

PRELIMINARY OFFICIAL STATEMENT

NEW/RENEWAL ISSUE

BOND ANTICIPATION NOTES

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

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

**\$2,934,000**

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT  
JEFFERSON COUNTY, NEW YORK**



**GENERAL OBLIGATIONS  
CUSIP BASE #: 187000**

**\$2,934,000 Bond Anticipation Notes, 2026 (Renewals)  
(the "Notes")**

**Dated: June 25, 2026**

**Due: June 25, 2027**

The Notes are general obligations of the Sackets Harbor Central School District, Jefferson County, New York (the "District"). 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 are not subject to redemption prior to maturity.**

At the option of the purchaser(s), the Notes will be issued in (i) registered certificated form registered in the name of the purchaser(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District. The Notes will be issued in denominations of \$5,000 or multiples thereof, except one necessary odd denomination with respect to the Series A Notes. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

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

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

**ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com) on June 11, 2026 by no later than 10:30 A.M., Eastern Time, pursuant to the Notice of Sale. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.**

June 4, 2026

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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT  
JEFFERSON COUNTY, NEW YORK**

**SCHOOL DISTRICT OFFICIALS**

**2025-2026 BOARD OF EDUCATION**

DAVID ALTIERI  
President



CHERYL CHAIF  
Vice President

TRAVIS DOWNEY  
MARK MALONE  
BRIAN ROBBINS

\* \* \* \* \*

JENNIFER L. GAFFNEY  
Superintendent of Schools

JENNIFER DEFOREST  
District Clerk

AUDREY STEVENSON  
Business Official/Treasurer



FISCAL ADVISORS & MARKETING, INC.  
Municipal Advisor

**WJ MARQUARDT** PLLC  
Bond Counsel

No person has been authorized by the Sackets Harbor Central School District to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Sackets Harbor Central School District.

## TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
<b>NATURE OF OBLIGATION</b> .....	1	<b>SPECIAL PROVISIONS AFFECTING</b>	
<b>THE NOTES</b> .....	2	<b>REMEDIES UPON DEFAULT</b> .....	24
Description of the Notes .....	2	<b>MARKET AND RISK FACTORS</b> .....	25
No Optional Redemption.....	3	<b>TAX MATTERS</b> .....	26
Purpose of Issue .....	3	<b>LEGAL MATTERS</b> .....	27
<b>BOOK-ENTRY-ONLY SYSTEM</b> .....	3	<b>LITIGATION</b> .....	27
Certificated Notes.....	4	<b>CONTINUING DISCLOSURE</b> .....	27
<b>THE SCHOOL DISTRICT</b> .....	5	Historical Compliance.....	27
General Information .....	5	<b>MUNICIPAL ADVISOR</b> .....	27
District Population .....	5	<b>CUSIP IDENTIFICATION NUMBERS</b> .....	27
Selected Wealth and Income Indicators .....	5	<b>RATINGS</b> .....	27
Larger Employers.....	6	<b>MISCELLANEOUS</b> .....	28
Unemployment Rate Statistics .....	6	<b>APPENDIX – A</b>	
Financial Organization .....	6	<b>GENERAL FUND - Balance Sheets</b>	
Form of School Government.....	6	<b>APPENDIX – A1</b>	
Budgetary Procedures .....	6	<b>GENERAL FUND – Revenues, Expenditures and</b>	
Investment Policy .....	7	<b>Changes in Fund Balance</b>	
State Aid.....	7	<b>APPENDIX – A2</b>	
State Aid Revenues .....	11	<b>GENERAL FUND – Revenues, Expenditures and</b>	
District Facilities .....	11	<b>Changes in Fund Balance - Budget and Actual</b>	
Enrollment Trends.....	11	<b>APPENDIX – B</b>	
Employees.....	11	<b>BONDED DEBT SERVICE</b>	
Status and Financing of Employee Pension Benefits .....	12	<b>APPENDIX – B1</b>	
Other Post-Employment Benefits.....	14	<b>CURRENT BONDS OUTSTANDING</b>	
Other Information.....	15	<b>APPENDIX – C</b>	
Financial Statements .....	15	<b>MATERIAL EVENT NOTICES</b>	
New York State Comptroller Reports of Examination.....	15	<b>APPENDIX – D</b>	
The State Comptroller’s Fiscal Stress Monitoring System...	16	<b>AUDITED FINANCIAL STATEMENTS</b>	
<b>TAX INFORMATION</b> .....	17	<b>For the Fiscal Year Ending June 30, 2025</b>	
Taxable Assessed Valuations .....	17	<b>APPENDIX – E</b>	
Tax Rate Per \$1,000 (Assessed).....	17	<b>FORM OF BOND COUNSEL’S OPINION</b>	
Tax Collection Procedure.....	17		
Tax Levy and Tax Collection Record.....	17		
Larger Taxpayers 2025 for 2025-26 Tax Roll.....	18		
Real Property Tax Revenues .....	18		
STAR – School Tax Exemption .....	18		
Additional Tax Information.....	19		
<b>TAX LEVY LIMITATION LAW</b> .....	19		
<b>STATUS OF INDEBTEDNESS</b> .....	20		
Constitutional Requirements .....	20		
Statutory Procedure .....	21		
Debt Outstanding End of Fiscal Year.....	22		
Details of Outstanding Indebtedness .....	22		
Debt Statement Summary.....	22		
Bonded Debt Service.....	22		
Cash Flow Borrowings.....	23		
Capital Project Plans .....	23		
Estimated Overlapping Indebtedness .....	23		
Debt Ratios.....	24		

PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT**  
of the  
**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**  
**JEFFERSON COUNTY, NEW YORK**

**Relating To**  
**\$2,934,000 Bond Anticipation Notes, 2026 (renewals)**

This Official Statement, which includes the cover page, has been prepared by the Sackets Harbor Central School District, Jefferson County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$2,934,000 principal amount of Bond Anticipation Notes, 2026 (Renewals) (the "Notes").

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

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

**NATURE OF OBLIGATION**

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

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

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

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

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

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

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

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

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

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

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

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

## THE NOTES

### Description of the Notes

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

The Notes are to be dated June 25, 2026 and will 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.

The Notes will be issued in either (i) the name of the purchaser(s), as may be determined by the successful bidder(s) with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) at the option of the purchaser(s), registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

### **No Optional Redemption**

The Notes are not subject to redemption prior to maturity.

### **Purpose of Issue**

The Notes are issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education on September 17, 2024 authorizing the a capital improvement project at a cost not to exceed \$3,500,000, using \$500,000 Capital reserve Funds and the issuance of Serial Bonds and Notes in an amount not to exceed \$3,000,000.

On November 21, 2024 the District issued \$900,000 bond anticipation notes to mature on June 27, 2025, the proceeds of which provided \$900,000 of initial financing for the aforementioned project. On June 26, 2025 the District issued \$844,000 bond anticipation notes, the proceeds of which along with \$56,000 available funds of the District partially redeemed and renewed the bond anticipation notes that matured on June 27, 2025. On July 2, 2025 the District issued \$2,100,000 bond anticipation notes, proceeds of which provided \$2,100,000 in new money for the aforementioned project to fully exhaust the authorized borrowing amount.

A \$834,000 portion of the proceeds of the Notes will redeem and renew in part the outstanding \$844,000 bond anticipation notes which mature on June 26, 2026. The remaining \$2,100,000 portion of the proceeds of the Notes will redeem and renew in full the outstanding \$2,100,000 bond anticipation notes that mature on July 2, 2026.

### **BOOK-ENTRY-ONLY SYSTEM**

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

DTC, 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, National Securities Clearing Corporation 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 Bond ("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 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 School District. Under such circumstances, in the event that a successor depository is not obtained, bond and note certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company.

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

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

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

## **Certificated Notes**

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, except one necessary odd denomination. 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 the option of the purchaser, 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, with paying agent fees to be paid by the purchaser. The Notes will remain not subject to redemption prior to their stated final maturity date.

## **THE SCHOOL DISTRICT**

### **General Information**

The District, encompassing approximately 70 square miles, is located on the eastern shore of Lake Ontario, about 10 miles west of Watertown. Major highways serving the District include The New York State Thruway (I #90), State Route #690 and Route #81.

The District is primarily residential and commercial in nature. There are numerous commercial establishments located within the District, including many restaurants, marinas, a gas station/convenience, a dollar store and many other retail stores. Residential properties are mostly single-family homes, but there are apartment and condominium developments.

The District includes Houndsfield (including the Village of Sackets Harbor), a part of Henderson and a part of Adams. The population of the Village of Sackets Harbor, where the school is located, is approximately 1,500 persons year-round. The area enjoys substantial commerce from the tourism industry and during the summer, the population increases substantially. The Madison Barracks, a historic site, includes a 50-unit rental housing apartment complex described as “fair market housing”. It assists in meeting the Fort Drum housing needs. The development and infrastructure improvements of this area also include single family housing in sub-divided lots along the shore of Lake Ontario that were characterized as “high end” building lots. A smart farm platform, Agbotic, is growing and expanding its facilities with a mission as a carbon negative farm to create a healthier world where everyone has access to local organic food, and regenerative plant-based products while restoring the environment.

Police protection is afforded residents by Village, Town, County and State agencies. Fire protection is provided by various volunteer groups. Gas and electricity are furnished by National Grid. Sewer treatment is provided by the Village of Sackets Harbor.

Source: District officials.

### **District Population**

The population of the District is estimated to be 3,690. (Source: 2024 U.S. Census Bureau estimate.)

## Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Medium 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:						
Adams	\$ 24,398	\$ 28,353	\$ 39,187	\$ 61,154	\$ 83,574	\$104,792
Henderson	28,305	35,907	69,938	67,679	82,557	101,154
Hounsfield	28,733	36,960	47,335	71,827	88,623	107,813
County of:						
Jefferson	21,823	28,120	36,025	51,834	66,711	81,387
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 5-Year American Community Survey data.

