase agreement for a maintenance vehicle with an annual payment of \$16,401.56. The District failed to file a notice of financial obligation as required under previous disclosure undertaking agreements. On May 28, 2026 the District filed a notice of financial obligation along with a notice of its failure to provide event filing information as required.

On February 22, 2024 the District issued \$493,793 serial bonds without an official statement, the District did not provide notice of such debt obligation as required under previous disclosure undertaking agreements. The District filed notice of the debt obligation as well as failure to file event filing information as required on May 23, 2024.

## 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.

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## RATINGS

The Notes are NOT rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale pending the approval by the School District and at the expense of the purchaser(s), including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's continuing disclosure undertakings. (See "APPENDIX – C, MATERIAL EVENT NOTICES" herein.)

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") has assigned their rating "A+" with a Stable outlook to the District's outstanding general obligation bonds. This rating reflects only the view of S&P and an explanation of the significance of such rating may be obtained from Standard & Poor's Credit Market Services, Public Finance Ratings, 55 Water Street, 38<sup>th</sup> Floor, New York, New York 10041, Phone: (212) 438-2118.

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

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

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

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

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

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

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at [www.fiscaladvisors.com](http://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: Renee Sherwin, District Treasurer, 1738 Helderberg Trail, Berne, New York 12023, Phone: (518) 872-0909, Fax: (518) 872-0341, Email: [renee.sherwin@bkwschools.org](mailto:renee.sherwin@bkwschools.org).

Additional information and copies of the Notice of Bond Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at [www.fiscaladvisors.com](http://www.fiscaladvisors.com)

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**

**Dated: June \_\_, 2026**

**PRESIDENT OF THE BOARD OF EDUCATION AND  
CHIEF FISCAL OFFICER**

**GENERAL FUND**

**Balance Sheets**

Fiscal Year Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b><u>ASSETS</u></b>					
Cash and Cash Equivalents	\$ -	\$ -	\$ -	\$ 2,565,474	\$ 2,028,582
Unrestricted Cash	2,659,608	2,645,735	1,550,429	-	-
Restricted Cash	1,602,381	1,133,891	1,297,637	1,076,721	1,358,313
Receivables	48,866	1,202	544,242	1,308,423	975,358
State and Federal Aid Receivable	893,526	1,721,838	368,017	-	-
Due from Other Funds	2,003,104	1,814,036	3,342,306	373,792	577,265
Prepaid Expenses	-	-	1,324,600	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 7,207,485</u>	<u>\$ 7,316,702</u>	<u>\$ 8,427,231</u>	<u>\$ 5,324,410</u>	<u>\$ 4,939,518</u>
<b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accounts Payable & Accrued Liabilities	\$ 35,032	\$ 44,618	\$ 99,892	\$ 179,759	\$ 187,625
Due to Other Funds	105,394	19,475	2,250,949	900,000	-
Due to Teachers' Retirement System	738,816	820,529	850,231	832,904	809,351
Due to Employees' Retirement System	99,048	66,318	87,906	106,547	121,314
Unearned Revenues	23,986	-	-	-	3,608
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>1,002,276</u>	<u>950,940</u>	<u>3,288,978</u>	<u>2,019,210</u>	<u>1,121,898</u>
<b><u>DEFERRED INFLOWS OF RESOURCES</u></b>					
Deferred Revenue	\$ -	\$ 82,573	\$ -	\$ -	\$ -
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b><u>FUND EQUITY</u></b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	3,320,949	4,874,597	4,141,238	1,076,721	1,358,313
Assigned	1,340,743	421,071	915,331	1,258,750	1,248,634
Unassigned	1,543,517	987,521	81,684	969,729	1,210,673
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>6,205,209</u>	<u>6,283,189</u>	<u>5,138,253</u>	<u>3,305,200</u>	<u>3,817,620</u>
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 7,207,485</u>	<u>\$ 7,316,702</u>	<u>\$ 8,427,231</u>	<u>\$ 5,324,410</u>	<u>\$ 4,939,518</u>

**GENERAL FUND**

**Revenues, Expenditures and Changes in Fund Balance**

Fiscal Years Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>REVENUES</b>					
Real Property Taxes & Tax Items	\$ 11,017,109	\$ 10,779,682	\$ 10,758,124	\$ 11,085,761	\$ 11,085,258
Charges for Services	17,827	11,042	13,572	78,767	807,264
Use of Money & Property	7,766	7,134	47,151	174,820	156,227
Sale of Property and Compensation for Loss	11,381	6,027	19,330	2,034	-
Miscellaneous	1,303,940	703,205	918,013	828,879	1,096,381
Revenues from State Sources	10,214,209	11,246,051	11,514,223	11,794,563	11,734,060
Revenue from Federal Sources	159,340	77,618	305,267	188,187	155,558
<b>Total Revenues</b>	<u>\$ 22,731,572</u>	<u>\$ 22,830,759</u>	<u>\$ 23,575,680</u>	<u>\$ 24,153,011</u>	<u>\$ 25,034,748</u>
<b>Other Sources:</b>					
Interfund Transfers	-	369,222	689,265	327,000	450,000
<b>Total Revenues and Other Sources</b>	<u>22,731,572</u>	<u>23,199,981</u>	<u>24,264,945</u>	<u>24,480,011</u>	<u>25,484,748</u>
<b>EXPENDITURES</b>					
General Support	\$ 2,113,844	\$ 2,472,849	\$ 2,428,170	\$ 2,382,838	\$ 2,159,454
Instruction	10,510,832	10,673,228	10,603,882	10,871,851	10,957,383
Pupil Transportation	1,381,425	1,390,284	1,451,353	1,626,975	1,378,016
Employee Benefits	6,242,049	6,555,520	6,906,329	6,927,104	7,188,198
Debt Service	1,500,060	1,761,326	3,343,624	3,124,924	3,142,845
<b>Total Expenditures</b>	<u>\$ 21,748,210</u>	<u>\$ 22,853,207</u>	<u>\$ 24,733,358</u>	<u>\$ 24,933,692</u>	<u>\$ 24,825,896</u>
<b>Other Uses:</b>					
Interfund Transfers	1,166,794	268,794	676,523	1,379,372	146,432
<b>Total Expenditures and Other Uses</b>	<u>22,915,004</u>	<u>23,122,001</u>	<u>25,409,881</u>	<u>26,313,064</u>	<u>24,972,328</u>
<b>Excess (Deficit) Revenues Over   Expenditures</b>	<u>(183,432)</u>	<u>77,980</u>	<u>(1,144,936)</u>	<u>(1,833,053)</u>	<u>512,420</u>
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	6,388,641	6,205,209	6,283,189	5,138,253	3,305,200
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<u>\$ 6,205,209</u>	<u>\$ 6,283,189</u>	<u>\$ 5,138,253</u>	<u>\$ 3,305,200</u>	<u>\$ 3,817,620</u>

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

**GENERAL FUND**

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

Fiscal Years Ending June 30:	<b>2025</b>			<b>2026</b>	<b>2027</b>
	Adopted Budget	Modified Budget	Audited Actual	Adopted Budget	Adopted Budget
<b><u>REVENUES</u></b>					
Real Property Taxes & Tax Items	\$ 11,078,886	\$ 11,078,885	\$ 11,085,258	\$ 11,437,442	\$ 11,868,087
Charges for Services	28,500	28,500	807,264	-	-
Use of Money & Property	102,000	102,000	156,227	30,000	30,000
Sale of Property and Compensation for Loss	1,000	1,000	-	-	-
Miscellaneous	443,000	460,175	1,096,381	378,000	328,000
Revenues from State Sources	11,838,876	11,888,876	11,734,060	11,591,886	11,303,879
Revenues from Federal Sources	100,000	100,000	155,558	-	-
<b>Total Revenues</b>	<b>\$ 23,592,262</b>	<b>\$ 23,659,436</b>	<b>\$ 25,034,748</b>	<b>\$ 23,437,328</b>	<b>\$ 23,529,966</b>
<b>Other Sources:</b>					
Appropriated Reserves	\$ 940,000	\$ 940,000	\$ -	\$ 100,000	\$ -
Appropriated Fund Balance	1,257,000	1,257,000	-	1,200,000	1,200,000
Prior Year Encumbrances	1,750	1,750	-	-	-
Interfund Transfers	-	-	450,000	-	-
<b>Total Revenues and Other Sources</b>	<b>25,791,012</b>	<b>25,858,186</b>	<b>25,484,748</b>	<b>24,737,328</b>	<b>24,729,966</b>
<b><u>EXPENDITURES</u></b>					
General Support	\$ 2,215,798	\$ 2,334,322	\$ 2,159,454	\$ 2,498,879	\$ 2,598,566
Instruction	11,723,858	11,371,925	10,957,383	11,037,982	10,807,854
Pupil Transportation	1,495,442	1,496,322	1,378,016	1,513,351	1,575,474
Employee Benefits	7,245,825	7,366,337	7,188,198	7,239,036	7,647,402
Debt Service	3,010,089	3,142,848	3,142,845	2,448,080	2,100,670
<b>Total Expenditures</b>	<b>\$ 25,691,012</b>	<b>\$ 25,711,754</b>	<b>\$ 24,825,896</b>	<b>\$ 24,737,328</b>	<b>\$ 24,729,966</b>
<b>Other Uses:</b>					
Interfund Transfers	100,000	146,432	146,432	-	-
<b>Total Expenditures and Other Uses</b>	<b>25,791,012</b>	<b>25,858,186</b>	<b>24,972,328</b>	<b>24,737,328</b>	<b>24,729,966</b>
Excess (Deficit) Revenues Over Expenditures	-	-	512,420	-	-
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	-	-	3,305,200	-	-
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 3,817,620</b>	<b>\$ -</b>	<b>\$ -</b>

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th	Principal	Interest	Total
2026	\$ 1,845,000	\$ 301,949	\$ 2,146,949
2027	1,568,894	288,221	1,857,115
2028	1,540,000	246,000	1,786,000
2029	1,490,000	210,591	1,700,591
2030	1,415,000	176,425	1,591,425
2031	1,445,000	145,856	1,590,856
2032	1,355,000	116,850	1,471,850
2033	1,390,000	89,400	1,479,400
2034	1,410,000	61,400	1,471,400
2035	1,440,000	32,900	1,472,900
2036	925,000	9,250	934,250
<b>TOTALS</b>	<b>\$ 15,823,894</b>	<b>\$ 1,678,841</b>	<b>\$ 17,502,735</b>

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

**CURRENT BONDS OUTSTANDING**

Fiscal Year Ending June 30th	2012 Construction			2020 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2026	330,000	4,125	334,125	70,000	434	70,434
<b>TOTALS</b>	<b>\$ 330,000</b>	<b>\$ 4,125</b>	<b>\$ 334,125</b>	<b>\$ 70,000</b>	<b>\$ 434</b>	<b>\$ 70,434</b>

Fiscal Year Ending June 30th	2021 Buses			2022 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 65,000	\$ 1,153	\$ 66,153	\$ 80,000	\$ 10,156	\$ 90,156
2027	70,000	394	70,394	80,000	6,956	86,956
2028	-	-	-	85,000	2,478	87,478
<b>TOTALS</b>	<b>\$ 135,000</b>	<b>\$ 1,547</b>	<b>\$ 136,547</b>	<b>\$ 245,000</b>	<b>\$ 19,589</b>	<b>\$ 264,589</b>

Fiscal Year Ending June 30th	2021 Capital Project			2024 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 1,205,000	\$ 270,250	1,475,250	\$ 95,000	\$ 15,831	\$ 110,831
2027	1,230,000	245,900	1,475,900	100,000	12,150	112,150
2028	1,250,000	221,100	1,471,100	100,000	8,275	108,275
2029	1,275,000	195,850	1,470,850	110,000	4,400	114,400
2030	1,305,000	170,050	1,475,050	-	-	-
2031	1,330,000	143,700	1,473,700	-	-	-
2032	1,355,000	116,850	1,471,850	-	-	-
2033	1,390,000	89,400	1,479,400	-	-	-
2034	1,410,000	61,400	1,471,400	-	-	-
2035	1,440,000	32,900	1,472,900	-	-	-
2036	925,000	9,250	934,250	-	-	-
<b>TOTALS</b>	<b>\$ 14,115,000</b>	<b>\$ 1,556,650</b>	<b>\$ 15,671,650</b>	<b>\$ 405,000</b>	<b>\$ 40,656</b>	<b>\$ 445,656</b>

Fiscal Year Ending June 30th	2025 Buses		
	Principal	Interest	Total
2027	\$ 88,894	\$ 22,822	\$ 111,716
2028	105,000	14,147	119,147
2029	105,000	10,341	115,341
2030	110,000	6,375	116,375
2031	115,000	2,156	117,156
<b>TOTALS</b>	<b>\$ 523,894</b>	<b>\$ 55,841</b>	<b>\$ 579,735</b>

### MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

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**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
ALBANY AND SCHOHARIE COUNTIES, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2025**

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

**The District's independent auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The District's independent auditor also has not performed any procedures relating to this Official Statement.**

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
FINANCIAL REPORT  
JUNE 30, 2025**

# BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT

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BUSINESS  
ADVISORS  
AND CPAS

## INDEPENDENT AUDITOR'S REPORT

To the President and Members  
of the Board of Education of the  
Berne-Knox-Westerlo Central School District

### Report on the Audit of the Financial Statements

#### *Opinions*

We have audited the financial statements of the governmental activities and each major fund of the Berne-Knox-Westerlo Central School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities and each major fund of the Berne-Knox-Westerlo Central School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

#### *Basis for Opinions*

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

#### *Change in Accounting Principle*

As described in Note 8 to the financial statements, during the year ended June 30, 2025, the District adopted new accounting guidance, GASB Statement No. 101, *Compensated Absences*. 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 District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

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

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 4-14, budgetary comparison information on pages 56-57, schedule of changes in total OPEB liability on page 58, schedules of proportionate share of net pension (liability) (asset) on page 59 and schedules of district contributions on page 60 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements.

We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Berne-Knox-Westerlo Central School District's basic financial statements. The supplementary information on pages 61-63, is presented for purposes of additional analysis and is not a required part of the basic financial statements. These supplementary schedules are the responsibility of management and were derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

*Mengel, Metzger, Baw & Co. LLP*

Latham, NY  
October 2, 2025

**Berne Knox Westerlo Central School District's  
Management Discussion and Analysis  
For the Fiscal Year Ended June 30, 2025**

The following is a discussion and analysis of Berne Knox Westerlo Central School District's financial performance for the fiscal year ended June 30, 2025. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

**FINANCIAL HIGHLIGHTS**

- Government-wide net position of the School District was \$(78,442,023) at June 30, 2025. The deficit is primarily the results of continuing effects of GASB Statement 75, "Account and Financial Reporting by Employers of Postemployment Benefits Other Than Pensions," which requires the recognition of an unfunded liability of \$75,949,524 at June 30, 2025. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficits in subsequent years.
- Government-wide net position was \$1,280,923 in more of a deficit than at July 1, 2024. The primary factor contributing to this decrease was the recognition of \$2,995,689 in expense related to the School District's other postemployment benefits plan and \$1,538,457 in depreciation and amortization expense related.
- The School District's 2024/2025 general fund expenditures were less than the budget by approximately \$834,000.

**OVERVIEW OF THE FINANCIAL STATEMENTS**

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

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

The financial statements also include notes that provide additional information about the financial statements and balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Table A-1 below shows how the various parts of this annual report are arranged and related to one another.

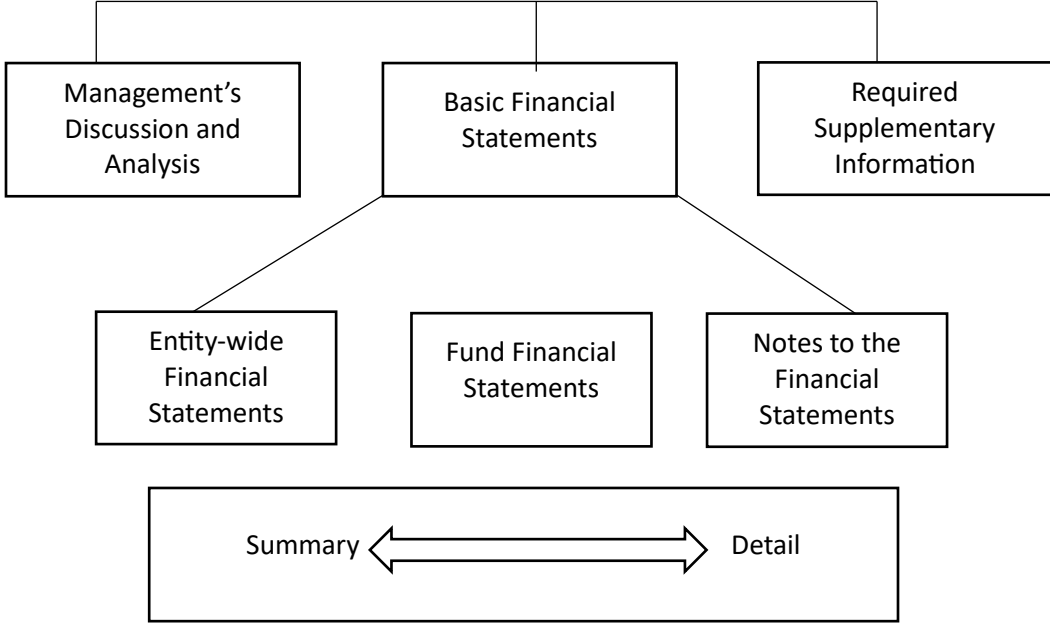


Table A-2 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

**Table A-2 Major Features of the District-Wide and Fund Financial Statements**

	<b><u>District-wide Statements</u></b>	<b><u>Governmental Funds Statements</u></b>	<b><u>Fiduciary Funds</u></b>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as regular and special education, transportation and building maintenance	Instances in which the District administers resources on behalf of someone else.
Required financial statements	<ul style="list-style-type: none"> <li>• Statement of net position</li> <li>• Statement of activities</li> </ul>	<ul style="list-style-type: none"> <li>• Balance sheet</li> <li>• Statement of revenues, expenditures and changes in fund balances</li> </ul>	<ul style="list-style-type: none"> <li>• Statement of fiduciary net position</li> <li>• Statement of changes in in fiduciary net position</li> </ul>
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focused
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid.

## District-Wide Statements

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

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

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

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

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

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of account that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital and lease assets;
- Report long-term debt and leases as a liability;
- Depreciate capital assets and allocate the depreciation to the proper function;
- Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
- Allocate net position balances as follows:
  - 1) Net position invested in capital assets, net of related debt;
  - 2) Restricted net position are those with constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions or enabling legislation; and
  - 3) Unrestricted net position is net position that does not meet any of the above restrictions.

## Fund Financial Statements

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

The District has two kinds of funds:

- **Governmental Funds:** Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid funds, school lunch fund, special revenue fund, debt service fund, and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures, and changes in fund equity.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities fund. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the district-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. The District has no funds that meet the definition of a Fiduciary fund.

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

Table A-3 shows a two-year analysis of the District's net position.

**Table A-3: Condensed Statements of Net Position**

	<u>Governmental Activities</u>		<u>Total Variance</u>
	<u>2025</u>	<u>Restated 2024</u>	
<b><u>ASSETS:</u></b>			
Current and Other Assets	\$ 7,124,265	\$ 6,045,395	\$ 1,078,870
Capital and Lease Assets	33,714,693	34,936,515	(1,221,822)
<b>Total Assets</b>	<b><u>\$ 40,838,958</u></b>	<b><u>\$ 40,981,910</u></b>	<b><u>\$ (142,952)</u></b>
<b><u>DEFERRED OUTFLOWS OF RESOURCES:</u></b>			
Deferred Outflows of Resources	<b><u>\$ 16,288,127</u></b>	<b><u>\$ 25,430,582</u></b>	<b><u>\$ (9,142,455)</u></b>
<b><u>LIABILITIES:</u></b>			
Long-Term Debt Obligations	\$ 94,665,942	\$ 120,329,209	\$ (25,663,267)
Other Liabilities	1,325,255	1,302,172	23,083
<b>Total Liabilities</b>	<b><u>\$ 95,991,197</u></b>	<b><u>\$ 121,631,381</u></b>	<b><u>\$ (25,640,184)</u></b>
<b><u>DEFERRED INFLOWS OF RESOURCES:</u></b>			
Deferred Inflows of Resources	<b><u>\$ 39,577,911</u></b>	<b><u>\$ 21,942,211</u></b>	<b><u>\$ 17,635,700</u></b>
<b><u>NET POSITION:</u></b>			
Net Investment in Capital and Lease Assets	\$ 17,898,163	\$ 16,445,392	\$ 1,452,771
Restricted	2,346,682	2,717,318	(370,636)
Unrestricted	(98,686,868)	(96,323,810)	(2,363,058)
<b>Total Net Position</b>	<b><u>\$ (78,442,023)</u></b>	<b><u>\$ (77,161,100)</u></b>	<b><u>\$ (1,280,923)</u></b>

During 2025, the School District's deferred outflows of resources decreased 36% and deferred inflows of resources increased 80% primarily due to changes in these amounts for the other postemployment benefit plan.

### Changes in Net Position

The School Districts Fiscal year in 2025 revenues totaled \$26.7 million. Property taxes and state formula aid accounted for most of the School District's revenue by contributing 41% and 44% respectively, of every dollar earned. The remainder came from fees charged for services, operation rents and other miscellaneous sources. These revenues are shown in table A-4.

The total cost of all programs and services totaled \$28.1 million for fiscal year 2025. These expenses (91%) are predominantly support to general support, instruction, transportation, and Employee Benefits. These expenses are shown in table A-4.

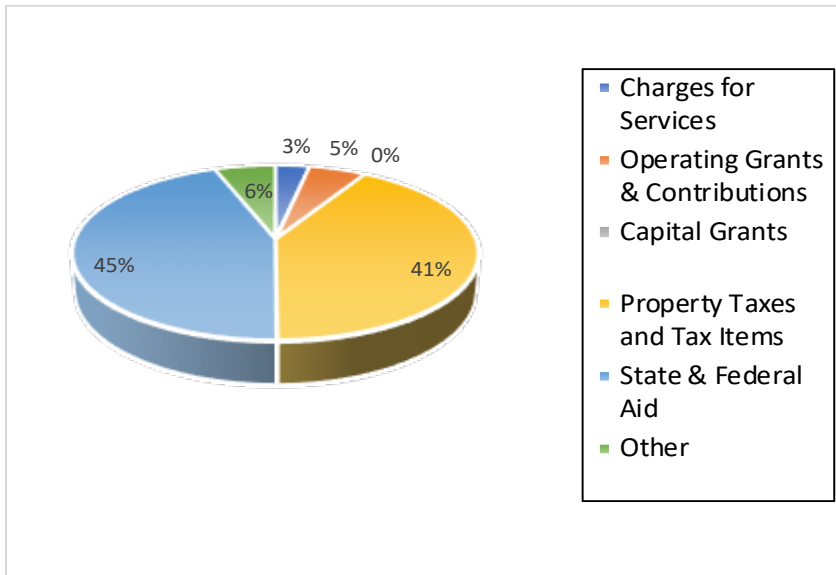
Table A-4 shows a two-year analysis of the districts revenues and expenditures for the 2025 and 2024 school years.

Table A-4

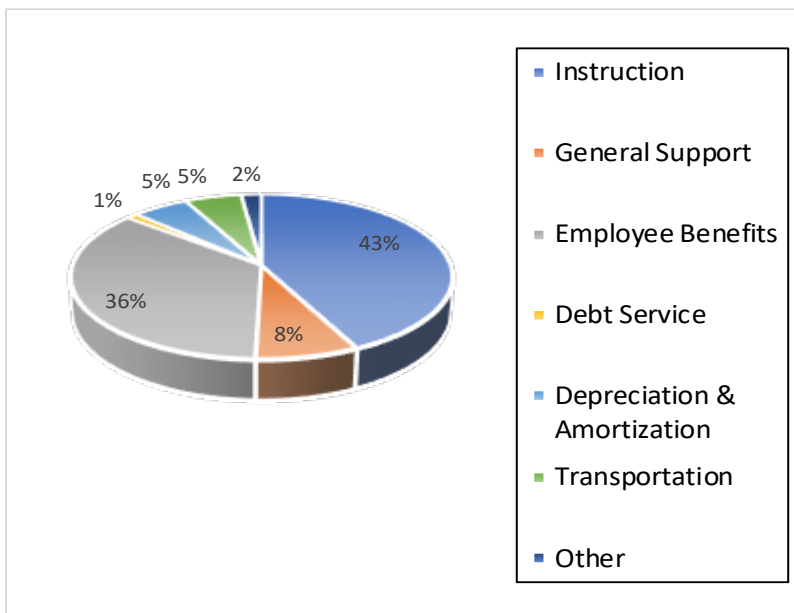
## Changes in Net Position from Operating Results