## Larger Employers

The larger employers located within the area in and around the District include:

<u>Employer Name</u>	<u>Type</u>	<u>Number of Employees</u>
Lawman Heating & Cooling	Heating & Cooling	185
Sackets Harbor Central Schools	Education	80
Robbins Farm/Old McDonald's Farm	Farm	50
Village of Sackets Harbor	Municipality	27
Madison Barracks	Living Quarters	25

Source: District officials.

## Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Jefferson County	5.3%	8.4%	5.1%	4.1%	4.1%	4.4%	4.5%
New York State	3.9%	9.8%	7.1%	4.3%	4.0%	4.2%	4.3%

### 2026 Monthly Figures

	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Jefferson County	5.8%	6.3%	5.7%	N/A	N/A	N/A
New York State	4.7%	5.2%	4.4%	N/A	N/A	N/A

Note: Unemployment rates for the months of April, May, June 2026 are unavailable as of the date of this Official Statement.

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

## **Form of School Government**

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

## **Budgetary Procedures**

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

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

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

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 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 the qualified voters on May 20, 2025 by a vote of 209 to 43. The District’s budget for 2025-26 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 2.68%, which is equal to the District tax levy limit of 2.68%

The budget for the 2026-27 fiscal year was approved by the qualified voters on May 19, 2026 by a vote of 218 to 110. The District’s budget for 2026-27 exceeded the Tax Cap imposed by Chapter 97 of the Laws of 2011 and therefore required a 60% supermajority for approval. The budget called for a total tax levy increase of 7.90%, which exceeds the District tax levy limit of 4.12%

## 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 Bond 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:

- a) Obligations of the State of New York.
- b) Obligations of the United States Government, or any obligations for which principal and interest are fully guaranteed by the United States Government.
- c) Time Deposit Accounts placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law. (Banking Law Section 237(2) prohibits a savings bank from accepting a deposit from a local government. This also applies to savings and loan associations.)
- d) Transaction accounts (demand deposits) both interest bearing and non-interest bearing that do not require notice of withdrawal placed in a commercial bank authorized to do business in the State of New York, providing the account is collateralized as required by law.
- e) Certificates of Deposits placed in a commercial bank authorized to do business in the State of New York providing the Certificates are collateralized as required by law.
  1. Deposits in excess of the amount insured by the Federal Deposit Insurance Corporation will be secured in accordance with subdivision 3 of the General Municipal Law Section 10.
  2. The District may, in its discretion, authorize the bank designated for the deposit of District funds to arrange for the redeposit of such funds in one or more banking institutions, for the account of the District, through a deposit placement that meets the conditions set forth in General Municipal Law Section 10(2)(a)(ii).
- f) Securities purchased pursuant to a Repurchase Agreement whereby one-party purchases securities from a second party and the second party agrees to repurchase those same securities on a specific future date at an agreed return (the interest rate).

## 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 47.33% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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. With the exception of the State's fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, thirty-eight (38) days after the April 1 deadline, the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

#### *Federal Aid Received by the State*

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

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

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

#### *Building Aid*

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2026-27 preliminary building aid ratios, the District expects to receive State building aid of approximately 79.6% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

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

*School district fiscal year (2024-2025):* 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 includes approximately \$37.6 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of \$1.7 billion. The State's 2025-26 Budget provides an estimated \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. 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 grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State Aid) if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-26. Specifically, the State's 2025-26 Enacted Budget provides that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State's 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

As of the date of this Preliminary Official Statement, the State’s 2026-27 fiscal year budget has not yet been enacted. The State’s 2025-26 fiscal year ended on March 31, 2026 and since April 1, 2026 the State’s operations have been funded via short-term “extender” legislation.

The State’s 2026-27 Executive Budget includes \$39.3 billion in State funding to school districts for the 2026-27 school year, an estimated year-to-year funding increase of \$1.6 billion. The State’s 2026-27 Executive Budget includes \$27 billion in Foundation Aid, an increase of \$779 million from 2025-26, and includes a 1% minimum increase in Foundation Aid to all school districts. The State’s 2026-27 Executive Budget also includes an increase of \$561 million in Universal Pre-Kindergarten Aid to ensure universal full-day Pre-K for all four-year-olds in the State by the start of the State’s 2029 fiscal year.

### *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 Executive Budget: \$27 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 Budget 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 revenues of the District for the below fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total State Aid</u> <sup>(1)</sup>	<u>Percentage of Total Revenues Consisting Consisting of State Aid</u>
2020-2021	\$ 9,029,810	\$ 4,243,054	46.99%
2021-2022	8,981,014	4,399,622	48.99
2022-2023	9,394,271	4,563,295	48.58
2023-2024	9,773,087	4,765,491	48.76
2024-2025	9,661,790	4,490,954	46.48
2025-2026 (Budgeted)	9,643,452	4,583,708	47.53
2026-2027 (Budgeted)	10,350,939	4,898,599	47.33

<sup>(1)</sup> General Fund only.

Source: Audited Financial Statements for the 2020-2021 through 2024-2025 fiscal years and adopted budget for the 2025-2026 and 2026-2027 fiscal years. This table is not audited.

**District Facilities**

The District currently operates the following facilities:

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
Sackets Harbor Central School	K-12	600	1928, '52, '67, '93, '99 <sup>(1)</sup>

<sup>(1)</sup> The addition in 1993 added an Elementary Wing and the 1999 addition added a Second Wing and Gymnasium.

Source: District officials.

**Enrollment Trends**

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2021-2022	401	2026-2027	415
2022-2023	415	2027-2028	415
2023-2024	408	2028-2029	415
2024-2025	414	2029-2030	415
2025-2026	424	2030-2031	415

Source: District officials.

**Employees**

The District employs a total of approximately 80 employees, some of which are represented by the collective bargaining agent as listed below along with the respective date of expiration of the collective bargaining agreement.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
41	New York State United Teachers' (NYSUT)	June 30, 2027

Source: District officials.

## Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement 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 Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees 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 Governor and Legislative leaders have publicly discussed changes to Tier VI. There is no way to predict as of the date whether the Legislature will adopt, and the Governor will sign into law, changes to Tier VI.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2025-2026 and 2026-2027 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$ 136,439	\$ 252,307
2021-2022	109,305	273,829
2022-2023	100,538	292,809
2023-2024	129,957	275,832
2024-2025	159,856	320,311
2025-2026 (Budgeted)	192,395	328,593
2026-2027 (Budgeted)	199,020	272,807

Source: District records.

The annual required pension contribution is due February 1 annually 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 currently does not have early retirement incentive programs.

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

A chart of average ERS and TRS employer contribution rates as a percent of payroll (2020-21 to 2026-27) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-21	14.6%	9.53%
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 29, 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 as of June 30, 2022.

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, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

	Balance beginning at June 30:	2023	2024
<u>Changes for the year:</u>		<u>\$ 29,366,530</u>	<u>\$ 28,787,411</u>
Service cost		633,141	634,704
Interest		1,154,617	1,156,947
Changes in benefit terms		-	-
Differences between expected and actual experience			
Changes in assumptions or other inputs		(1,364,642)	(405,431)
Benefit payments		<u>(1,002,235)</u>	<u>(1,000,413)</u>
Net Changes		<u>\$ (579,119)</u>	<u>\$ 385,807</u>
	Balance ending at June 30:	2024	2025
		<u>\$ 28,787,411</u>	<u>\$ 29,173,218</u>

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

**Other Information**

The statutory authority for the power to spend money is the Education Law and the Local Finance Law.

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

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

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

**Financial Statements**

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2025 and may be found attached hereto as “APPENDIX – C” to this Continuing Disclosure Statement. Certain financial information of the District can be found attached as Appendices to the Continuing Disclosure Statement.

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

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

Bowers & Company CPAs PLLC, the independent auditor for the District, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Bowers & Company CPAs PLLC also has not performed any procedures relating to this Continuing Disclosure Statement.

## New York State Comptroller Reports of Examination

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

The State Comptroller's office conducted a Tax Levy Cap Review in April 2021 of the 2021-2022 Tax Cap calculation. On June 9, 2021, the office released a report indicating there were no findings.

Other than as mentioned above, there have been no State Comptroller's audits of the District released within the past five years, nor are there any that are currently in progress or pending release.

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

## The State Comptroller's Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2025	No Designation	8.3
2024	No Designation	16.7
2023	No Designation	0.0
2022	No Designation	0.0

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

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

## TAX INFORMATION

### 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:					
Adams	\$ 3,903,508	\$ 3,906,144	\$ 3,830,267	\$ 3,856,697	\$ 3,840,752
Henderson	10,598,314	10,714,897	10,674,959	10,724,749	11,073,669
Hounsfield	327,175,345	331,738,065	444,675,955	446,363,243	449,661,602
<b>Total Assessed Values</b>	<b>\$ 341,677,167</b>	<b>\$ 346,359,106</b>	<b>\$ 459,181,181</b>	<b>\$ 460,944,689</b>	<b>\$ 464,576,023</b>
State Equalization Rates					
Towns of:					
Adams	100.00%	95.00%	85.00%	85.00%	80.00%
Henderson	98.53%	90.39%	77.88%	72.95%	68.00%
Hounsfield	93.00%	84.00%	100.00%	91.00%	89.00%
<b>Total Taxable Full Valuation</b>	<b>\$ 366,461,388</b>	<b>\$ 410,892,072</b>	<b>\$ 462,889,084</b>	<b>\$ 509,747,855</b>	<b>\$ 526,323,502</b>

### 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:					
Adams	\$ 11.76	\$ 11.16	\$ 11.34	\$ 10.60	\$ 11.20
Henderson	11.93	11.73	12.37	12.35	13.17
Hounsfield	12.64	12.62	9.64	9.90	10.07

### Tax Collection Procedure

By contractual agreement with the County, the District has authorized the installment payment of School Tax levies. School taxes are levied September 1 each year and, if not paid in installments, such taxes must be paid in full by September 30.