	<u>Governmental Activities</u>		<u>Total</u>
		<u>Restated</u>	<u>Variance</u>
	<u>2025</u>	<u>2024</u>	
<b><u>REVENUES:</u></b>			
<b><u>Program -</u></b>			
Charges for Service	\$ 837,967	\$ 136,830	\$ 701,137
Operating Grants & Contributions	1,412,385	1,987,004	(574,619)
Capital Grants & Contributions	-	-	-
<b>Total Program</b>	<b>\$ 2,250,352</b>	<b>\$ 2,123,834</b>	<b>\$ 126,518</b>
<b><u>General -</u></b>			
Property Taxes	\$ 11,085,258	\$ 11,085,761	\$ (503)
State and Federal Aid	11,889,618	11,982,750	(93,132)
Investment Earnings	192,321	228,466	(36,145)
Compensation for Loss	-	(69,391)	69,391
Miscellaneous	1,310,852	999,455	311,397
<b>Total General</b>	<b>\$ 24,478,049</b>	<b>\$ 24,227,041</b>	<b>\$ 251,008</b>
<b>TOTAL REVENUES</b>	<b>\$ 26,728,401</b>	<b>\$ 26,350,875</b>	<b>\$ 377,526</b>
<b><u>EXPENSES:</u></b>			
General Support	\$ 2,161,663	\$ 2,555,849	\$ (394,186)
Instruction	11,965,252	12,266,308	(301,056)
Pupil Transportation	1,528,119	1,743,668	(215,549)
Employee Benefits	9,964,340	15,439,671	(5,475,331)
Depreciation and Amortization	1,538,457	1,610,237	(71,780)
Capital Outlay	-	-	-
School Lunch	549,132	544,060	5,072
Interest	302,361	328,649	(26,288)
<b>TOTAL EXPENSES</b>	<b>\$ 28,009,324</b>	<b>\$ 34,488,442</b>	<b>\$ (6,479,118)</b>
<b>CHANGE IN NET POSITION</b>	<b>\$ (1,280,923)</b>	<b>\$ (8,137,567)</b>	
<b>NET POSITION, BEGINNING OF YEAR</b>	<b>(77,161,100)</b>	<b>(69,023,533)</b>	
<b>NET POSITION, END OF YEAR</b>	<b>\$ (78,442,023)</b>	<b>\$ (77,161,100)</b>	

**Table A-5 Sources of Revenue for Fiscal Year 2025**



**Table A-6 Expenditures for Fiscal Year 2025**



## Governmental Activities

Revenue for the School District's governmental activities totaled \$26,728,401 while total expenses equaled \$28,009,324. This resulted in a decrease of net position of \$1,280,923. The School District's current year financial condition can be attributed to:

- Continued required to record OPEB liability
- Deferred outflows and inflows recorded
- Continuing state and federal aid
- Use of services from BOCES and subsequent year's BOCES aid.

The table A-7 below presents the cost of major district areas. The table also shows each activity's net cost, (total cost less fees generated by the activity and grants received for specific programs). The total net cost shows the financial burden placed on the district.

	Net Costs of Governmental Activities					
	Total Cost of Services		Change	Total Net Costs		Change
	2025	2024		2025	2024	
<b>EXPENSES:</b>						
General Support	\$ 2,161,663	\$ 2,555,849	-15.42%	\$ 2,129,282	\$ 2,515,511	-15.35%
Instruction	11,965,252	12,266,308	-2.45%	\$ 10,287,510	10,722,769	-4.06%
Pupil Transportation	1,528,119	1,743,668	-12.36%	\$ 1,528,119	1,743,668	-12.36%
Employee Benefits	9,964,340	14,572,965	-31.62%	9,964,340	14,572,965	-31.62%
Depreciation and Amortization	1,538,457	1,610,237	-4.46%	1,538,457	1,610,237	-4.46%
School Lunch	549,132	544,060	0.93%	8,903	4,103	116.99%
Interest	302,361	328,649	-8.00%	302,361	328,649	-8.00%
<b>TOTAL EXPENSES</b>	<b>\$ 28,009,324</b>	<b>\$ 33,621,736</b>		<b>\$ 25,758,972</b>	<b>\$ 31,497,902</b>	

## FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUND

Variances between years for the governmental fund financial statements are different from variances between years for District-wide financial statements. The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting. Based on this presentation, governmental funds do not include long - term liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and current payments for debt.

General Fund - The general fund, fund balance increased by \$512,420.

School Lunch Fund - The school lunch fund, fund balance increased by \$53,534.

Special Revenue Fund - The special revenue fund, fund balance increased by \$29,899.

Debt Service Fund - The debt service fund, fund balance decreased by \$413,928.

Capital Projects Fund - The capital projects fund, fund balance decreased by \$303,291.

**CAPITAL AND LEASE ASSET AND DEBT ADMINISTRATION**

By the end of fiscal year 2025, the District has invested \$33,714,693, net of accumulated depreciation and amortization, in a broad range of capital and lease assets.

**Table A-8 Capital and Lease Assets (Net of Depreciation and Amortization)**

	<b>Governmental Activities and Total School District</b>	
	<b><u>2025</u></b>	<b><u>2024</u></b>
<b><u>Capital Assets:</u></b>		
Land	\$ 131,863	\$ 131,863
Buildings and Improvements	31,672,177	32,593,420
Machinery and Equipment	1,729,456	1,889,073
<b>Total Capital Assets</b>	<b><u>\$ 33,533,496</u></b>	<b><u>\$ 34,614,356</u></b>
<b><u>Lease Assets:</u></b>		
Equipment	\$ 181,197	\$ 322,159
<b>Grand Total</b>	<b><u>\$ 33,714,693</u></b>	<b><u>\$ 34,936,515</u></b>

**Long-Term Debt**

As of June 30, 2025, the District had outstanding long-term liabilities of \$94,665,942. The various obligations are listed below in Table A-9.

<b><u>Type</u></b>	<b><u>2025</u></b>	<b>Restated <u>2024</u></b>
Serial Bonds	\$ 15,300,016	\$ 17,778,809
Premium	259,393	306,144
Lease Liability	91,192	229,199
OPEB	75,949,524	98,365,004
Net Pension Liability	1,414,438	1,868,700
Installment Debt - EPC	167,752	332,830
Compensated Absences	1,483,627	1,448,523
<b>Total Long-Term Obligations</b>	<b><u>\$ 94,665,942</u></b>	<b><u>\$ 120,329,209</u></b>

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

While BKW continues to face structural budget challenges common to small, rural districts—such as limited tax base growth and state aid volatility—prudent budgeting, thoughtful program restoration, and strong community engagement have created a solid foundation for stability and future growth.

The passage of the 2025–26 budget within the tax cap, without major cuts to programming, reflects both fiscal discipline and a continued commitment to educational excellence.

- Reserves, which were significantly drawn down in prior years, remain limited—reducing flexibility to respond to emergencies or unexpected costs. However, through conservative budgeting and close attention to the fund balance, the District has begun to gradually replenish critical reserve funds, making small year-end contributions without exceeding tax cap limits.

Continued enhancement of our budget development and forecasting processes—to ensure alignment with actual financial trends—will further support this positive trajectory.

- Rising operational costs will continue to place pressure on the annual budget. Nonetheless, with responsible financial practices, the District remains committed to the restoration and maintenance of essential student programs and support services, while carefully balancing these needs with long-term financial sustainability—all without exceeding the tax cap.
- Improved financial communication and transparency are helping to rebuild trust with the community and strengthen voter confidence, which was reflected in the approval of the current budget.
- S&P Global Ratings recently downgraded the District’s bond rating from AA- to A+, citing concerns about reserve levels and limited financial flexibility. While the District remains within the investment-grade category, this change may result in higher borrowing costs and further underscores the importance of rebuilding reserves and maintaining strong fiscal oversight.

### **CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT**

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

Berne-Knox-Westerlo Central School District Office  
1738 Helderberg Trail  
Berne, NY 12023

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Statement of Net Position**  
**June 30, 2025**

**ASSETS**

Cash and cash equivalents	\$ 2,072,349
Restricted cash and cash equivalents	1,536,128
Restricted investments	780,131
Accounts receivable	1,554,733
Inventories	13,549
Net pension asset	1,167,375
Capital assets, net	33,533,496
Lease assets, net	181,197
<b>TOTAL ASSETS</b>	<b><u>\$ 40,838,958</u></b>

**DEFERRED OUTFLOWS OF RESOURCES**

Deferred outflows of resources	<b><u>\$ 16,288,127</u></b>
--------------------------------	-----------------------------

**LIABILITIES**

Accounts payable	\$ 138,914
Accrued liabilities	232,803
Refundable advances	21,137
Due to other governments	1,736
Due to teachers' retirement system	809,351
Due to employees' retirement system	121,314
<b>Long-Term Obligations:</b>	
Due in one year	2,509,807
Due in more than one year	92,156,135
<b>TOTAL LIABILITIES</b>	<b><u>\$ 95,991,197</u></b>

**DEFERRED INFLOWS OF RESOURCES**

Deferred inflows of resources	<b><u>\$ 39,577,911</u></b>
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**NET POSITION**

Net investment in capital and lease assets	\$ 17,898,163
Restricted	2,346,682
Unrestricted	(98,686,868)
<b>TOTAL NET POSITION</b>	<b><u>\$ (78,442,023)</u></b>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Statement of Activities**  
**For The Year Ended June 30, 2025**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>	
General support	\$ 2,161,663	\$ 32,381	\$ -	\$ -	\$ (2,129,282)
Instruction	11,965,252	774,883	902,859	-	(10,287,510)
Pupil transportation	1,528,119	-	-	-	(1,528,119)
School lunch	549,132	30,703	509,526	-	(8,903)
Employee benefits	9,964,340	-	-	-	(9,964,340)
Depreciation	1,394,998	-	-	-	(1,394,998)
Amortization	143,459	-	-	-	(143,459)
Interest	302,361	-	-	-	(302,361)
<b>Total Functions/Programs</b>	<b>\$ 28,009,324</b>	<b>\$ 837,967</b>	<b>\$ 1,412,385</b>	<b>\$ -</b>	<b>\$ (25,758,972)</b>

**General Revenues:**

Property taxes and other tax items	\$ 10,238,369
Non property taxes and other tax items	846,889
State and federal aid	11,889,618
Investment earnings	192,321
Miscellaneous	1,310,852
<b>Total General Revenues</b>	<b>\$ 24,478,049</b>
Changes in Net Position	\$ (1,280,923)
<b>Net Position, Beginning of Year, As Originally Reported</b>	<b>(76,294,394)</b>
Cumulative Effect of Change in Accounting Principle (Note 8)	(866,706)
<b>Net Position, Beginning of Year, As Restated</b>	<b>(77,161,100)</b>
<b>Net Position, End of Year</b>	<b>\$ (78,442,023)</b>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Balance Sheet**  
**Governmental Funds**  
**June 30, 2025**

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>							
Cash and cash equivalents	\$ 2,028,582	\$ 25,317	\$ 18,450	\$ -	\$ -	\$ -	\$ 2,072,349
Restricted cash and cash equivalents	1,358,313	-	-	175,992	-	1,823	1,536,128
Restricted investments	-	-	-	-	780,131	-	780,131
Receivables	975,358	539,217	40,158	-	-	-	1,554,733
Inventories	-	-	13,549	-	-	-	13,549
Due from other funds	577,265	-	-	-	36,915	-	614,180
<b>TOTAL ASSETS</b>	<b><u>\$ 4,939,518</u></b>	<b><u>\$ 564,534</u></b>	<b><u>\$ 72,157</u></b>	<b><u>\$ 175,992</u></b>	<b><u>\$ 817,046</u></b>	<b><u>\$ 1,823</u></b>	<b><u>\$ 6,571,070</u></b>

**LIABILITIES AND FUND EQUITY (DEFICIENCY)**

**Liabilities -**

Accounts payable	\$ 107,633	\$ 2,212	\$ 26,047	\$ 3,022	\$ -	\$ -	\$ 138,914
Accrued liabilities	79,992	-	-	-	-	-	79,992
Due to other funds	-	551,744	25,521	-	-	36,915	614,180
Due to other governments	-	-	89	1,647	-	-	1,736
Due to TRS	809,351	-	-	-	-	-	809,351
Due to ERS	121,314	-	-	-	-	-	121,314
Refundable advances	3,608	10,578	6,951	-	-	-	21,137
<b>TOTAL LIABILITIES</b>	<b><u>\$ 1,121,898</u></b>	<b><u>\$ 564,534</u></b>	<b><u>\$ 58,608</u></b>	<b><u>\$ 4,669</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 36,915</u></b>	<b><u>\$ 1,786,624</u></b>

**Fund Equity (Deficiency) -**

Nonspendable	\$ -	\$ -	\$ 13,549	\$ -	\$ -	\$ -	\$ 13,549
Restricted	1,358,313	-	-	171,323	817,046	-	2,346,682
Assigned	1,248,634	-	-	-	-	-	1,248,634
Unassigned	1,210,673	-	-	-	-	(35,092)	1,175,581
<b>TOTAL FUND EQUITY (DEFICIENCY)</b>	<b><u>\$ 3,817,620</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 13,549</u></b>	<b><u>\$ 171,323</u></b>	<b><u>\$ 817,046</u></b>	<b><u>\$ (35,092)</u></b>	<b><u>\$ 4,784,446</u></b>
<b>TOTAL LIABILITIES AND FUND EQUITY (DEFICIENCY)</b>	<b><u>\$ 4,939,518</u></b>	<b><u>\$ 564,534</u></b>	<b><u>\$ 72,157</u></b>	<b><u>\$ 175,992</u></b>	<b><u>\$ 817,046</u></b>	<b><u>\$ 1,823</u></b>	