The taxpayer may elect to pay in three monthly installments. The first installment is paid to the School Tax Collector by September 30 in an amount of one-third of the total tax levy, plus 2% service charge to the School Tax Collector. The second installment is due by October 31 and is paid to the County Treasurer. The third and final installment is due by November 30 and is payable to the County Treasurer. If any installment is incomplete, the installment agreement becomes void.

All unpaid taxes (either in full or in installments) as of October 31 are returned to the County Treasurer for collection. The County Treasurer must pay the amount of unpaid taxes to the School District no later than the forthcoming April 1, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

### Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tax Levy	\$ 4,308,165	\$ 4,355,655	\$ 4,460,408	\$ 4,592,045	\$ 4,715,174
Amount Uncollected <sup>(1)</sup>	418,298	555,359	432,318	441,515	506,605
% Uncollected	9.71%	12.75%	9.69%	9.61%	10.74%

<sup>(1)</sup> See "Tax Collection Procedure" herein.

## Larger Taxpayers 2025 Tax Roll for 2025-26

<u>Name</u>	<u>Type</u>	<u>Full Valuation</u>
National Grid	Utility	\$ 11,448,912
Fort Pike Commons Apartments	Apartments	8,021,000
Madison Barracks, LLC	Apartments	7,509,100
Jennifer E. Gaus	Commercial	5,896,800
Victorybase NY1 LLC	Commercial	5,181,800
North Harbor Dairy	Commercial	4,996,100
Galloo Island Farms LLC	Commercial	4,946,900
103 General Smith LLC	Commercial	2,971,500
Maurer Trustee, Claudia	Commercial	2,700,600
Richard Cunha	Commercial	2,614,600

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

The ten larger taxpayers have a total full valuation of \$56,287,312, which represents 10.69% of the tax base of the District for the 2025-2026 fiscal year.

Source: District tax rolls.

## Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2020-2021	\$ 9,029,810	\$ 4,328,300	47.93%
2021-2022	8,981,014	4,333,672	48.25
2022-2023	9,394,271	4,384,079	46.67
2023-2024	9,773,087	4,468,093	45.72
2024-2025	9,661,790	4,602,384	47.63
2025-2026 (Budgeted)	9,643,452	4,715,174	48.90
2026-2027 (Budgeted)	10,350,939	5,087,673	49.15

Source: Audited Financial Statements for the 2020-2021 through 2024-2025 fiscal years and adopted budgets for the 2025-2026 and 2026-2027 fiscal years. This table is not audited.

## STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$107,300 or less for the 2025-26 school year, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$86,100 for the 2025-26 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

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 table below lists the basic and enhanced exemption amounts for the 2026-27 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>
Adams	\$ 70,800	\$ 24,000	4/10/2026
Henderson	60,180	20,400	4/10/2026
Hounsfield	78,770	26,700	4/10/2026

\$207,307 of the District’s \$4,715,174 school tax levy for the 2025-2026 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2026.

The expected STAR exemption for the Districts projected \$5,087,673 school tax levy for the 2026-2027 fiscal year is expected to be available in August 2026. Once determined, the District expects to receive full reimbursement of such exempt taxes from the State in January 2027.

**Additional Tax Information**

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

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

Total assessed valuation of the District is estimated to be categorized as follows: 66.5% residential, 17.8% commercial/industrial/agricultural, and 15.7% public service/community service/recreational/wild/vacant.

The estimated total annual property tax bill of a \$100,000 tax assessed residential property located in the Sackets Harbor Village is approximately \$2,069 including County, Town, Village and School District taxes.

**TAX LEVY LIMITATION LAW**

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

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

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

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

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

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

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

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

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

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

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

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

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

### Statutory Procedure

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

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

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

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

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

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

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

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

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

**Debt Outstanding End of Fiscal Year**

<u>Fiscal Years Ending June 30<sup>th</sup>:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 1,268,087	\$ 6,025,707	\$ 5,510,886	\$ 4,939,235	\$ 4,824,592
Bond Anticipation Notes	<u>5,895,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>844,000</u>
Total Debt Outstanding	<u>\$ 7,165,707</u>	<u>\$ 6,025,707</u>	<u>\$ 5,510,886</u>	<u>\$ 4,939,235</u>	<u>\$ 5,668,592</u>

**Details of Outstanding Indebtedness**

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

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2026-2036	\$ 4,691,040
<u>Bond Anticipation Notes</u>		
Capital Project	June 26, 2026	844,000 <sup>(1)</sup>
Capital Project	July 2, 2026	<u>2,100,000</u> <sup>(2)</sup>
	Total Indebtedness	<u>\$ 7,635,040</u>

- (1) To be redeemed and renewed in part with a \$834,000 portion of the proceeds of the Notes and \$10,000 available funds of the District.
- (2) To be redeemed and renewed in full with a \$2,100,000 portion of the proceeds of the Notes.

## Debt Statement Summary

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

Full Valuation of Taxable Real Property .....	\$ 526,323,502
Debt Limit 10% thereof .....	52,632,350

### Inclusions:

Bonds .....	\$ 4,691,404
Bond Anticipation Notes (BANs): .....	<u>2,944,000</u>
Total Inclusions prior to issuance of the Notes .....	<u>7,635,040</u>
Less: BANs being redeemed from appropriations .....	10,000
Add: New money proceeds of the Notes .....	<u>0</u>
Total Net Inclusions after issuance of the Notes .....	\$ <u>7,625,040</u>

### Exclusions:

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

Total Net Indebtedness <u>after issuance of the Notes</u> .....	\$ <u>7,625,040</u>
Net Debt-Contracting Margin .....	\$ <u>45,007,310</u>
The percent of debt contracting power exhausted is .....	14.49%

- (1) Based on preliminary 2026-2027 building aid estimates, the District anticipates State Building aid of 79.6% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates; however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

## Bonded Debt Service

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

## Cash Flow Borrowings

The District, historically, does not issue tax anticipation notes and/or revenue anticipation notes, and does not plan to issue such notes in the foreseeable future.

## Capital Project Plans

The District annually issues serial bonds for the purchase of buses. On May 19, 2026 the qualified voters of the District approved the issuance of serial bonds in an amount not to exceed \$202,620 for the purchase of school buses. The District anticipations issuing serial bonds for this purpose in fall of 2026.

On September 12, 2024, the qualified voters of the District approved a \$3.5 million capital project that will be funded with \$500,000 from the Capital Reserve with the remainder funded through debt issuance. The project is an infrastructure project with no new additions. It is expected to have a bid date in May, 2025 and substantial completion in the Fall of 2026. The District issued \$900,000 bond anticipation notes as the first borrowing against the above authorization on November 21, 2024. On June 26, 2025 the District issued \$844,000 bond anticipation notes, the proceeds of which along with \$56,000 in available funds redeemed and renewed in part the outstanding \$900,000 bond anticipation notes. On July 2, 2025 the District issued \$2,100,000 bond anticipation notes as new money to fully exhaust the borrowing authorization for the aforementioned project. A \$834,000 portion of the proceeds of the Notes along with \$10,000 in available funds of the District will redeem and renew in part the outstanding \$844,000 bond anticipation notes that mature on June 26, 2026. A \$2,100,000 portion of the proceeds of the notes will redeem and renew in full the outstanding \$2,100,000 bond anticipation notes that mature on July 2, 2026.

Other than as stated above, there are no other capital projects authorized or unissued by the District, nor are any contemplated.

## Estimated Overlapping Indebtedness

In addition to the 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 District. The estimated outstanding indebtedness of such political subdivisions is as follows:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:				
Jefferson	12/31/2024	\$ 14,931,492	4.40%	\$ 656,986
Town of:				
Adams	12/31/2024	986,600	1.29%	12,727
Henderson	12/31/2024	3,112,443	3.16%	98,353
Hounsfield	12/31/2024	6,393,697	90.75%	5,802,280
Village of:				
Sackets Harbor	5/31/2025	-	100.00%	-
Total:				<u>\$ 6,570,346</u>

<sup>(1)</sup> Outstanding bonds and bond anticipation notes. 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 net 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> .....	\$ 7,625,040	\$ 2,066.41	1.45%
Net Indebtedness Plus Net Overlapping Indebtedness <sup>(c)</sup> .....	14,195,386	3,846.99	2.70

<sup>(a)</sup> The current estimated population of the District is 3,690. (See "THE SCHOOL DISTRICT - Population" herein.)

<sup>(b)</sup> The District's full value of taxable real estate for the 2025-2026 fiscal year is \$509,747,855. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

<sup>(c)</sup> See "Debt Statement Summary" for the Calculation of Net Indebtedness, herein.

<sup>(d)</sup> The District's applicable share of Net Overlapping Indebtedness is estimated to be \$6,570,346. (See "Estimated Overlapping Indebtedness" herein.)

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

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

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

## **MARKET AND RISK FACTORS**

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

The financial condition of the 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.

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

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

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

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

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been advanced that would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of WJ Marquardt PLLC, Bond Counsel. Bond Counsel’s opinion will be in substantially the form attached hereto as “APPENDIX – E”.

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

## LITIGATION

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

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

## CONTINUING DISCLOSURE

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

## Historical Compliance

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

## MUNICIPAL ADVISOR

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

## CUSIP IDENTIFICATION NUMBERS

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

## RATINGS

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

The District does not currently have an underlying rating on any outstanding bonds.

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

## MISCELLANEOUS

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

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

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

WJ Marquardt PLLC, Skaneateles, 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 contact information is as follows: Audrey Stevenson, Business Official, Sackets Harbor Central School District, District Offices, 215 South Broad Street, Sackets Harbor, New York 13685, Phone: (315) 646-3575, Fax: (315) 646-1038, Email: [astevenson@sacketspatriots.org](mailto:astevenson@sacketspatriots.org).

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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**Dated: June 4, 2026**

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

**GENERAL FUND**

**Balance Sheets**

Fiscal Years Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b><u>ASSETS</u></b>					
Cash	\$ 781,457	\$ 1,009,303	\$ 904,569	\$ 912,950	\$ 974,189
Restricted Cash	1,675,222	1,956,060	2,326,562	2,450,031	1,970,014
Accounts Receivable	-	-	-	24,379	7,175
Due from Other Funds	186,004	66,758	174,086	313,654	74,901
Due from Other Governments	159,209	246,475	140,895	166,197	161,045
State and Federal Aid Receivable	384,207	62,979	80,609	101,210	86,939
Other	5,626	12,208	6,250	-	235,240
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS	<u>\$ 3,191,725</u>	<u>\$ 3,353,783</u>	<u>\$ 3,632,971</u>	<u>\$ 3,968,421</u>	<u>\$ 3,509,503</u>
 <b><u>LIABILITIES AND FUND EQUITY</u></b>					
Accrued Liabilities	\$ 25,316	\$ 60,890	\$ 78,036	\$ 38,305	\$ 41,472
Accounts Payable	-	-	-	88,918	98,301
Due to Other Funds	5,408	19,995	-	19,077	-
Due to Teachers' Retirement System	296,734	339,810	358,243	319,252	370,908
Due to Employees' Retirement System	52,629	34,056	33,849	38,280	46,885
Deferred Revenues	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL LIABILITIES	<u>380,087</u>	<u>454,751</u>	<u>470,128</u>	<u>503,832</u>	<u>557,566</u>
 <b><u>FUND EQUITY</u></b>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted	1,675,222	1,956,060	2,326,562	2,450,031	1,970,014
Assigned	385,000	590,000	475,000	837,770	762,093
Unassigned	751,416	352,972	361,281	176,788	219,830
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL FUND EQUITY	<u>2,811,638</u>	<u>2,899,032</u>	<u>3,162,843</u>	<u>3,464,589</u>	<u>2,951,937</u>
 TOTAL LIABILITIES and FUND EQUITY	 <u>\$ 3,191,725</u>	 <u>\$ 3,353,783</u>	 <u>\$ 3,632,971</u>	 <u>\$ 3,968,421</u>	 <u>\$ 3,509,503</u>

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

**GENERAL FUND**

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

Fiscal Years Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 4,020,051	\$ 4,037,900	\$ 4,099,603	\$ 4,223,260	\$ 4,364,078
Other Tax Items	308,249	295,770	284,477	242,814	238,306
Charges for Services	-	-	72	126	115
Use of Money & Property	1,371	1,884	136,790	209,115	181,170
Sale of Property and Compensation for Loss	15,751	16,934	8,686	89,690	41,859
Miscellaneous	160,139	93,182	164,248	136,041	284,540
Interfund Revenues	-	17,833	-	-	-
Revenues from State Sources	4,243,054	4,399,622	4,563,295	4,765,491	4,490,954
Revenues from Federal Sources	281,195	117,889	124,190	93,640	60,768
<b>Total Revenues</b>	<u>\$ 9,029,810</u>	<u>\$ 8,981,014</u>	<u>\$ 9,381,361</u>	<u>\$ 9,760,177</u>	<u>\$ 9,661,790</u>
Other Sources:					
Interfund Transfers	-	-	12,910	12,910	25,034
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
<b>Total Revenues and Other Sources</b>	<u>9,029,810</u>	<u>8,981,014</u>	<u>9,394,271</u>	<u>9,773,087</u>	<u>9,686,824</u>
<u>EXPENDITURES</u>					
General Support	\$ 970,255	\$ 981,182	\$ 995,648	\$ 1,334,301	\$ 1,373,989
Instruction	4,054,117	4,293,693	4,389,757	4,240,864	4,424,478
Pupil Transportation	299,533	317,993	346,761	394,409	351,058
Employee Benefits	2,107,647	2,227,111	2,394,564	2,465,574	2,750,050
Debt Service	891,084	1,065,305	995,898	1,001,331	782,234
<b>Total Expenditures</b>	<u>\$ 8,322,636</u>	<u>\$ 8,885,284</u>	<u>\$ 9,122,628</u>	<u>\$ 9,436,479</u>	<u>\$ 9,681,809</u>
Other Uses:					
Interfund Transfers	2,755	(8,336)	7,832	(34,862)	(517,667)
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
<b>Total Expenditures and Other Uses</b>	<u>8,325,391</u>	<u>8,893,620</u>	<u>9,130,460</u>	<u>9,471,341</u>	<u>10,199,476</u>
Excess (Deficit) Revenues Over Expenditures	<u>704,419</u>	<u>87,394</u>	<u>263,811</u>	<u>301,746</u>	<u>(512,652)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	2,107,219	2,811,638	2,899,032	3,162,843	3,464,589
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<u>\$ 2,811,638</u>	<u>\$ 2,899,032</u>	<u>\$ 3,162,843</u>	<u>\$ 3,464,589</u>	<u>\$ 2,951,937</u>

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

**GENERAL FUND**

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

Fiscal Years Ending June 30:

	<b>2025</b>			<b>2026</b>	<b>2027</b>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Adopted Budget</u>	<u>Adopted Budget</u>
<b><u>REVENUES</u></b>					
Real Property Taxes	\$ 4,592,045	\$ 4,592,045	\$ 4,364,078	\$ 4,715,174	\$ 5,087,673
Other Tax Items	7,000	7,000	238,306	-	-
Charges for Services	-	-	115	-	-
Use of Money & Property	70,000	70,000	181,170	-	-
Sale of Property and Compensation for Loss	65,000	44,562	41,859	-	-
Miscellaneous	40,000	105,977	284,540	275,570	307,667
Revenues from State Sources	4,425,761	4,425,761	4,490,954	4,583,708	4,898,599
Revenues from Federal Sources	57,000	57,000	60,768	69,000	57,000
<b>Total Revenues</b>	<b>\$ 9,256,806</b>	<b>\$ 9,302,345</b>	<b>\$ 9,661,790</b>	<b>\$ 9,643,452</b>	<b>\$ 10,350,939</b>
<b>Other Sources:</b>					
Interfund Transfers	12,910	242,910	25,034	50,500	-
Transfer from Reserves	230,000	-	-	230,000	106,649
Appropriated Fund Balance	837,770	-	-	751,933	818,425
Retirement System Credit	-	-	-	-	-
<b>Total Revenues and Other Sources</b>	<b>10,337,486</b>	<b>9,545,255</b>	<b>9,686,824</b>	<b>10,675,885</b>	<b>11,276,013</b>
<b><u>EXPENDITURES</u></b>					
General Support	\$ 1,359,901	\$ 1,467,620	\$ 1,373,989	\$ 1,491,314	\$ 1,552,672
Instruction	5,000,378	4,906,069	4,424,478	4,895,488	4,735,895
Pupil Transportation	406,531	406,530	351,058	453,653	449,995
Employee Benefits	2,767,840	2,785,453	2,750,050	3,084,840	3,525,895
Debt Service	767,171	782,234	782,234	732,090	993,056
<b>Total Expenditures</b>	<b>\$ 10,301,821</b>	<b>\$ 10,347,906</b>	<b>\$ 9,681,809</b>	<b>\$ 10,657,385</b>	<b>\$ 11,257,513</b>
<b>Other Uses:</b>					
Interfund Transfers	35,665	535,119	517,667	18,500	18,500
Reserve for Debt	-	-	-	-	-
Retirement System Credit	-	-	-	-	-
<b>Total Expenditures and Other Uses</b>	<b>10,337,486</b>	<b>10,883,025</b>	<b>10,199,476</b>	<b>10,675,885</b>	<b>11,276,013</b>
Excess (Deficit) Revenues Over Expenditures	-	-	(512,652)	-	-
<b><u>FUND BALANCE</u></b>					
Fund Balance - Beginning of Year	-	-	3,464,589	-	-
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 2,951,937</b>	<b>\$ -</b>	<b>\$ -</b>

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

**APPENDIX - B**  
**Sackets Harbor CSD**

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th			
	Principal	Interest	Total
2026	\$ 468,552	\$ 226,547.10	\$ 695,099.10
2027	496,040	211,015.56	707,055.56
2028	500,000	186,806.25	686,806.25
2029	490,000	163,721.25	653,721.25
2030	475,000	140,980.00	615,980.00
2031	460,000	118,700.00	578,700.00
2032	445,000	96,750.00	541,750.00
2033	470,000	74,500.00	544,500.00
2034	490,000	51,000.00	541,000.00
2035	410,000	26,500.00	436,500.00
2036	120,000	6,000.00	126,000.00
TOTALS	\$ 4,824,592	\$ 1,302,520.16	\$ 6,127,112.16

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2020 Buses			2021 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 25,000	\$ 198.75	\$ 25,198.75	\$ 25,000	\$ 568.75	\$ 25,568.75
2027	-	-	-	25,000	200.00	25,200.00
TOTALS	\$ 25,000	\$ 199	\$ 25,199	\$ 50,000	\$ 769	\$ 50,769

Fiscal Year Ending June 30th	2022A DASNY Capital Project			2022 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 335,000	\$ 210,000.00	\$ 545,000.00	\$ 25,000	\$ 2,587.50	\$ 27,587.50
2027	350,000	193,250.00	543,250.00	25,000	1,693.75	26,693.75
2028	365,000	175,750.00	540,750.00	30,000	600.00	30,600.00
2029	385,000	157,500.00	542,500.00	-	-	-
2030	405,000	138,250.00	543,250.00	-	-	-
2031	425,000	118,000.00	543,000.00	-	-	-
2032	445,000	96,750.00	541,750.00	-	-	-
2033	470,000	74,500.00	544,500.00	-	-	-
2034	490,000	51,000.00	541,000.00	-	-	-
2035	410,000	26,500.00	436,500.00	-	-	-
2036	120,000	6,000.00	126,000.00	-	-	-
TOTALS	\$ 4,200,000	\$1,247,500.00	\$ 5,447,500.00	\$ 80,000	\$ 4,881.25	\$ 84,881.25