**Amounts reported for governmental activities in the**

**Statement of Net Position are different because:**

Capital assets/lease assets used in governmental activities are not financial resources and therefore are not reported in the funds.	\$ 33,714,693
Interest is accrued on outstanding bonds in the statement of net position but not in the funds.	(152,811)
The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:	
Serial bonds payable	(15,300,016)
Leases liabilities	(91,192)
OPEB	(75,949,524)
Compensated absences	(1,483,627)
Unamortized premium	(259,393)
Installment purchase debt	(167,752)
Net pension asset	1,167,375
Deferred outflow - pension	3,464,541
Deferred outflow - OPEB	12,823,586
Net pension liability	(1,414,438)
Deferred inflow - pension	(1,708,486)
Deferred inflow - OPEB	(37,869,425)
<b>Net Position of Governmental Activities</b>	<b><u>\$ (78,442,023)</u></b>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Statement of Revenues, Expenditures and Changes in Fund Equity**  
**Governmental Funds**  
**For The Year Ended June 30, 2025**

	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>School Lunch Fund</u>	<u>Special Revenue Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>							
Real property taxes and tax items	\$ 11,085,258	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,085,258
Charges for services	807,264	-	-	-	-	-	807,264
Use of money and property	156,227	-	3	5	36,072	17	192,324
Miscellaneous	1,096,381	2,144	3,844	208,483	-	-	1,310,852
State sources	11,734,060	485,218	250,357	-	-	-	12,469,635
Federal sources	155,558	417,641	259,169	-	-	-	832,368
Sales	-	-	30,703	-	-	-	30,703
<b>TOTAL REVENUES</b>	<b>\$ 25,034,748</b>	<b>\$ 905,003</b>	<b>\$ 544,076</b>	<b>\$ 208,488</b>	<b>\$ 36,072</b>	<b>\$ 17</b>	<b>\$ 26,728,404</b>
<b>EXPENDITURES</b>							
General support	\$ 2,159,454	\$ 13,039	\$ 149,719	\$ -	\$ -	\$ -	\$ 2,322,212
Instruction	10,957,383	829,700	-	178,589	-	-	11,965,672
Pupil transportation	1,378,016	150,103	-	-	-	-	1,528,119
Employee benefits	7,188,198	-	91,425	-	-	-	7,279,623
Debt service - principal	2,783,955	-	-	-	-	-	2,783,955
Debt service - interest	358,890	-	-	-	-	-	358,890
Cost of sales	-	-	307,991	-	-	-	307,991
Capital outlay	-	-	-	-	-	303,308	303,308
<b>TOTAL EXPENDITURES</b>	<b>\$ 24,825,896</b>	<b>\$ 992,842</b>	<b>\$ 549,135</b>	<b>\$ 178,589</b>	<b>\$ -</b>	<b>\$ 303,308</b>	<b>\$ 26,849,770</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>							
	<b>\$ 208,852</b>	<b>\$ (87,839)</b>	<b>\$ (5,059)</b>	<b>\$ 29,899</b>	<b>\$ 36,072</b>	<b>\$ (303,291)</b>	<b>\$ (121,366)</b>
<b>OTHER FINANCING SOURCES (USES)</b>							
Transfers - in	\$ 450,000	\$ 87,839	\$ 58,593	\$ -	\$ -	\$ -	\$ 596,432
Transfers - out	(146,432)	-	-	-	(450,000)	-	(596,432)
<b>TOTAL OTHER FINANCING SOURCES (USES)</b>	<b>\$ 303,568</b>	<b>\$ 87,839</b>	<b>\$ 58,593</b>	<b>\$ -</b>	<b>\$ (450,000)</b>	<b>\$ -</b>	<b>\$ -</b>
<b>NET CHANGE IN FUND EQUITY</b>	<b>\$ 512,420</b>	<b>\$ -</b>	<b>\$ 53,534</b>	<b>\$ 29,899</b>	<b>\$ (413,928)</b>	<b>\$ (303,291)</b>	<b>\$ (121,366)</b>
<b>FUND EQUITY, BEGINNING OF YEAR</b>							
	3,305,200	-	(39,985)	141,424	1,230,974	268,199	4,905,812
<b>FUND EQUITY, END OF YEAR</b>	<b>\$ 3,817,620</b>	<b>\$ -</b>	<b>\$ 13,549</b>	<b>\$ 171,323</b>	<b>\$ 817,046</b>	<b>\$ (35,092)</b>	<b>\$ 4,784,446</b>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Reconciliation of Statement of Revenues, Expenditures, and Changes in**  
**Fund Equity of the Governmental Funds to the Statement of Activities**  
**For The Year Ended June 30, 2025**

**NET CHANGE IN FUND EQUITY -**  
**TOTAL GOVERNMENTAL FUNDS** \$ (121,366)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The following are the amounts by which capital outlays and additions of assets in excess depreciation in the current period:

Capital Outlay	\$ 314,138	
Lease Additions, Net	420	
Depreciation and Amortization	<u>(1,538,457)</u>	(1,223,899)

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term obligations in the Statement of Net Position. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term obligations in the Statement of Net Position. The following details these items as they effect the governmental activities:

Debt and Lease Repayments	<u>\$ 2,783,955</u>	2,783,955
---------------------------	---------------------	-----------

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 9,778

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (2,995,689)

(Increase) decrease in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds

Teachers' Retirement System		71,231
Employees' Retirement System		183,420

Amortization of bond premium 46,751

In the Statement of Activities, vacation pay, teachers' retirement incentive and judgments and claims are measured by the amount accrued during the year. In the governmental funds, expenditures for these items are measured by the amount actually paid. The following provides the differences of these items as presented in the governmental activities:

Compensated Absences		<u>(35,104)</u>
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**CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES** **\$ (1,280,923)**

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements of the Berne Knox Westerlo Central School District (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB), which is the standard-setting body for establishing governmental accounting and financial reporting principles.

***A. Reporting Entity***

The District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer, and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

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

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

**Extraclassroom Activity Fund**

The extraclassroom activity fund of the District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The extraclassroom activity fund is independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the extraclassroom activity fund can be found in the District's business offices. The District accounts for assets held as an agent for various student organizations in the special revenue fund.

***B. Joint Venture***

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

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***B. Joint Venture***

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

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

During the year, the District was billed \$2,846,331 for BOCES administrative and program costs. The District's share of BOCES aid amounted to \$791,835. Financial statements for the BOCES are available from the BOCES administrative office.

***C. Basis Of Presentation***

***District-wide statements***

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

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

***Fund financial statements***

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

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***C. Basis Of Presentation***

***Fund financial statements***

***I. Governmental Funds***

1. General Fund

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

2. Special Revenue Funds

These funds account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:

a) Special Aid Fund

Used to account for proceeds received from the State and Federal grants that are restricted for specific educational programs.

b) School Lunch

Used to account for child nutrition activities whose funds are restricted as to use.

c) Special Revenue

Used to account for proceeds from various funding sources, which may be restricted by a donor or designated by the District for specific purposes. The transactions of the Extraclassroom Activity Funds and scholarships are included in this fund.

3. Capital Projects Fund

These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities or the right-to-use capital facilities separately or in the aggregate.

4. Debt Service Fund

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

***II. Fiduciary Funds***

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

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***C. Basis Of Presentation***

***II. Fiduciary Funds***

1. Private purpose trust funds

These funds are used to account for trust arrangements in which principal and income benefits individuals, private organizations or other governments. A scholarship is an example of a Private Purpose Trust Fund. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

2. Custodial funds

These funds are strictly custodial in nature and do not involve the measurement of results of operations.

There are no activities that meet the criteria to be reported as fiduciary funds.

***D. Basis of Accounting/Measurement Focus***

Measurement focus describes what type of information is reported and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g., property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmatured portion of long-term debt and certain other liabilities the District would not expect to liquidate currently with expendable available resources (e.g. compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

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

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

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***D. Basis of Accounting/Measurement Focus***

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

***E. Refundable Advances***

Refundable advances arise when resources are received by the District before it has a legal claim to them, as when monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for refundable advances is removed and revenue is recognized.

***F. Property taxes***

***I. Calendar***

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on July 29, 2024. Taxes are collected during the period September 1, to October 31.

***II. Enforcement***

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

***G. Restricted resources***

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

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

The budget policies are as follows:

- a. The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.
- b. The proposed appropriation budget for the General Fund is approved by the voters within the District.
- c. Appropriations are adopted at the line-item level.
- d. Appropriations established by 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.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***H. Budgetary Procedures and Budgetary Accounting***

***I. Budget Policies***

d. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not located in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred for June 30, 2025:

From Additional Revenue	
Grants	\$ 50,000
BOCES regional summer school	17,174
Total Supplemental Appropriations	<u>\$ 67,174</u>

e. 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.

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

g. The voters of the District defeated the proposed appropriation budget for the 2024/2025 school year; consequently, the Board of Education adopted a contingency budget, which includes appropriations for teachers' salaries and other ordinary contingent expenses. Under a contingency budget, the District's tax levy may not be greater than the tax levied for the prior school year. However, the administrative component of a contingency budget, exclusive of the capital component, may not comprise a greater percentage of the budget than the lesser of that percentage of the prior year's budget, or that percentage in the last defeated budget.

***II. Encumbrances***

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

***III. Budget Basis of Accounting***

Under GASB Statement No. 34, budgetary comparison information is required to be presented for the general fund and each major special revenue fund with a legally adopted budget. The District is not legally required to adopt a budget for its special revenue funds. Therefore, budget comparison information for special revenue funds is not included in the District's financial statements.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***I. Cash and Investments:***

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. The District's investments policies are government by State statutes. District resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury, U.S. Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposits not covered by the FDIC insurance.

Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts. Investments are stated at fair value. Certain cash balances are restricted by various legal or contractual obligations, such as legal reserves or debt agreements.

***J. Accounts Receivable***

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

***K. Inventories and Prepaid Items***

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

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both district-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed. A portion of the fund equity in the amount of these non-liquid assets have been identified as not available for other subsequent expenditures.

***L. Interfund transactions***

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provided financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

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

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
 NOTES TO FINANCIAL STATEMENTS  
 JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***L. Interfund transactions***

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

Refer to Note 3.A.III for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

***M. Equity Classifications***

District-wide statements:

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

**Net Investment in capital and lease assets:** consists of net capital assets (cost less accumulated depreciation), lease assets (less accumulated amortization) plus unspent bond proceeds reduced by outstanding balances of related debt obligations from the acquisition, constructions and lease liabilities or improvements of those assets, unamortized bond premium, retainage payable and lease liabilities.

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

**Unrestricted net position:** reports the balance of 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.

Fund Statements:

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

**Non-spendable** - 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 equity includes the following:

	<b><u>Total</u></b>
Inventory in School Lunch	\$ 13,549
<b>Total Nonspendable Fund Equity</b>	<b><u>\$ 13,549</u></b>

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

Unemployment

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.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Unemployment

Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund.

Retirement Contribution Reserve

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

Repair

According to General Municipal Law §6-d, must be used to pay the cost of repair to capital improvements or equipment, which repairs are of a type not reoccurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserves (Opinion of the New York State Comptroller 84-401). Expenditures from this reserve may be used only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

Capital Reserve

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

Employee Benefit Accrued Liability Reserve

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

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

Debt Service

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

Scholarships

Restricted for scholarships for students that meet donor specified criteria and balances restricted for extraclassroom activities.

Restricted fund equity includes the following:

	<b><u>Total</u></b>
<b><u>General Fund -</u></b>	
Unemployment Costs	\$ 106,251
Retirement Contribution - ERS	62,486
Retirement Contribution - TRS	58,145
Repair	28,163
Capital Reserves	846,677
Employee Benefit Accrued Liability	256,591
<b><u>Special Revenue Fund -</u></b>	
Scholarships and Extraclassroom Activity Funds	171,323
<b><u>Debt Service Fund -</u></b>	
Debt Service	817,046
<b>Total Restricted Fund Equity</b>	<b><u><u>\$ 2,346,682</u></u></b>

**Committed** - Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the school districts' highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund equity as of June 30, 2025.

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

Assigned fund equity includes the following:

	<b><u>Total</u></b>
General Fund - Encumbrances	\$ 48,634
General Fund - Appropriated	1,200,000
<b>Total Assigned Fund Equity</b>	<b><u><u>\$ 1,248,634</u></u></b>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***M. Equity Classifications***

***Encumbrances***

Encumbrances accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations.