Fiscal Year Ending June 30th	2023 Buses			2024 Buses		
	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 30,000	\$ 5,555.00	\$ 35,555.00	\$ 28,552	\$ 7,637.10	\$ 36,189.10
2027	35,000	4,138.75	39,138.75	30,000	4,740.00	34,740.00
2028	35,000	2,537.50	37,537.50	35,000	3,456.25	38,456.25
2029	35,000	857.50	35,857.50	35,000	2,073.75	37,073.75
2030	-	-	-	35,000	691.25	35,691.25
TOTALS	\$ 135,000	\$ 13,088.75	\$ 148,088.75	\$ 163,552	\$ 18,598.35	\$ 182,150.35

Fiscal Year Ending June 30th	2025 Buses		
	Principal	Interest	Total
2026	\$ -	\$ -	\$ -
2027	31,040	6,993.06	38,033.06
2028	35,000	4,462.50	39,462.50
2028	35,000	3,290.00	38,290.00
2029	35,000	2,038.75	37,038.75
2030	35,000	700.00	35,700.00
TOTALS	\$ 171,040	\$ 17,484.31	\$ 188,524.31

### MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT  
JEFFERSON COUNTY, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE FISCAL YEAR ENDED**

**JUNE 30, 2025**

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

**S**ACKETTS HARBOR CENTRAL  
SCHOOL DISTRICT

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*FINANCIAL STATEMENTS*  
June 30, 2025



# Table of Contents

## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

INDEPENDENT AUDITOR'S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
AUDITED BASIC FINANCIAL STATEMENTS	27
STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	27
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION – GOVERNMENTAL ACTIVITIES	28
BALANCE SHEET – GOVERNMENTAL FUNDS	29
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	30
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS	31
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES	32
STATEMENT OF FIDUCIARY NET POSITION	34
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	35
NOTES TO AUDITED BASIC FINANCIAL STATEMENTS	36
REQUIRED SUPPLEMENTARY INFORMATION	87
SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS	87
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND	88
SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN	90
SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN	91
SUPPLEMENTARY INFORMATION	92
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND	92

SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES _____	93
COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS _____	94
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS _____	95
NET INVESTMENT IN CAPITAL ASSETS _____	96
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i>	97
EXTRA CLASSROOM ACTIVITIES FUND _____	99
INDEPENDENT AUDITOR’S REPORT ON EXTRA CLASSROOM ACTIVITIES FUND _____	100
EXTRA CLASSROOM ACTIVITIES FUND – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS _____	102
EXTRA CLASSROOM ACTIVITIES FUND - NOTE TO FINANCIAL STATEMENTS _____	103

## **INDEPENDENT AUDITOR'S REPORT**

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### **BOARD OF EDUCATION SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

#### **Report on the Audit of the Financial Statements**

##### **Opinions**

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sackets Harbor Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Sackets Harbor Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Sackets Harbor 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 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 Sackets Harbor Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

##### **Responsibilities of Management for the Financial Statements**

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

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 Sackets Harbor Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

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

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

## **Required Supplementary Information**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-26), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 87), Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (pages 88-89), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) - NYSLRS Pension Plan (page 90), and Schedule of District's Contributions - NYSLRS Pension Plan (page 91) 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.

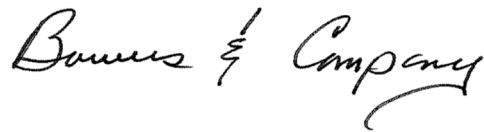
## **Supplementary Information**

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Sackets Harbor Central School District's basic financial statements. The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 92-96) are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, The Schedule of Change From Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund - Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 92-96) are 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 10, 2025 on our consideration of the Sackets Harbor Central School District’s internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Sackets Harbor Central School District’s internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sackets Harbor Central School District’s internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in black ink and is positioned to the right of the main text block.

Watertown, New York  
October 10, 2025

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

#### INTRODUCTION

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

#### FINANCIAL HIGHLIGHTS

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The Sackets Harbor Central School District is dedicated to educational excellence as we empower our students to embrace life's challenges, with knowledge, character, and a commitment to learning as they become contributing citizens in the American democratic way of life. This has to be accomplished with the least economic impact to the local taxpayer. The following highlights demonstrate the financial results of balancing these two priorities.

- For the year ending June 30, 2025, total revenues of \$10,696,939 was \$280,416 less than the \$10,977,355 in expenses. The \$280,416 was applied against the Net Position beginning of the year balance of (\$20,193,029), for an ending Net Position of (\$20,473,445) at June 30, 2025. The deficit is mainly due to other postemployment benefit ("OPEB") liabilities.
- The School District's Assigned Appropriated Fund Balance designated to reduce the tax levy in 2024-2025 was \$837,770. The General Fund's Unassigned Fund Balance is \$219,830, which is 2.06% of the 2025-2026 budget. This is well under the required 4% requirement.
- The total property assessment for the School District in the 2024-2025 school year was \$460,944,689. The true value tax rate for the school's portion of the levy in 2024-2025 was \$9.01 per thousand of assessment. This is down from \$9.64 last year which is down from \$10.60 the year prior to that.
- The School District employs about 80 full and part time employees. The one union (Teachers Union) has a collective bargaining agreement in place until June 30, 2026.
- The BEDS enrollment for the 2024-2025 school year was 413 and our enrollment for Fall 2025 is 424 students, which is very similar to last year's 410 and 419.

## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

#### FINANCIAL HIGHLIGHTS – Continued

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- The District has maintained standards set by the New York State Education Department for the testing of their students to achieve mastery in certain core subjects at or above the levels set by the State Education Department for the year ending June 30, 2025.

#### OVERVIEW OF FINANCIAL STATEMENTS

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

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

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


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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2025

**OVERVIEW OF FINANCIAL STATEMENTS – Continued**

<b>Table A-1</b>	<b>Major Features of the District-Wide and Fund Financial Statement</b>		
		<b>Fund Financial Statements</b>	
	<b>District-Wide</b>	<b>Governmental Funds</b>	<b>Fiduciary Funds</b>
<b>Scope</b>	Entire District (except fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance	Instances in which the School District acts as a trustee acts as an agent for resources that belong to others but does not have administrative control, such as property taxes collected on behalf of other governments or scholarships in a trust
<b>Required Financial Statements</b>	1. Statement of Net Position 2. Statement of Activities	3. Balance Sheet 4. Statement of Revenues, Expenditures, and Changes in Fund Balance	5. Statement of Fiduciary Net Position 6. Statement of Changes in Fiduciary Net Position
<b>Accounting Basis and Measurement Focus</b>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
<b>Type of Asset / Liability Information</b>	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities both short-term and long-term; funds do not currently contain capital assets, although they can
<b>Type of Inflow / Outflow Information</b>	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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#### OVERVIEW OF FINANCIAL STATEMENTS – Continued

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##### **District-Wide Statements**

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The *statement of net position* includes all of the School District's assets and liabilities. 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 they have changed. Net position, the difference between the School District's assets and deferred outflows of resources less liabilities and deferred inflows of resources, are one way to measure the School District's financial health or *position*.

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

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

##### **Fund Financial Statements**

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

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

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#### OVERVIEW OF FINANCIAL STATEMENTS – Continued

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##### Fund Financial Statements - Continued

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.
- **Fiduciary Funds:** Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statement because their resources do not belong to the District and are not available to be used. An example is the assets that are held by the District as agent for property taxes collected on behalf of other governments (libraries).

#### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

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Net Position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$20,473,445 at the close of the most recent fiscal year. This represents a \$280,416 decrease in the net position for the year. The overall deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2025, the OPEB liability was \$29,173,218 compared to \$28,787,411 reported at the close of the prior fiscal year. The overall increase in net position (deficit) in the current fiscal year is largely due to the net change in the OPEB liability and related outflows and inflows recognized in the current year which resulted in an expense of \$117,047 compared to June 30, 2024 expense of \$52,848. See Note 12 for additional OPEB information.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2025

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A  
WHOLE – Continued**

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

**Condensed Statement of Net Position  
Comparison 2024-2025 and 2023-2024**

	2024-2025	2023-2024
<b>Assets</b>		
Current and Other Assets	\$ 5,129,512	\$ 4,398,494
Capital Assets, Net	14,128,631	14,364,988
Net Pension Asset - Proportionate Share	487,993	-
<b>Total Assets</b>	<u>\$ 19,746,136</u>	<u>\$ 18,763,482</u>
<b>Deferred Outflows of Resources</b>		
Other Postemployment Benefits	\$ 2,143,097	\$ 3,397,861
Pensions	1,470,029	1,747,226
<b>Total Deferred Outflows of Resources</b>	<u>\$ 3,613,126</u>	<u>\$ 5,145,087</u>
<b>Liabilities</b>		
Current Liabilities	\$ 1,982,705	\$ 1,032,399
Long-Term Liabilities	34,407,674	34,359,434
<b>Total Liabilities</b>	<u>\$ 36,390,379</u>	<u>\$ 35,391,833</u>
<b>Deferred Inflows of Resources</b>		
Pensions	\$ 644,242	\$ 388,155
Other Postemployment Benefits	6,798,086	8,321,610
<b>Total Deferred Inflows of Resources</b>	<u>\$ 7,442,328</u>	<u>\$ 8,709,765</u>
<b>Net Position</b>		
Net Investment in Capital Assets	\$ 9,099,491	\$ 9,018,418
Restricted	2,557,810	2,713,508
Unrestricted (Deficit)	(32,130,746)	(31,924,955)
<b>Total Net Position (Deficit)</b>	<u>\$ (20,473,445)</u>	<u>\$ (20,193,029)</u>

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

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The largest portion of the School District's net position reflects its investment in capital assets less any related debt used to acquire those assets that is still outstanding. The School District uses capital assets to provide services; consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In general, current assets are those assets that are available to satisfy current obligations, current liabilities, and those liabilities that will be paid within one year. Current assets consist primarily of cash and cash equivalents of \$4,506,471, and state, federal and BOCES aid receivable of \$365,032.

In addition to assets, the *Statement of Net Position* reports 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. Included in deferred outflows of resources in the current year is \$1,470,029 related to the District's participation in the NYS TRS and ERS pension systems and \$2,143,097 related to the District's OPEB Plan.

Current liabilities consist principally of accounts payable, accrued expenses and unearned revenues totaling \$619,434, bond anticipation notes payable totaling \$844,000, and the current portion of long-term debt and lease liabilities totaling \$519,271.

In addition to liabilities, the *Statement of Net Position* or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is \$644,242 related to the District's participation in the NYS TRS and ERS pension systems, and \$6,798,086 related to the District's OPEB Plan.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2025

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A  
WHOLE – Continued**

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

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

**Condensed Statement of Activities  
Comparison 2024-2025 and 2023-2024**

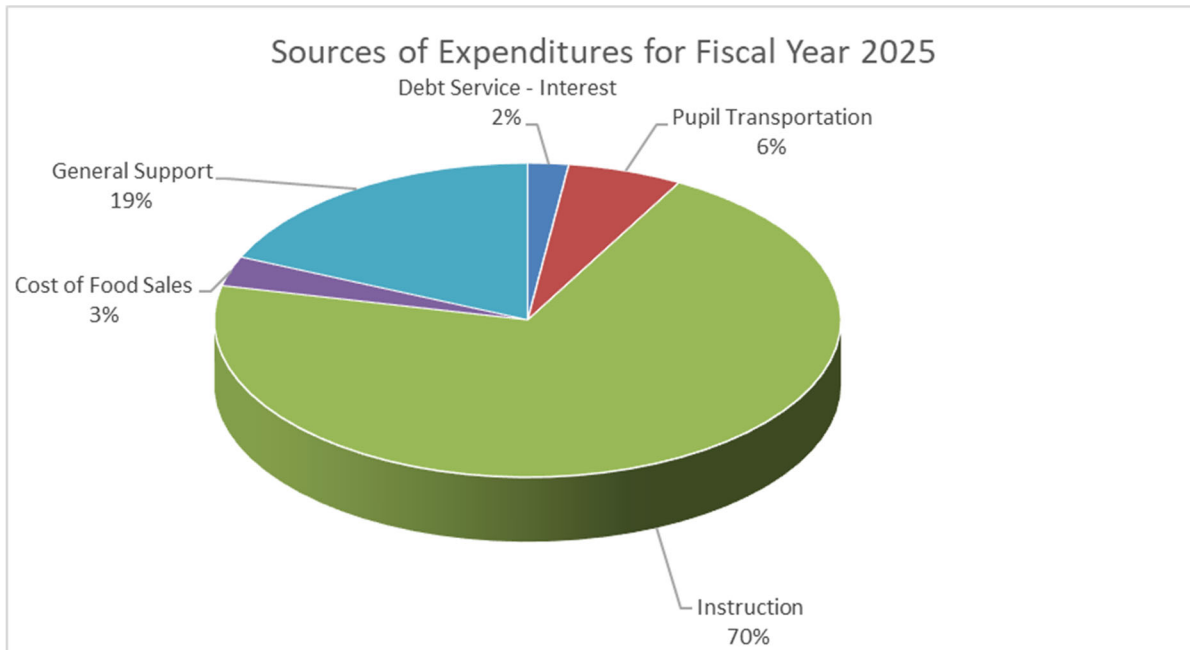
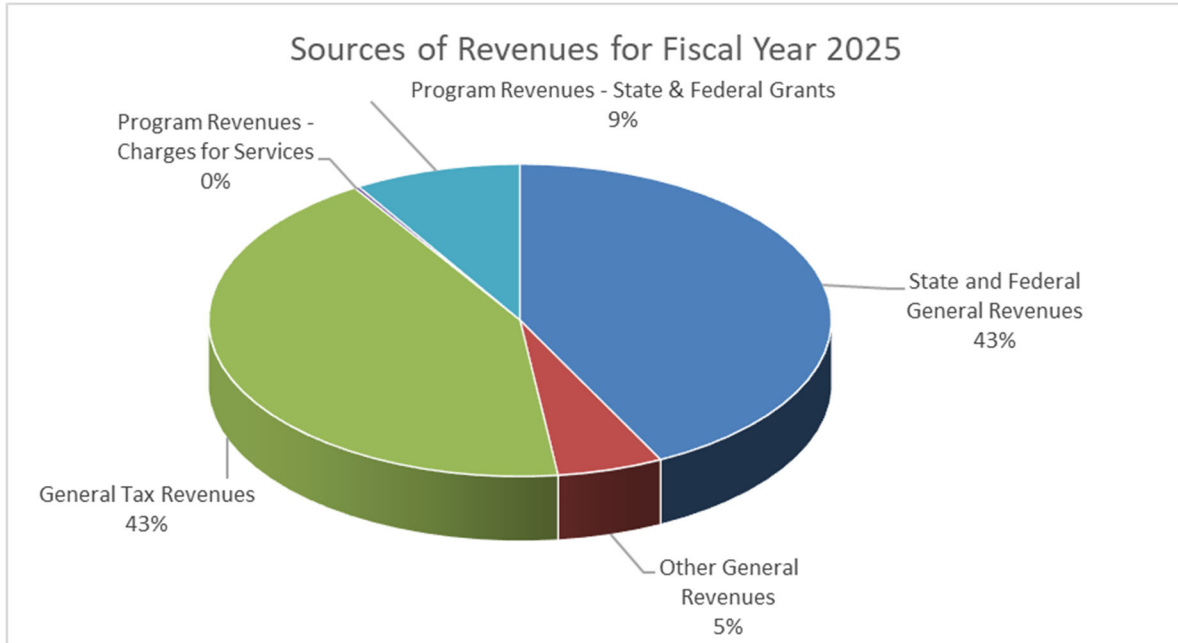
	<b>2024-2025</b>	<b>2023-2024</b>
<b>Revenues</b>		
Program Revenues		
Charges for Services	\$ 27,124	\$ 40,816
Operating Grants	927,842	1,248,335
General Revenues		
Property and Other Tax Items	4,602,384	4,466,074
Use of Money and Property	210,169	225,318
Sale of Property and Compensation for Loss	41,859	89,690
Gain on Disposition of Capital Asset	11,120	5,750
State Sources	4,490,954	4,765,491
Medicaid Reimbursement	8,270	17,531
Federal Sources	52,498	76,109
Miscellaneous	324,719	188,494
Total Revenues	<u>\$ 10,696,939</u>	<u>\$ 11,123,608</u>
<b>Expenses</b>		
General Support	\$ 2,023,440	\$ 1,939,139
Instruction	7,735,659	7,853,783
Pupil Transportation	650,458	690,192
Debt Service - Interest	230,742	228,527
School Food Service Program	337,056	330,744
Total Expenses	<u>10,977,355</u>	<u>11,042,385</u>
<b>Change in Net Position</b>	<u>\$ (280,416)</u>	<u>\$ 81,223</u>

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2025

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued**



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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2025

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A  
WHOLE – Continued**

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The School District is heavily dependent on both state and federal aid for its funding. State and Federal Grants and State and Federal General Revenues combined account for 52% of total revenues. General Tax Revenues account for 43% of revenues received for the year. These two sources account for 95% of the total revenues received in the 2024-2025 school year.

Instruction, transportation, and general support account for 95% of the total expenses of the School District, which is comparable to the prior year percentage.

The financial statements also include the Special Aid Fund and School Food Service Fund, which are primarily funded by state and federal aid as well as in a small part by food sales (this is small because in 2023, the District was certified in the Community Eligibility Provision (CEP) so all breakfast and lunches are free for all students). The only sales are for additional meals and snacks.

**General Fund Budgetary Highlights**

The School District's budget of \$10,337,486 for 2024-2025 was approved by referendum on May 21, 2024. The School District's total budget increase for 2024-2025 was \$377,702 or a 3.79% increase from the prior year's adopted budget. It was only a 2.91% increase from the adjusted budget that included an \$85,000 increase based on a capital project settlement. Budget adjustments for an insurance recovery due to basement flooding for \$39,562 and \$5,977 for a donation, bring the final budget to \$10,383,025 not including the \$500,000 transfer from the capital reserve based on the voter approved Capital Project.

Actual expenditures for 2024-2025, including transfers of \$517,667 to other funds, totaled \$10,199,476, for a favorable variance of \$673,389 (under budgeted amounts after encumbrances of \$10,160). The following graph shows how the actual expenditures are distributed for each budget over the past two budget years:

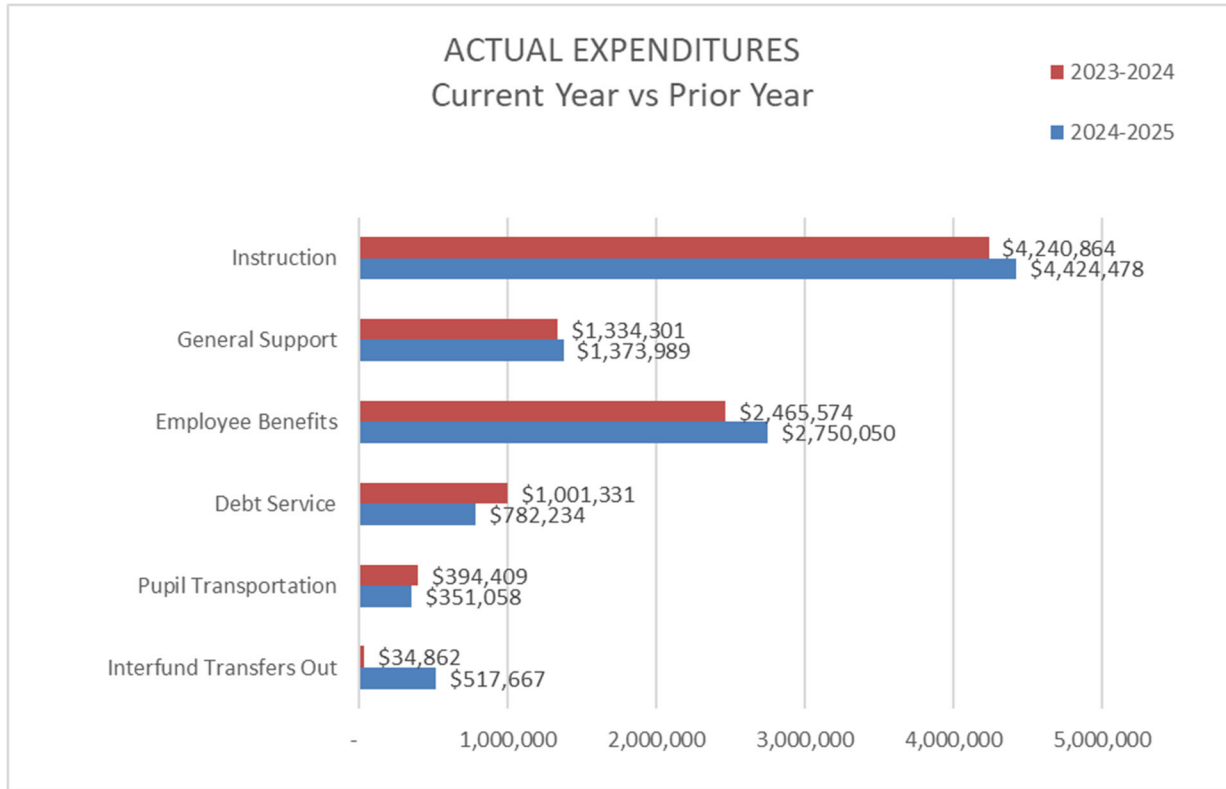
SACKETS HARBOR CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