Purpose of Encumbrances:

<b><u>General Fund -</u></b>	
General Support	\$ 45,881
Instruction	2,753
<b>Total General Fund Encumbrances</b>	<b>\$ 48,634</b>

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

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund equity 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, and the District did exceed this limit at June 30, 2025. The District exceeds this amount by \$221,180.

**Net Position/Fund Equity**

**Net position Flow Assumption:** Sometimes the District will fund outlays for particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted net position and unrestricted net position in the district-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied.

**Fund Equity Flow Assumption:** Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund equity). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund equity in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied.

**Order of Use of Fund Equity**

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

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***N. Postemployment Benefits***

In addition to providing the retirement benefits described in Note 3.B.I., the District provides post-employment health insurance coverage to its retired employees and their survivors in accordance with the provisions of the employment contract negotiated between the District and its employee groups as governed by Board of Education Policy. Substantially all of these employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. See Note 5.

***O. Capital Assets and Lease Assets***

Capital Assets

Capital assets are reported at actual cost when such data is available. For assets in which there was no data available, estimated historical cost, based on appraisals conducted by independent third-party professionals were used. Additions, improvements and other capital outlays that significantly extended the useful life of assets are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Donated assets are reported at estimated fair market value at the time received.

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

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Land	\$ 5,000	N/A	N/A
Building and Improvements	5,000	SL	50 Years
Furniture and Equipment	5,000	SL	5-10 Years

Lease Assets

The District-wide financial statement's lease assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 3 and 5 years based on the contract terms and/or estimated replacement of the assets.

***P. Deferred Outflows and Inflows of Resources***

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

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***P. Deferred Outflows and Inflows of Resources***

The third item is the District contributions to the pension systems (TRS and ERS Systems) and OPEB subsequent to the measurement date. The fourth item relates to the OPEB and pension reporting in the district wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and changes of assumptions.

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, if applicable, has two items that qualify for reporting in this category. The first item is related to pensions reported in the district-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to the pensions and OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs and differences between actual and expected experience.

***Q. Short-term Debt***

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

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

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

***R. Payables, Accrued liabilities and long-term obligations***

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

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

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***S. Explanation Of Certain Differences Between Governmental Fund Statements And District-Wide Statements***

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

a. Total fund equity of governmental funds vs. net assets of governmental activities

Total fund equity of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheets, as applied to the reporting of capital and lease assets and long-term liabilities, including pensions.

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

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

***Long-term revenue and expense differences:***

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

***Capital related differences:***

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

***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.

***Pension differences:***

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***S. Explanation Of Certain Differences Between Governmental Fund Statements And District-Wide Statements***

***OPEB difference:***

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby and expenditure is recognized for health insurance premiums and OPEB costs as they mature (come due for payment), versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

***T. Estimates***

The preparation of financial statements in conformity with GAAP 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 revenue 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 compensated absence, other postemployment benefits, potential contingent liabilities, net pension asset/liability, deferred outflows/inflows and useful lives of long-lived assets.

***U. Employee Benefits - Compensated Absences***

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Sick leave is based on a last-in, first-out (LIFO) basis. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated leave.

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

District implemented GASB Statement 101, *Compensated Absences*, the liability has been calculated using assumptions and rates defined in the standard an accrual for that liability is included in the district-wide financial statements. Amounts are accrued if it is more likely than not that the leave will be used for time-off or otherwise paid in cash or settled through other means. The liability is measured at the employees' rate of pay unless otherwise specified in the contract at the reporting date.

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

***V. New Accounting Standards***

The District has adopted and implemented the following (all) current Statements of the Governmental Accounting Standards Board (GASB) that are applicable as of June 30, 2025.

GASB has issued Statement 101, *Compensated Absences*, effective for the year ending June 30, 2025, of which had a significant impact on the District, see Note 8.

GASB has issued Statement 102, *Certain Risk Disclosures*, effective for the year ending June 30, 2025, of which did not have a significant impact on the District.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

***W. Future Changes in Accounting Standards***

GASB has issued Statement 103, *Financial reporting Model Improvements*, effective for the year ending June 30, 2026.

GASB has issued Statement 104, *Disclosures of Certain Capital Assets*, effective for the year ending June 30, 2026.

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

**2. STEWARDSHIP, COMPLIANCE, ACCOUNTABILITY**

***A. Unassigned Fund Equity***

The District's unassigned fund equity was in excess of the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the District's budget for the upcoming school year.

***B. Deficit Fund Equity***

The Capital Projects Fund of the District reported a deficit fund balance of \$35,092 at June 30, 2025. This deficit will be reduced upon a budgeted interfund transfer from the General Fund.

**3. DETAIL NOTES ON ALL FUNDS**

***A. Assets***

***I. Cash and Investments***

Deposits

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agents in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2025, all deposits were fully insured and collateralized by the District's agent in the District's name.

Investment and Deposit Policy

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

Interest Rate Risk

Interest rate risk is the risk that the fair value of investments will be affected by changing interest rates. The District's investment policy does not limit investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

*A. Assets*

*I. Cash and Investments*

Credit Risk

The District's policy is to minimize the risk of loss due to failure of an issuer or other counterparty to an investment to fulfill its obligations. The District's investment and deposit policy authorizes the reporting entity to purchase the following types of investments:

- Interest bearing demand accounts
- Certificates of deposit
- Obligations of the United States Treasury and United States agencies
- Obligations of New York State and its localities

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a failure of a depository financial institution, the reporting entity may not recover its deposits. In accordance with the District's investment and deposit policy, all deposits of the District including interest bearing demand accounts and certificates of deposit, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act (FDIC) shall be secured by a pledge of securities with an aggregate value equal to 100% of the aggregate amount of deposits. The District restricts the securities to the following eligible items:

- Obligations issued, fully insured or guaranteed as to the payment of principal and interest, by the United States Treasury and United States agencies.
- Obligations issued or fully insured or guaranteed by New York State and its localities.
- Obligations issued by other than New York State rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization.

Investments

U.S. GAAP establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described as follows:

Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets.

Level 2: Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in active markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means;
- If the asset or liability has a specified (contractual) term, the level 2 input must be observable for substantially the full term of the asset or liability.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Investments

Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used should maximize the use of observable inputs and minimize the use of unobservable inputs.

The District participates in NYCLASS, a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-0, whereby it holds a portion of the investments in cooperation with other participants.

At June 30, 2025, the District held \$780,131 in investments consisting of various investments in securities issued by the United States and its agencies. The following valuation inputs are included as investments:

Total investments of the NYCLASS cooperative as of June 30, 2025, based on unaudited numbers, are \$14,132,078,788, which consisted of \$3,825,553,728 in repurchase agreements, \$450,813,313, in collateralized bank deposits \$128,601,917 in FDIC Insured Bank Deposits and \$9,727,109,930 in U.S. Government Treasury Securities.

Investment in Securities at <u>Value</u>	<u>Valuation Inputs</u>			<u>Total</u>
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	
Debt Service Fund	\$ -	\$ 780,131	\$ -	\$ 780,131
Total	<u>\$ -</u>	<u>\$ 780,131</u>	<u>\$ -</u>	<u>\$ 780,131</u>

The above amount represents the fair value of the investment pool shares. For the years ended June 30, 2025, the portfolio did not have significant unobservable inputs (Level 3) used in determining fair value. Thus, a reconciliation of assets in which significant unobservable inputs (Level 3) which were used in determining fair value is not applicable.

There were no transfers between Level 1 and Level 2 of the fair value hierarchy during the period. The portfolio recognizes transfers between the levels as of the beginning of the fiscal year.

Risks and Uncertainties with Investments

The District invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonable possibly that changes could materially affect the amounts reported in the Statement of Net Position.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**I. Cash and Investments**

Restricted Cash and Investments

Restricted cash and investments consist of the following:

	<u><b>Total</b></u>
<u><b>General Fund -</b></u>	
Unemployment Costs	\$ 106,251
Retirement Contribution - ERS	62,486
Retirement Contribution - TRS	58,145
Repair	28,163
Capital Reserves	846,677
Employee Benefit Accrued Liability	256,591
<u><b>Capital Projects Fund -</b></u>	
Voter approved projects	1,823
<u><b>Special Revenue Fund -</b></u>	
Scholarships	175,992
<u><b>Debt Service Fund -</b></u>	
Reserve for Debt	780,131
<b>Total Restricted Cash and Investments</b>	<u><u><b>\$ 2,316,259</b></u></u>

**II. Receivables**

Receivables balances for the year ended June 30, 2025 are as follows:

<u>Description</u>	<u>Governmental Activities</u>					<u>Total</u>
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Capital Projects Fund</u>	<u>School Lunch Fund</u>	<u>Special Revenue Funds</u>	
Accounts Receivable	\$ 30,964	\$ -	\$ -	\$ -	\$ -	\$ 30,964
Due From State and Federal	567,316	539,217	-	40,158	-	1,146,691
Due From Other Governments	377,078	-	-	-	-	377,078
<b>Total Receivables</b>	<u><u><b>\$ 975,358</b></u></u>	<u><u><b>\$ 539,217</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ 40,158</b></u></u>	<u><u><b>\$ -</b></u></u>	<u><u><b>\$ 1,554,733</b></u></u>

**III. Interfund Receivables and Payables**

Interfund receivables and payables arise from interfund transactions and are recorded by all funds affected in the period in which transactions are executed. The balances result from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur, transactions are recorded in the accounting system, and payments between funds are made.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

**A. Assets**

**III. Interfund Receivables and Payables**

Interfund receivable and payable balances at June 30, 2025 are as follows:

	<b>Interfund</b>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 577,265	\$ -	\$ 450,000	\$ 146,432
Special Aid Fund	-	551,744	87,839	-
School Lunch Fund	-	25,521	58,593	-
Debt Service Fund	36,915	-	-	450,000
Capital Projects Fund	-	36,915	-	-
<b>Total</b>	<b><u>\$ 614,180</u></b>	<b><u>\$ 614,180</u></b>	<b><u>\$ 596,432</u></b>	<b><u>\$ 596,432</u></b>

During 2024-25 the General Fund transferred \$87,839 to the Special Aid Fund for the District's share of the special education summer school program its students attended, and \$58,593 to the School Lunch Fund to cover its shared of related costs, fringe benefits, and uncollectable student balances and \$450,000 from debt service fund to the general fund to be used for debt service payments.

**IV. Capital Assets**

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

<u>Type</u>	<u>Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>
<b>Governmental Activities:</b>				
<b><u>Capital Assets that are not Depreciated -</u></b>				
Land	\$ 131,863	\$ -	\$ -	\$ 131,863
<i>Total Nondepreciable</i>	<u>\$ 131,863</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 131,863</u>
<b><u>Capital Assets that are Depreciated -</u></b>				
Buildings and Improvements	\$ 44,972,134	\$ -	\$ -	\$ 44,972,134
Furniture and Equipment	6,890,351	314,138	-	7,204,489
<i>Total Depreciated Assets</i>	<u>\$ 51,862,485</u>	<u>\$ 314,138</u>	<u>\$ -</u>	<u>\$ 52,176,623</u>
<b><u>Less Accumulated Depreciation -</u></b>				
Buildings and Improvements	\$ 12,378,714	\$ 921,243	\$ -	\$ 13,299,957
Furniture and Equipment	5,001,278	473,755	-	5,475,033
<i>Total Accumulated Depreciation</i>	<u>\$ 17,379,992</u>	<u>\$ 1,394,998</u>	<u>\$ -</u>	<u>\$ 18,774,990</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 34,482,493</u>	<u>\$ (1,080,860)</u>	<u>\$ -</u>	<u>\$ 33,401,633</u>
<b>Total Capital Assets</b>	<b><u>\$ 34,614,356</u></b>	<b><u>\$ (1,080,860)</u></b>	<b><u>\$ -</u></b>	<b><u>\$ 33,533,496</u></b>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

General Information:

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

Plan Descriptions

*Teachers' Retirement System*

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

*Employees' Retirement System*

The New York State and Local Employees' Retirement System provides retirement benefits as well as death and disability benefits. This is a cost-sharing multiple-employer retirement system. 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. Obligations of employers and employees to contribute and benefits employees are governed by the New York State Retirement and Social Security Law (NYSRSSL). 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.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Employees' Retirement System*

The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System issues a publicly available financial report that includes financial statements and required supplementary information. That report and additional information may be obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244 or found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php).

**Contributions**

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

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

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ 419,822	\$ 729,130
2024	342,690	716,999
2023	354,152	762,011

The District contributions made to the Systems were equal to 100 percent of the contributions required for each year.

**Pension Liabilities**

At June 30, 2025, the District reported the following asset/(liability) for its proportionate share of the net pension asset/(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2025 for ERS and June 30, 2024 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Net pension assets/(liability)	\$ (1,414,438)	\$ 1,167,375
District's portion of the Plan's total net pension asset/(liability)	0.008250%	0.039126%

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

***B. Liabilities***

***I. Pension Plans***

*Pension Expense (Credit)*

For the year ended June 30, 2025, the District's recognized its proportionate share of pension expense of \$309,615 for ERS and \$642,080 for TRS.