General Fund Budgetary Highlights – Continued



Fiscal year 2024-2025 expenditures were \$728,135 or 7.65% more than the prior year expenditures but 2024-2025 had a \$500,000 transfer for the capital project that makes up the majority of this difference. Without this transfer, the increase would have only been 2.4%. A large percentage of the District’s budget is made up of salaries and benefits. Salary increases were 4.00% this year and benefits increased by over 11%. If it weren’t for the significant drop in Debt Service, the Actual Expenditure overall increase would have been much more significant. Next year, Debt Service is anticipated to be relatively flat with Benefits increasing at an even higher rate than this year. When you add in salary increases, this is a major area of concern for the District.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

### FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

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#### General Fund Budgetary Highlights - Continued

The District assigned an appropriation of \$837,770 of fund balance to reduce taxes for the 2024-2025 budget year. Unspent appropriations provide cash flow at year-end when state aid is uncertain. Without these funds, the District would have to borrow at year-end in order to meet its obligations into the summer.

On May 15, 2018, the voters authorized the establishment of a Capital Reserve Fund, which by Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The reserve was authorized for up to 10 years and in an amount not to exceed \$2,500,000 with funding from budget appropriations or fund balances. There was no additional funding to this reserve in 2024-2025 but a \$3.5M capital project was approved with financing that included \$500,000 from this Reserve. The Capital Reserve balance on June 30, 2025 now totals \$1,664,032, including earned interest.

On June 22, 2021, the Board of Education authorized the establishment of a Retirement Contribution Reserve Fund, which by General Municipal Law §6-r, must be used to fund employer retirement contributions. The NY State & Local Employees' Retirement System (ERS) reserve does not have a limit. The NY State Teachers' Retirement System (TRS) sub-fund is limited to annual contributions of 2% of the prior year's covered TRS salaries with a maximum, including interest earnings, of 10% of the prior year's covered TRS salaries. Sub-funds need to be separately accounted for and funded from budget appropriations or fund balances. There was no additional funding of these reserves in 2024-2025 nor were any funds utilized. The ERS Reserve balance was \$142,828 and the TRS Reserve balance was \$125,686 on June 30, 2025, including earned interest.

On June 20, 2023, the Board of Education authorized the establishment of a Tax Certiorari Reserve Fund, which by Education Law §3651(1-a), must be used to pay judgements and claims in Tax Certiorari proceedings per RPTL, Article 7. The Tax Certiorari Reserve may not exceed an amount necessary to meet anticipated judgments and claims and is funded from budget appropriations or fund balances. The reserve was authorized for up to three years. As a result, the Board of Education approved funding the reserve in 2022-2023 with \$100,000. One tax certiorari claim was paid for \$23,065. The reserve was reduced by \$68,721 in 2024-2025 so that the balance of the reserve was equal to open tax certiorari petitions. The Tax Certiorari Reserve balance on June 30, 2025 was \$18,422, including earned interest.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2025

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A  
WHOLE – Continued**

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**Revenues**

Total revenues from Local, State and Federal Sources amounted to \$141,569, over final budget figures. Miscellaneous local sources exceeded budgeted expectations mainly due to higher-than-expected interest rates, State sources were also over budget by \$65,193 and Federal sources exceeded budget by \$7,498. Mainly because of these items exceeding budget expectations, the District was able to NOT utilize the budgeted transfers from the ERS and TRS Reserves.

As the District plans for future revenues, there is concern over the District's State Aid, given current forecasts anticipate New York State will experience significant budget deficits in coming years. The District is reliant on the current level of State funding to maintain their very tight operating budget.

**Expenditures**

As the following graph portrays, expenditures were in line with the 2024-2025 final budget. The total unspent appropriation budget was \$673,392 and there was \$10,160 of year end encumbrances at June 30, 2025.

The under-spent budgeted appropriations of \$673,392 netted with positive revenue variances of \$141,569 are used to fund the Assigned Fund Balance for the subsequent year. The 2025-2026 Assigned Fund Balance is \$751,933. The Unassigned Fund Balance is 2.06% of the 2025-2026 school budget. This is well below the 4% cap and up from last year's 1.71%.

The Assigned Fund Balance needs to be maintained to help the School District with cash flow at the end of the school year. In order to decrease assigned fund balance, without raising the tax levy in the subsequent year, other revenue sources (State Aid) would need to increase.

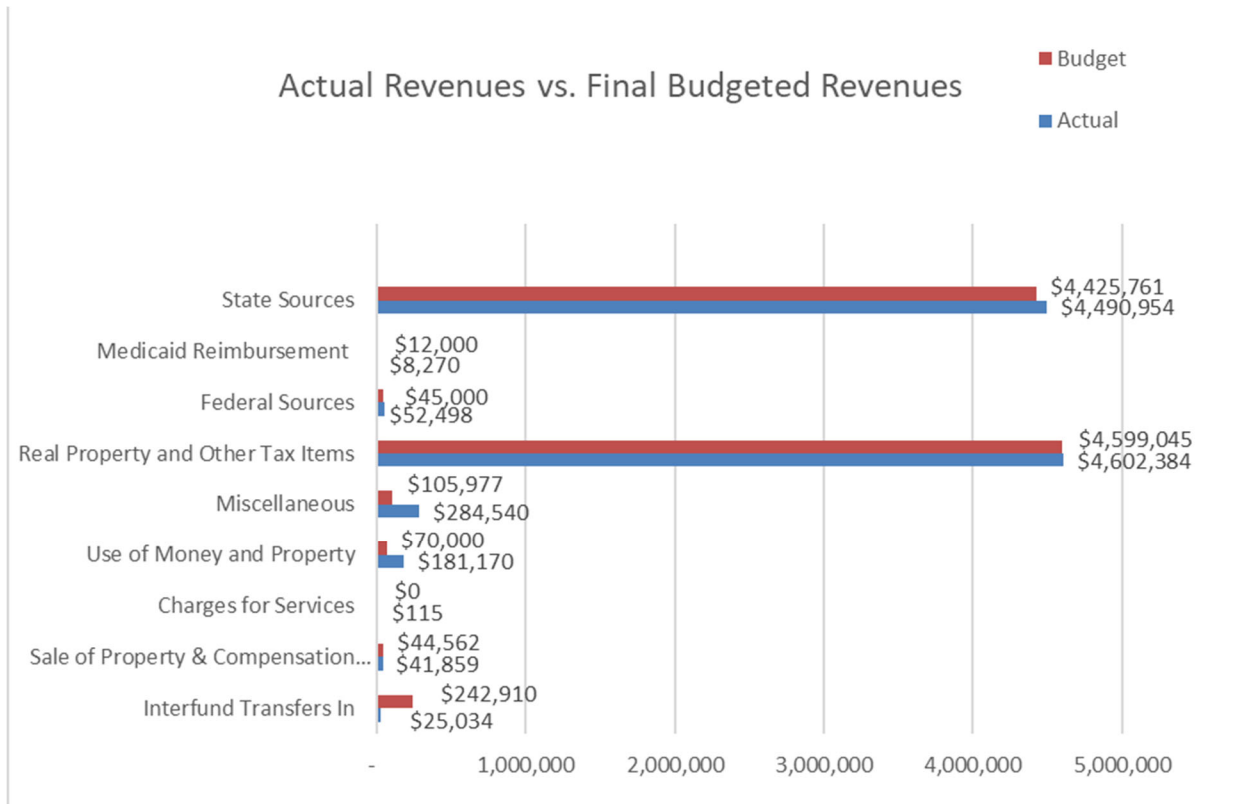
The following graphs compare actual revenues with final budgeted revenues, and actual expenditures with final budgeted appropriations. Refer to Schedule of Revenues, Expenditures, and Changes in Fund Balance Budget and Actual - General Fund in the financial statements for more detailed information.