*Deferred Outflows and Inflows of Resources Related to Pensions*

At June 30, 2025 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 351,073	\$ 1,257,048	\$ 16,560	\$ -
Changes of assumptions	59,319	698,327	-	117,465
Net difference between projected and actual earnings on pension plan investments	110,973	-	-	1,297,053
Changes in proportion and differences between the District's contributions and proportionate share of contributions	57,446	130,113	206,215	71,193
Subtotal	<u>\$ 578,811</u>	<u>\$ 2,085,488</u>	<u>\$ 222,775</u>	<u>\$ 1,485,711</u>
District's contributions subsequent to the measurement date	121,314	678,928	-	-
<b>Grand Total</b>	<b><u>\$ 700,125</u></b>	<b><u>\$ 2,764,416</u></b>	<b><u>\$ 222,775</u></b>	<b><u>\$ 1,485,711</u></b>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset/(liability) in the year ended March 31, 2026 for ERS and June 30, 2025 for TRS. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ -	\$ (607,377)
2026	194,688	1,436,304
2027	331,950	(221,304)
2028	(158,402)	(241,715)
2029	(12,200)	170,995
Thereafter	-	62,874
<b>Total</b>	<b><u>\$ 356,036</u></b>	<b><u>\$ 599,777</u></b>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Actuarial Assumptions*

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Interest rate	5.90%	6.95%
Salary scale	4.30%	5.18%-1.95%
Decrement tables	April 1, 2015- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

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

For ERS, the actuarial assumptions used in the April 1, 2023, valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020. For TRS, actuarial assumptions used in the June 30, 2023, valuation are based on the results of an actuarial experience study for the period July 1, 2015, to June 30, 2020. Additionally, for TRS, assumptions are computed by the TRS Office of the Actuary and adopted by the TRS. The actuarial assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS annual actuarial valuation report.

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.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Actuarial Assumptions*

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

<b>Long Term Expected Rate of Return</b>		
	<b><u>ERS</u></b>	<b><u>TRS</u></b>
Measurement date	March 31, 2025	June 30, 2024
<b><u>Asset Type -</u></b>		
Domestic equity	3.54%	6.60%
International equity	6.57%	7.40%
Global equity	0.00%	6.90%
Private equity	7.25%	10.00%
Real estate	4.95%	6.30%
Opportunistic/ARS portfolio	5.25%	0.00%
Real assets	5.55%	0.00%
Cash equivalents	0.25%	0.50%
Private debt	0.00%	5.90%
Real estate debt	0.00%	3.90%
High-yield fixed income securities	0.00%	4.80%
Domestic fixed income securities	0.00%	2.60%
Global fixed income securities	0.00%	2.50%
Credit	5.40%	0.00%
Fixed income	2.00%	0.00%

*Discount Rate*

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

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

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

The following presents the District's proportionate share of the net pension asset/(liability) as of June 30, 2025 calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset/(liability) would be if it were calculated using a discount rate that is 1-percentagepoint lower (4.9% for ERS and 5.95% for TRS) or 1-percentagepoint higher (6.9% for ERS and 7.95% for TRS) than the current rate:

<u>ERS</u>	<b>1% Decrease (4.90%)</b>	<b>Current Assumption (5.90%)</b>	<b>1% Increase (6.90%)</b>
Employer's proportionate share of the net pension asset (liability)	\$ (4,093,561)	\$ (1,414,438)	\$ (822,632)
<u>TRS</u>	<b>1% Decrease (5.95%)</b>	<b>Current Assumption (6.95%)</b>	<b>1% Increase (7.95%)</b>
Employer's proportionate share of the net pension asset (liability)	\$ (5,392,172)	\$ 1,167,375	\$ 6,684,129

*Changes in Assumptions*

Changes in assumptions about future economic or demographic factors or other inputs are amortized over a closed period equal to the average of the expected service lives of all employees that are provided with pension benefits for the period during which the changes occurred. Differences between projected and actual earnings on pension plan investments are amortized over a closed five-year period.

*Collective Pension Expense*

Collective pension expense includes certain current period changes in the collective net pension asset/(liability), projected earnings on pension plan investments, and the amortization of deferred outflows or resources and deferred inflows of resources for the current period. The Collective pension expense for the year ended June 30, 2025 is \$251,170 for ERS and \$624,104 for TRS.

*Payables to the Pension Plan*

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**I. Pension Plans**

*Payables to the Pension Plan*

on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025, amounted to \$121,314.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to \$809,351.

*Other Benefits*

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

**II. Indebtedness**

Short-Term Debt

Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. There were no BAN's outstanding at June 30, 2025

Long-Term Debt

Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the District. The provisions to be made in future budgets for capital indebtedness represent the amount, exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

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

Interest Paid	\$ 358,890
Less: Amortization of Premium	(46,751)
Less: Interest Accrued in the Prior Year	(162,589)
Plus: Interest Accrued in the Current Year	152,811
<b>Total Long-Term Interest Expense</b>	<b><u><u>\$ 302,361</u></u></b>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

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

Long-Term Debt

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

	<u>Restated Balance 7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2025</u>	<u>Due Within One Year</u>
<b>Governmental Activities:</b>					
<b><u>Bonds and Notes Payable -</u></b>					
Serial Bonds	\$ 17,778,809	\$ -	\$ 2,478,793	\$ 15,300,016	\$ 1,844,986
Premium	306,144	-	46,751	259,393	43,130
Energy Performance Contracts	332,830	-	165,078	167,752	167,782
<b>Total Bonds and Notes Payable</b>	<b>\$ 18,417,783</b>	<b>\$ -</b>	<b>\$ 2,690,622</b>	<b>\$ 15,727,161</b>	<b>\$ 2,055,898</b>
<b><u>Other Liabilities -</u></b>					
Net Pension Liability	\$ 1,868,700	\$ 4,268	\$ 458,530	\$ 1,414,438	\$ -
OPEB	98,365,004	7,087,332	29,502,812	75,949,524	-
Lease Liability	229,199	-	138,007	91,192	76,058
Compensated Absences	1,448,523	35,104	-	1,483,627	377,851
<b>Total Other Liabilities</b>	<b>\$ 101,911,426</b>	<b>\$ 7,126,704</b>	<b>\$ 30,099,349</b>	<b>\$ 78,938,781</b>	<b>\$ 453,909</b>
<b>Total Long-Term Obligations</b>	<b>\$ 120,329,209</b>	<b>\$ 7,126,704</b>	<b>\$ 32,789,971</b>	<b>\$ 94,665,942</b>	<b>\$ 2,509,807</b>

Additions and deletions to compensated absences are shown net since it is impractical to determine these amounts separately.

The above liabilities are liquidated by the general fund.

The following is a summary of long-term indebtedness:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2025</u>
Serial Bond - Reconstruction	\$ 17,605,000	2022	2036	2.00%	\$ 14,115,016
Serial Bond - Construction	9,980,000	2012	2026	2.00-2.125%	330,000
Serial Bond - Buses	339,000	2021	2026	1.24%	70,000
Serial Bond - Buses	331,636	2022	2027	1.48%	135,000
Serial Bond - Buses	387,273	2022	2028	0.50-5.83%	245,000
Serial Bond - Buses	493,809	2024	2029	3.875-4.00%	405,000
Energy Performance Contract	1,938,000	2013	2026	2.45%	167,752
<b>Total Serial Bonds</b>					<b>\$ 15,467,768</b>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**3. DETAIL NOTES ON ALL FUNDS**

**B. Liabilities**

**II. Indebtedness**

The following is a summary of maturing debt service requirements for serial bonds and the energy performance contract:

<u>Year</u>	<u>Principal</u>	<u>Serial Bonds</u>	
		<u>Interest</u>	<u>Premium</u>
2026	\$ 2,012,768	\$ 304,666	\$ 43,130
2027	1,480,000	265,399	39,448
2028	1,435,000	231,853	35,690
2029	1,385,000	200,250	31,870
2030	1,305,000	170,050	27,974
2031-35	6,925,000	444,250	78,454
2036-40	925,000	9,250	2,827
<b>Total</b>	<b><u>\$ 15,467,768</u></b>	<b><u>\$ 1,625,718</u></b>	<b><u>\$ 259,393</u></b>

**III. Constitutional Debt Limit**

The constitution of the State of New York limits the amount of indebtedness which may be issued by the District. Basically, the District may issue indebtedness to the extent that the aggregate outstanding debt issues which are subject to such limit do not exceed 10% of the full valuation of taxable real estate within the district. At June 30, 2025, the District has exhausted 21.61% of its constitutional debt limit.

**IV. Deferred Outflows and Inflows of Resources**

The deferred outflows and inflows reported on the statement of net position consist of the following:

	<u>Deferred</u> <u>Outflows</u>	<u>Deferred</u> <u>Inflows</u>
Pension	\$ 3,464,541	\$ 1,708,486
OPEB	12,823,586	37,869,425
<b>Total</b>	<b><u>\$ 16,288,127</u></b>	<b><u>\$ 39,577,911</u></b>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**4. COMMITMENTS AND CONTINGENCIES**

General

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

The District does not purchase insurance for the risk of losses for unemployment and workers' compensation claims. Instead, the School District manages its risks for these losses internally and accounts for these in the District's general fund, including provisions for unexpected and unusual claims.

Claims are recognized as expenditures when it is probable that an asset has been impaired, or a liability has been incurred, and the amount of loss can be reasonably estimated. At June 30, 2025, management estimates there are no outstanding claims liabilities.

Prescription Plan

The District is self-insured for prescription plan benefits on a cost-reimbursement basis. Under the program, the District is responsible for claim payments.

All known claims filed and an estimate of all incurred but unreported claims existing at June 30, 2025 have been recorded as other liabilities. The District establishes prescription plan benefits claims liabilities based on estimates of the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled, and of claims that have been incurred but not reported. The length of time for which such costs must be estimated varies depending on the prescription involved. Because actual claims costs depend on such complex factors as inflation, changes in doctrines of legal liability, and damage awards, the process used in computing claims liabilities does not necessarily result in an exact amount.

Claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claims frequency, and other economic and social factors. A provision for inflation in the calculation of estimated future claims costs is implicit in the calculation because reliance is placed both on actual historical data that reflect past inflation and on other factors that are considered to be appropriate modifiers of past experience. Adjustments to claims liabilities are charged or credited to the liability in the periods in which they are made.

As discussed above, the District establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**4. COMMITMENTS AND CONTINGENCIES**

The following represents changes in those aggregate liabilities for the District during the year ended June 30:

	<u>2025</u>	<u>2024</u>
Unpaid claims and claim adjustment expenses- beginning of year	\$ 76,890	\$ -
Incurred claims and claim adjustment expenses:		
Provision for incurred claims expenses for events of the current year	1,838,148	1,816,407
Increase (decrease) in provision for incurred events of prior years	3,102	76,890
Total Incurred Claims and Claim Adjustment Expenses	<u>1,841,250</u>	<u>1,893,297</u>
Payments made for claims during the current year	<u>(1,838,148)</u>	<u>(1,816,407)</u>
<b>Total Unpaid Claims and Claim Adjustment Expenses - End of Year</b>	<b><u>\$ 79,992</u></b>	<b><u>\$ 76,890</u></b>

*Other items*

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

**5. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Plan Description*

The District's administers a defined benefit OPEB plan, provides OPEB for all employees who meet the TRS/ERS eligibility requirements. Teachers and Administrators age 55 and older with 5 years of services who are eligible to retire and collect benefits from TRS are eligible for retiree health care benefits for life from the District. Support staff hired before January 1, 2010, age 55 and older with 5 years of service are eligible to retire and collect benefits for life from the District according to ERS. Members after January 1, 2010, must be 55 years old with 10 years of services to qualify for ERS health care benefits. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. The Plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

*Funding Policy*

The obligations of the Plan members and the employers are established by action of the District pursuant to applicable collective bargaining and other employee agreements. Employees contribute varying percentages of the premiums, depending on when they retire and their applicable agreement. Employees are required to reach eligibility for retirement under ERS/TRS age 55 and have 5 years of service to qualify for other postemployment benefits. The District currently funds the Plan to satisfy current obligations on a pay-as-you-go basis.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**5. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Benefits Provided*

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

*Employees Covered by Benefit Terms* - At the valuation date, following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	158
Inactive employees entitled to but not yet receiving benefit payments	-
Active Employees	160
<b>Total</b>	<b>318</b>

*Total OPEB Liability*

The District's total OPEB liability was measured as of June 30, 2025 and was determined by an actuarial valuation as of June 30, 2024.

*Actuarial Assumptions and Other Inputs*

The total OPEB liability in the June 30, 2025 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.60 percent
Salary Increases	3.00 percent, average, including inflation
Discount Rate	4.81 percent
Healthcare Cost Trend Rates	Initial rate of 6.75% decreasing to an ultimate rate of 4.04% over 55 years
Dental Cost Trend Rates	3.0% annually
Retirees' Share of Benefit-Related Costs	Varies depending on contract

The discount rate was based on S&P Municipal Bond 20-year High Grade index.

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

Retirement participation rate assumed that 100% of future retirees eligible for coverage will elect the benefit. Marriage assumption, it was assumed that active employees will maintain their current marital status. Each eligible employee will retire with the maximum number of sick days allowed and use them as contributions to their retiree premium.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**5. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE**

*Changes in the Total OPEB Liability*

Balance at June 30, 2024	\$ 98,365,004
<u>Changes for the Year -</u>	
Service cost	\$ 2,876,749
Interest	4,210,583
Changes of benefit terms	(1,144,477)
Differences between expected and actual experience	(18,294,250)
Changes in assumptions or other inputs	(7,582,682)
Benefit payments	(2,481,403)
Net Changes	<u>\$ (22,415,480)</u>
<b>Balance at June 30, 2025</b>	<b><u>\$ 75,949,524</u></b>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.21% in 2024 to 4.81% in 2025.

*Sensitivity of the Total OPEB liability to Changes in the Discount Rate*

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.81%) or 1 percentage point higher (5.81%) than the current discount rate:

	<b>1% Decrease</b>	<b>Discount Rate</b>	<b>1% Increase</b>
	<b><u>(3.81%)</u></b>	<b><u>(4.81%)</u></b>	<b><u>(5.81%)</u></b>
Total OPEB Liability	\$ 89,106,401	\$ 75,949,524	\$ 65,463,381

*Sensitivity of the Total OPEB Liability to Change 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 (5.75%) or 1 percentage point higher (7.75%) than the current healthcare cost trend rate:

	<b>1% Decrease</b>	<b>Healthcare Cost Trend Rates</b>	<b>1% Increase</b>
	<b><u>(5.75%</u></b>	<b><u>(6.75%</u></b>	<b><u>(7.75%</u></b>
	<b><u>Decreasing to 3.04%)</u></b>	<b><u>Decreasing to 4.04%)</u></b>	<b><u>Decreasing to 5.04%)</u></b>
Total OPEB Liability	\$ 63,900,307	\$ 75,949,524	\$ 91,556,951

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**5. POSTEMPLOYMENT BENEFITS OBLIGATION PAYABLE**

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$5,477,092.

At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 7,762,446	\$ 15,680,786
Changes of assumptions	5,061,140	22,188,639
Contributions after measurement date	-	-
<b>Total</b>	<b>\$ 12,823,586</b>	<b>\$ 37,869,425</b>

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

Fiscal Year Ending June 30,

<u>Year</u>			
2026	\$	(195,345)	
2027		(5,714,749)	
2028		(7,590,885)	
2029		(3,976,508)	
2030		(3,871,644)	
Thereafter		(3,696,708)	
<b>Total</b>	<b>\$</b>	<b>(25,045,839)</b>	

**6. TAX ABATEMENTS**

There were no PILOT agreements or tax abatements during the period ending June 30, 2025 that impact the District.

**7. LEASE ASSETS AND OBLIGATIONS**

**Lease Assets**

The District leases various copiers and equipment, primarily through Capital Region Board of Cooperative Educational Services. The leases do not contain renewal options. The leases have various inception dates and remaining terms of 4-5 years.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**NOTES TO FINANCIAL STATEMENTS**  
**JUNE 30, 2025**

**7. LEASE ASSETS AND OBLIGATIONS**

**Lease Assets**

A summary of the lease asset activity during the year ended June 30, 2025 is as follows:

<u>Type</u>	<u>Balance</u> <u>7/1/2024</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance</u> <u>6/30/2025</u>
<b><u>Lease Assets:</u></b>				
Equipment	\$ 915,905	\$ 2,497	\$ -	\$ 918,402
Vehicles	36,037	-	-	36,037
<b>Total Lease Assets</b>	<b>\$ 951,942</b>	<b>\$ 2,497</b>	<b>\$ -</b>	<b>\$ 954,439</b>
<b><u>Less Accumulated Amortization -</u></b>				
Equipment	\$ 551,941	\$ 128,703	\$ -	\$ 680,644
Vehicles	77,842	14,756	-	92,598
<b>Total Accumulated Amortization</b>	<b>\$ 629,783</b>	<b>\$ 143,459</b>	<b>\$ -</b>	<b>\$ 773,242</b>
<b>Total Lease Assets, Net</b>	<b>\$ 322,159</b>	<b>\$ (140,962)</b>	<b>\$ -</b>	<b>\$ 181,197</b>

Lease agreements are summarized as follows:

	<u>Date</u>	<u>Payment</u> <u>Terms</u>	<u>Annual</u> <u>Payment</u> <u>Amount</u>	<u>Interest</u> <u>Rate</u>	<u>Total</u> <u>Lease</u> <u>Liability</u>	<u>Balance</u> <u>June 30,</u> <u>2025</u>
Equipment - BOCES#455	12/31/2021	5 years	\$ 32,922	2.47%	\$ 154,330	\$ 40,399
Equipment - BOCES#428	6/15/2021	4 years	18,666	2.80%	74,535	4,634
Equipment - BOCES#500	12/31/2023	4 years	28,227	5.88%	77,056	33,773
Vehicles - Tractor	11/4/2021	5 years	12,654	2.16%	60,605	12,386
Total Lease Agreements						<u>\$ 91,192</u>

Annual requirements to amortize long-term obligations and related interest are as follows:

<u>Year Ending</u> <u>June 30,</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 76,058	\$ 2,412
2027	15,134	153
2028	-	-
2029	-	-
2030	-	-
	<u>\$ 91,192</u>	<u>\$ 2,565</u>

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
NOTES TO FINANCIAL STATEMENTS  
JUNE 30, 2025**

**8. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

During the year ended June 30, 2025, the District implemented GASB 101, *Compensated Absences*. The implementation of this statement changes the calculation of compensated absences, based on changes in assumptions and rates defined in the standard. The impact of implementation of this standard on the opening net position is summarized below:

	<b>Government-Wide <u>Statements</u></b>
Net position beginning of year, as previously reported	\$ (76,294,394)
Adjustments for compensated absences	<u>(866,706)</u>
Net position beginning of year, as restated	<u><u>\$ (77,161,100)</u></u>

**9. SUBSEQUENT EVENTS**

The District has evaluated subsequent events through October 2, 2025, which is the date these financial statements were available to be issued. All subsequent events requiring recognition as of June 30, 2025 have been incorporated into these statements herein.

**Required Supplementary Information**  
**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Equity -**  
**Budget and Actual - General Fund**  
**For The Year Ended June 30, 2025**

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Revenues</u>	<u>Over (Under)</u> <u>Revised</u> <u>Budget</u>
<b>REVENUES</b>				
<b>Local Sources -</b>				
Real property taxes	\$ 11,068,886	\$ 11,068,885	\$ 10,238,369	\$ (830,516)
Real property tax items	10,000	10,000	846,889	836,889
Charges for services	28,500	28,500	807,264	778,764
Use of money and property	102,000	102,000	156,227	54,227
Sale of property and compensation for loss	1,000	1,000	-	(1,000)
Miscellaneous	443,000	460,175	1,096,381	636,206
<b>State Sources -</b>				
Basic formula	10,833,447	10,833,447	9,445,214	(1,388,233)
Lottery aid	-	-	1,379,143	1,379,143
BOCES	939,976	939,976	791,835	(148,141)
Textbooks	56,081	56,081	42,989	(13,092)
<b>All Other Aid -</b>				
Computer software	9,372	9,372	20,317	10,945
Library loan	-	-	4,562	4,562
Other aid	-	50,000	50,000	-
<b>Federal Sources</b>	<u>100,000</u>	<u>100,000</u>	<u>155,558</u>	<u>55,558</u>
<b>TOTAL REVENUES</b>	<u>\$ 23,592,262</u>	<u>\$ 23,659,436</u>	<u>\$ 25,034,748</u>	<u>\$ 1,375,312</u>
<b>Other Sources -</b>				
Transfer - in	\$ -	\$ -	\$ 450,000	\$ 450,000
<b>TOTAL REVENUES AND OTHER SOURCES</b>	<u>\$ 23,592,262</u>	<u>\$ 23,659,436</u>	<u>\$ 25,484,748</u>	<u>\$ 1,825,312</u>
Appropriated reserves	<u>\$ 940,000</u>	<u>\$ 940,000</u>		
Appropriated fund equity	<u>\$ 1,257,000</u>	<u>\$ 1,257,000</u>		
Prior year encumbrances	<u>\$ 1,750</u>	<u>\$ 1,750</u>		
<b>TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND EQUITY</b>	<u><u>\$ 25,791,012</u></u>	<u><u>\$ 25,858,186</u></u>		

**Required Supplementary Information**  
**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Schedule of Revenues, Expenditures and Changes in Fund Equity -**  
**Budget and Actual - General Fund**  
**For The Year Ended June 30, 2025**

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
<b>EXPENDITURES</b>					
<b>General Support -</b>					
Board of education	\$ 22,479	\$ 22,957	\$ 21,246	\$ -	\$ 1,711
Central administration	195,036	190,121	189,275	-	846
Finance	375,023	407,415	383,838	-	23,577
Staff	171,600	192,600	179,412	-	13,188
Central services	1,263,993	1,335,110	1,204,379	45,881	84,850
Special items	187,667	186,119	181,304	-	4,815
<b>Instructional -</b>					
Instruction, administration and improvement	505,418	489,272	484,335	-	4,937
Teaching - regular school	5,059,714	5,263,948	5,112,896	1,500	149,552
Programs for children with handicapping conditions	3,560,767	3,177,454	3,100,281	322	76,851
Occupational education	680,000	692,704	692,684	-	20
Teaching - special schools	-	15,715	15,715	-	-
Instructional media	833,669	633,009	548,213	-	84,796
Pupil services	1,084,290	1,099,823	1,003,259	931	95,633
<b>Pupil Transportation</b>	1,495,442	1,496,322	1,378,016	-	118,306
<b>Employee Benefits</b>	7,245,825	7,366,337	7,188,198	-	178,139
<b>Debt service - principal</b>	2,656,526	2,783,956	2,783,955	-	1
<b>Debt service - interest</b>	353,563	358,892	358,890	-	2
<b>TOTAL EXPENDITURES</b>	<u>\$ 25,691,012</u>	<u>\$ 25,711,754</u>	<u>\$ 24,825,896</u>	<u>\$ 48,634</u>	<u>\$ 837,224</u>
<b>Other Uses -</b>					
Transfers - out	\$ 100,000	\$ 146,432	\$ 146,432	\$ -	\$ -
<b>TOTAL EXPENDITURES AND OTHER USES</b>	<u>\$ 25,791,012</u>	<u>\$ 25,858,186</u>	<u>\$ 24,972,328</u>	<u>\$ 48,634</u>	<u>\$ 837,224</u>
<b>NET CHANGE IN FUND EQUITY</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 512,420</u>		
<b>FUND EQUITY, BEGINNING OF YEAR</b>	<u>3,305,200</u>	<u>3,305,200</u>	<u>3,305,200</u>		
<b>FUND EQUITY, END OF YEAR</b>	<u><u>\$ 3,305,200</u></u>	<u><u>\$ 3,305,200</u></u>	<u><u>\$ 3,817,620</u></u>		

**Required Supplementary Information**  
**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Schedule of Changes in Total OPEB Liability**  
**For The Year Ended June 30, 2025**

<b>TOTAL OPEB LIABILITY</b>								
	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 2,876,749	\$ 2,831,104	\$ 3,155,695	\$ 4,663,513	\$ 3,751,502	\$ 2,416,530	\$ 1,945,639	\$ 2,029,182
Interest	4,210,583	4,004,443	3,310,380	2,504,785	2,184,453	2,622,641	2,123,313	1,934,351
Changes in benefit terms	(1,144,477)	-	849,833	-	-	-	(2,436,966)	-
Differences between expected and actual experiences	(18,294,250)	63,487	5,851,174	380,433	8,886,160	815,620	12,440,884	-
Changes of assumptions or other inputs	(7,582,682)	(1,288,049)	(6,585,225)	(25,681,075)	4,246,747	19,856,463	8,089,205	(2,750,457)
Benefit payments	<u>(2,481,403)</u>	<u>(2,721,972)</u>	<u>(2,902,204)</u>	<u>(2,725,553)</u>	<u>(2,997,891)</u>	<u>(2,836,681)</u>	<u>(2,721,617)</u>	<u>(1,953,978)</u>
<b>Net Change in Total OPEB Liability</b>	<b>\$ (22,415,480)</b>	<b>\$ 2,889,013</b>	<b>\$ 3,679,653</b>	<b>\$ (20,857,897)</b>	<b>\$ 16,070,971</b>	<b>\$ 22,874,573</b>	<b>\$ 19,440,458</b>	<b>\$ (740,902)</b>
<b>Total OPEB Liability - Beginning</b>	<b>\$ 98,365,004</b>	<b>\$ 95,475,991</b>	<b>\$ 91,796,338</b>	<b>\$ 112,654,235</b>	<b>\$ 96,583,264</b>	<b>\$ 73,708,691</b>	<b>\$ 54,268,233</b>	<b>\$ 55,009,135</b>
<b>Total OPEB Liability - Ending</b>	<b>\$ 75,949,524</b>	<b>\$ 98,365,004</b>	<b>\$ 95,475,991</b>	<b>\$ 91,796,338</b>	<b>\$ 112,654,235</b>	<b>\$ 96,583,264</b>	<b>\$ 73,708,691</b>	<b>\$ 54,268,233</b>
Covered Employee Payroll	\$ 8,935,335	\$ 10,789,183	\$ 10,616,635	\$ 10,616,365	\$ 9,365,847	\$ 9,820,499	\$ 7,717,249	\$ 9,159,843
Total OPEB Liability as a Percentage of Covered Employee Payroll	849.99%	911.70%	899.31%	864.67%	1202.82%	983.49%	955.12%	592.46%

10 years of historical information is not available, and will be added each year subsequent to the year of implementation until 10 years of historical data is present.

**Required Supplementary Information**  
**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Schedules of the Proportionate Share of the Net Pension (Liability) Asset**  
**For The Year Ended June 30, 2025**

**NYSERS Pension Plan**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.0082%	0.0096%	0.0100%	0.0084%	0.0090%	0.0093%	0.0092%	0.0095%	0.0085%	0.0090%
Proportionate share of the net pension liability (assets)	\$ (1,414,438)	\$ (1,410,170)	\$ 2,152,300	\$ (690,600)	\$ 9,000	\$ 2,455,200	\$ 655,200	\$ 307,800	\$ 798,300	\$ 1,440,900
Covered-employee payroll	\$ 2,942,239	\$ 2,973,471	\$ 2,781,900	\$ 2,454,800	\$ 2,644,600	\$ 2,613,800	\$ 2,500,700	\$ 2,537,700	\$ 2,150,800	\$ 2,336,500
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-48.07%	-47.43%	77.37%	-28.13%	0.34%	93.93%	26.20%	12.13%	37.12%	61.67%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%

**NYSTRS Pension Plan**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Proportion of the net pension liability (assets)	0.0391%	0.0401%	0.0426%	0.0418%	0.0405%	0.0399%	0.0386%	0.0377%	0.0379%	0.0378%
Proportionate share of the net pension liability (assets)	\$ (1,167,375)	\$ 458,530	\$ 817,300	\$ (7,244,700)	\$ 1,118,600	\$ (1,037,000)	\$ (698,200)	\$ (286,300)	\$ 405,800	\$ (3,923,300)
Covered-employee payroll	\$ 7,003,078	\$ 7,598,956	\$ 7,405,400	\$ 7,545,400	\$ 7,096,000	\$ 6,870,900	\$ 6,662,800	\$ 6,289,700	\$ 5,968,600	\$ 5,845,900
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	-16.67%	6.03%	11.04%	-96.01%	15.76%	-15.09%	-10.48%	-4.55%	6.80%	-67.11%
Plan fiduciary net position as a percentage of the total pension liability	102.10%	99.20%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%

**Required Supplementary Information**  
**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Schedules of District Contributions**  
**For The Year Ended June 30, 2025**

**NYSERS Pension Plan**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 419,822	\$ 342,690	\$ 354,200	\$ 267,200	\$ 399,500	\$ 357,600	\$ 344,800	\$ 328,700	\$ 326,300	\$ 356,800
Contributions in relation to the contractually required contribution	<u>(419,822)</u>	<u>(342,690)</u>	<u>(354,200)</u>	<u>(267,200)</u>	<u>(399,500)</u>	<u>(357,600)</u>	<u>(344,800)</u>	<u>(328,700)</u>	<u>(326,300)</u>	<u>(356,800)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 2,942,239	\$ 2,973,471	\$ 2,781,900	\$ 2,454,800	\$ 2,644,600	\$ 2,613,800	\$ 2,500,700	\$ 2,537,700	\$ 2,150,800	\$ 2,336,500
Contributions as a percentage of covered-employee payroll	14.27%	11.52%	12.73%	10.88%	15.11%	13.68%	13.79%	12.95%	15.17%	15.27%

**NYSTRS Pension Plan**

	<u>2025</u>	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>
Contractually required contributions	\$ 729,130	\$ 762,011	\$ 762,000	\$ 739,500	\$ 676,200	\$ 707,600	\$ 616,400	\$ 699,500	\$ 775,200	\$ 994,600
Contributions in relation to the contractually required contribution	<u>(729,130)</u>	<u>(762,011)</u>	<u>(762,000)</u>	<u>(739,500)</u>	<u>(676,200)</u>	<u>(707,600)</u>	<u>(616,400)</u>	<u>(699,500)</u>	<u>(775,200)</u>	<u>(994,600)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 7,003,078	\$ 7,598,956	\$ 7,405,400	\$ 7,545,400	\$ 7,096,000	\$ 6,870,900	\$ 6,662,800	\$ 6,289,700	\$ 5,968,600	\$ 5,845,900
Contributions as a percentage of covered-employee payroll	10.41%	10.03%	10.29%	9.80%	9.53%	10.30%	9.25%	11.12%	12.99%	17.01%

**Supplementary Information**  
**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Schedule of Changes From Adopted Budget To Final Budget**  
**And The Schedule of Real Property Tax Limit**  
**For The Year Ended June 30, 2025**

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:**

Adopted budget	\$ 25,789,262
Prior year's encumbrances	1,750
<b>Original Budget</b>	<b>\$ 25,791,012</b>
Budget revisions -	
Grant	50,000
BOCES regional summer school	17,174
<b>FINAL BUDGET</b>	<b>\$ 25,858,186</b>

**SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:**

2025-26 voter approved expenditure budget	\$ 24,737,328
<u>Unrestricted fund equity:</u>	
Assigned fund equity	\$ 1,248,634
Unassigned fund equity	1,210,673
Total Unrestricted fund equity	<b>\$ 2,459,307</b>
<u>Less adjustments:</u>	
Appropriated fund equity	\$ 1,200,000
Encumbrances included in assigned fund equity	48,634
Total adjustments	<b>\$ 1,248,634</b>
General fund equity subject to Section 1318 of	
Real Property Tax Law	1,210,673
<b>ACTUAL PERCENTAGE</b>	<b>4.89%</b>

Supplementary Information  
**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Schedule of Project Expenditures - Capital Projects Fund**  
**For The Year Ended June 30, 2025**

<u>Project Title</u>	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Expenditures</u>			<u>Unexpended Balance</u>	<u>Methods of Financing</u>			<u>Fund Equity</u>	
			<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local Sources</u>	<u>State Sources</u>		<u>Total</u>
District-wide - Construction	\$ -	\$ -	\$ 19,862,370	\$ -	\$ 19,862,370	\$ (19,862,370)	\$ 17,605,000	\$ 2,182,931	\$ -	\$ 19,787,931	\$ (74,439)
District-wide - Buses	-	-	151,155	303,308	454,463	(454,463)	493,793	17	-	493,810	39,347
Leases			77,056	-	77,056	(77,056)	-	77,056		77,056	-
<b>TOTAL</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 20,090,581</b>	<b>\$ 303,308</b>	<b>\$ 20,393,889</b>	<b>\$ (20,393,889)</b>	<b>\$ 18,098,793</b>	<b>\$ 2,260,004</b>	<b>\$ -</b>	<b>\$ 20,358,797</b>	<b>\$ (35,092)</b>

**Supplementary Information**  
**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT**  
**Schedule of Net Investment in Capital and Lease Assets**  
**June 30, 2025**

<b>Capital and lease assets, net</b>		\$ 33,714,693
 <b>Add:</b>		
Cash on hand	\$ 1,823	1,823
 <b>Deduct:</b>		
Bond payable	\$ 15,300,016	
Installment purchase debt	167,752	
Unamortized bond premium	259,393	
Lease Liability	91,192	15,818,353
 <b>Net Investment in Capital and Lease Assets</b>		 <b>\$ 17,898,163</b>



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

The President and Members  
of the Board of Education of  
Berne-Knox-Westerlo Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the government activities and each major fund of Berne-Knox-Westerlo Central School District (the "District"), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements and have issued our report thereon dated October 2, 2025.

***Report on Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) 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 the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District's internal control.

*A deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the 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 considered to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified.

### ***Report on Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants agreements, noncompliance with which could have a direct and material effect on the financial statement. 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 one instance of noncompliance or other matters that are required to be reported under *Government Auditing Standards*, that are described in the accompanying schedule of findings as item 2025-001.

### **District's Response to the Findings**

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

### **Purpose of this Report**

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

*Mengel, Metzger, Baw & Co. LLP*

Latham, NY  
October 2, 2025

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
SCHEDULE FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2025**

**Section I - Summary of Auditor's Results**

**Financial Statements**

Type of auditor's report issued	unmodified
Internal control over financial reporting:	
• Material weakness(es) identified?	___yes <u>  X  </u> no
• Significant deficiency(ies) identified?	___yes <u>  X  </u> none reported
Noncompliance material to financial statements noted?	<u>  X  </u> yes    ___no
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	___yes <u>  X  </u> no

**Section II: Financial Statement Findings**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

Noncompliance Material to Financial Statements

2025-001      Compliance with New York State Real Property Tax Law

*Statement of Condition:* The unassigned fund balance of the general fund exceeds 4% of the 25/26 general fund budget by \$221,180.

*Criteria:* NYS Real Property Tax Law 1318 limits the amount of unassigned fund balance a District can have to no more than 4% of the general fund budget for the ensuing fiscal year.

*Cause:* The cumulative effect of expenditures being significantly under budget.

*Effect of Condition:* The District was not in compliance with Real Property Tax Law.

*Context:* As part of audit procedures, compliance with NYS Real Property Tax Law 1318 limits is reviewed.

*Recommendation:* The District should develop a plan regarding how to address the use of the excess in future years.

*View of responsible officials and planned corrective actions:* The District acknowledges the audit finding regarding the unassigned fund balance exceeding the 4% statutory limit set forth in New York State Real Property Tax Law §1318.

The current fund balance position reflects a period of financial stabilization and recovery following several years of fiscal challenges. During this time, the District experienced significant depletion of its reserve funds and appropriated fund balance. Additionally, the adoption of a contingent budget further limited financial flexibility and reduced the District's ability to respond to unexpected needs.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
SCHEDULE FINDINGS AND RESPONSES  
FOR THE YEAR ENDED JUNE 30, 2025**

**Section II: Financial Statement Findings**

*Findings related to the financial statements which are required to be reported in accordance with Government Auditing Standards:*

Noncompliance Material to Financial Statements

*View of responsible officials and planned corrective actions:* The excess fund balance noted in the audit was the result of deliberate, conservative budgeting practices aimed at restoring the District's fiscal health, rebuilding reserves, and ensuring long-term sustainability without placing additional burden on taxpayers.

**Corrective Action Plan:**

1. **Reserve Restoration Strategy:**  
The District is currently in the process of replenishing critical reserve funds (e.g., capital, retirement contribution, and repair reserves) to ensure financial resilience moving forward.
2. **Improved Budgeting and Forecasting:**  
We are enhancing our budget development and forecasting processes to ensure alignment with actual financial trends, enabling more accurate projections and compliance with the 4% limitation.
3. **Board Oversight and Fiscal Planning:**  
The Board of Education, in partnership with the Audit Committee, will continue to monitor fund balance levels throughout the year and consider appropriate, lawful uses for excess funds, such as funding reserves or offsetting future tax levies.
4. **Commitment to Compliance:**  
The District is fully committed to bringing the unassigned fund balance into compliance and avoiding recurrence, while continuing to ensure the financial stability necessary to meet the educational needs of our students and community.

We appreciate the audit's findings and recommendations and remain committed to sound financial management practices that align with legal requirements and community expectations.

**BERNE-KNOX-WESTERLO CENTRAL SCHOOL DISTRICT  
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2025**

**Section III: Summary of Prior Audit Findings**

2024-001 Claims Auditor Reporting Procedure

Status: This item was corrected during the 24/25 school year.

2024-002 Audit Adjustments

Status: This item was corrected during the 24/25 school year.

2024-003 Compensated Absences

Status: This item was corrected during the 24/25 school year with the implementation of GASB 101.

2024-004 Information Technology Access

Status: This item was corrected during the 24/25 school year.

2024-005 Compliance with Net Cash Resources and Negative Fund Balance for Child Nutrition

Status: This item was corrected during the 24/25 school year.