SACKETS HARBOR CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued

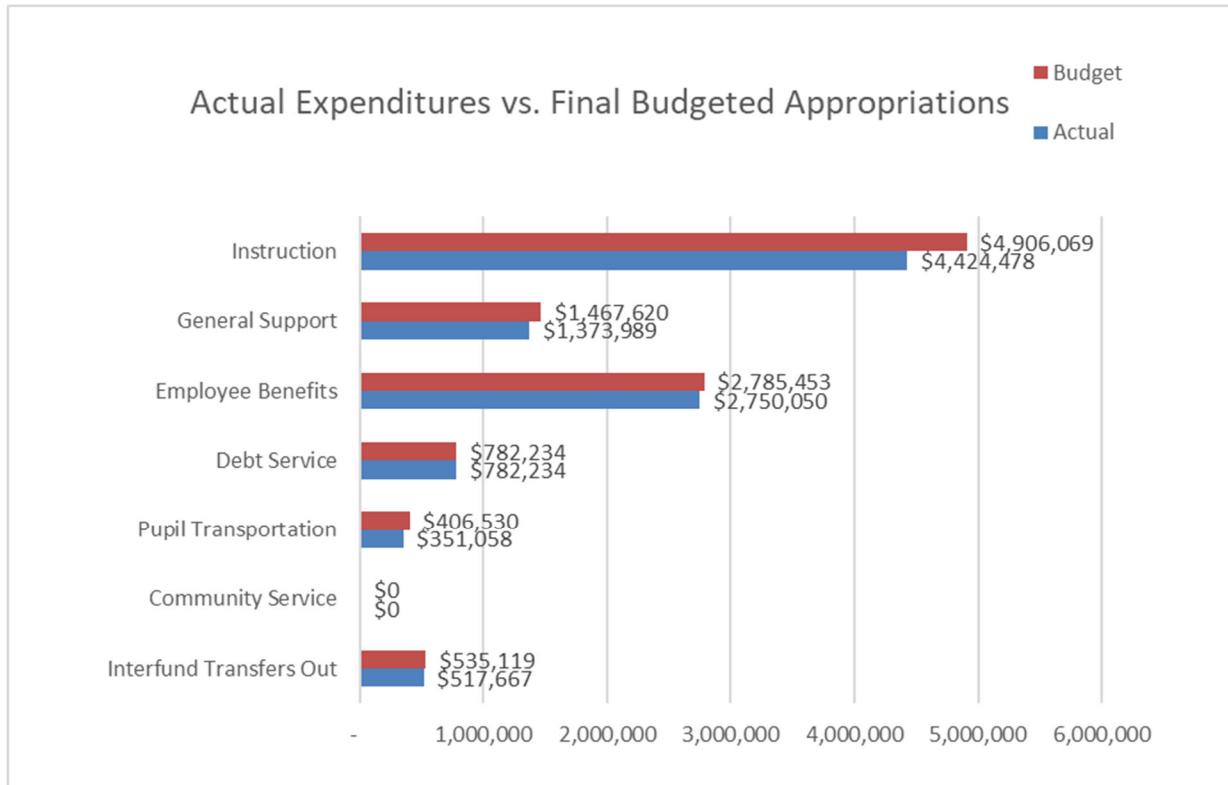


**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2025

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE – Continued**



**ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS**

**General Fund**

The General Fund is used to operate the District's daily educational and transportation programs and maintain the buildings and grounds of the facility for continued use. This is the only fund that relies on real property taxes for a portion of funding. Actual real property taxes paid (less STAR Reimbursement) amount to 45% of total General Fund revenues for 2024-2025. The budget is very restricted, with almost all of the budget being spent to maintain current operations. The continued increase in uncontrollable expenses, like fuel, utilities, health and retirement benefits, are eroding funds that could be used to enhance education.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2025

**ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS – Continued**

**Other Governmental Funds**

**Special Aid Fund**

The District receives State and Federal grants, which fund specific academic activities. These grants are written for specific purposes and include reading improvement, staff development, technology improvements, and needs related to students with disabilities.

It is important to note that most of these grants have a fiscal year that runs from September 1 to August 31, which differs from the school fiscal year of July 1 to June 30. Therefore, there are funds being spent during the summer months, which may result in carry over amounts as of the June 30, 2025 school year. The District had a slight decrease in grant aid in Title funding. It is important to note that any decreases in grant awards result in the General Fund absorbing more of those expenditures.

The District continues to receive UPK funds at the same level as the last few years while the cost of providing these services continues to increase. To offset some of this, the District now staffs our UPK classroom with District staff as opposed to an outside provider.

The district utilized the remaining \$188,392 in Elementary and Secondary School Emergency Relief (ESSER-ARP) funds to continue to address learning loss along with student academic, social and emotional needs related to the Covid-19 pandemic. As grant reductions continue to be experienced, this is another area of concern for the District.

The listing below shows the grant amounts recorded in the Special Aid Fund:

	<b>2024-2025</b>	<b>2023-2024</b>
Title I ESEA - Basic Grant	\$ 110,305	\$ 119,387
Title II Part A	11,534	14,381
Title IV	10,000	10,000
Title VI - Rural Education Achievement Program	40,620	32,524
IDEA Part B Section 611	127,266	112,538
IDEA Part B Section 619	3,927	3,915
Extended Pre-Kindergarten	107,304	113,616
Summer School - Section 4408	29,097	41,416
ARP -ESSER	188,392	540,369
	<u>\$ 628,445</u>	<u>\$ 988,146</u>

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

#### ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS – Continued

##### **Other Governmental Funds - Continued**

###### Debt Service Fund

This fund is used to accumulate interest on Capital Fund proceeds earned during building projects. These funds have to be used to reduce the debt in the General Fund in subsequent years. These funds will be transferred into the General Fund in the future when needed. The total fund balance in the Debt Service Fund at June 30, 2025 decreased to \$184,507 after a \$25,034 transfer to General Fund for debt, a \$1,875 transfer into the fund from the Capital Projects Fund and \$9,131 in interest earnings.

###### School Food Service Fund

The School Food Service program is generally funded through State and Federal Aid along with the sale of lunch and breakfast items. The School Food Service Program reflects an \$6,762 net loss. The District entered into an agreement with St. Lawrence-Lewis BOCES on February 1, 2019 for shared School Food Management services. The change in fund balance for the year ended June 30, 2025 was (\$6,762), which decreased the fund balance to \$143,207. School Food Service was certified in the Community Eligibility Provision (CEP) in October of 2023. This ensures that all students are able to receive free breakfast and lunch and help the program remain self-sufficient. Food Service continues to utilize a BOCES food service manager and was able to continue to decrease their fund balance as was required by a prior corrective action plan.

###### Capital Projects Fund

The Capital Projects Fund accounts for capital construction projects and other capital purchases. The School District used the Capital Fund during the year to record the purchase of a school bus totaling \$163,552 purchased with the proceeds from a Statutory Installment Bond.

The School District utilized \$39,288 of its NYS Smart Schools Bond Act funds in 2024-2025 and began a \$3.5M Capital Project. The majority of the Capital Project funds expended in 2024-2025 were related to the initiation of the project for architect and legal fees. The project had an unsuccessful bid opening in April, where all bids were greater than the voter approved project total, requiring scope and bid document modifications. Phase 1 was successfully awarded in June.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

#### CAPITAL ASSETS AND DEBT ADMINISTRATION

Land is valued at acquisition cost and the School District only owns property with structures on or adjacent to it.

Building and improvements have various dates of construction from the 1967 elementary wing project to various renovations; new high school wing and gym completed in 1999, upgrades completed in 2009, and finally the capital project improvements completed in June 2021. The current capital project has no improvements completed at this time.

Furniture and equipment are recorded for the entire District including vehicles and school buses.

The Board of Education revised its June 15, 2004 fixed asset policy on October 19, 2021 to capitalize fixed assets of at least \$1,000 to \$2,500 effective July 1, 2021 and building improvements of at least \$20,000.

The District utilizes Questar to maintain our physical inventory. They conducted a physical inventory in March 2025. All assets are tagged and recorded with updates for any purchases or deletions thru June 2025.

Capital Assets, net of accumulated depreciation and amortization totaled \$14,128,631 at June 30, 2025.

	Balance June 30, 2024	Additions	Retirements / Reclassifications	Balance June 30, 2025
Land	\$ 15,690	\$ -	\$ -	\$ 15,690
Construction in Progress	-	211,349	-	211,349
Building & Improvements	21,917,521	-	-	21,917,521
Furniture & Equipment	2,739,150	186,737	(150,556)	2,775,331
Intangible Lease Asset - Equipment	42,349	14,508	-	56,857
Less:				
Accumulated Depreciation and Amortization	10,349,722	648,951	(150,556)	10,848,117
<b>Capital Assets, Net</b>	<b>\$ 14,364,988</b>	<b>\$ (236,357)</b>	<b>\$ -</b>	<b>\$14,128,631</b>

For more information refer to Note 6 in the notes to financial statements.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

#### CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued

##### **Short-Term Debt**

For the current Capital Project, the District issued a Bond Anticipation Note (BAN) in November, that matured on 6/27/25 for \$900,000. Another BAN was then issued on 6/26/25 that matures on 6/26/2026 for \$844,000.

##### **Long-Term Debt**

The School District has bonds outstanding on capital projects originally issued from 1999 to 2022. The earliest bond issued, 1999, was complete on June 1, 2019. The last date that bonds will be paid is June 15, 2036.

The District issued Serial Bonds on June 15, 2022 for \$5,045,000 maturing June 15, 2036, carrying an interest rate of 5% for its 2017 Capital project. Statutory installment bonds were issued August 24, 2023 in the amount of \$164,235 and on October 24, 2024 in the amount of \$163,552 for the purchase of one school bus in each fiscal year.

The District has complied with GASB 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Regulations require the reporting of other post-employment benefits which was completed by securing an actuarial firm, Aquarius Capital Solutions Group, LLC. The District obtained an actuarial valuation report as of June 30, 2024. The OPEB liability was measured as of June 30, 2024.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**MANAGEMENT'S DISCUSSION AND ANALYSIS**

June 30, 2025

**CAPITAL ASSETS AND DEBT ADMINISTRATION – Continued**

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**Long-Term Debt - Continued**

The long-term debt is broken down by current (within one year) and long term (after one year). The School District had the following breakdown of debt June 30, 2025 and 2024:

	2024-2025	2023-2024
Due and Payable in One Year	\$ 519,271	\$ 495,076
Due and Payable After One Year	<u>34,407,674</u>	<u>34,359,434</u>
Total Long-Term Debt	<u>\$ 34,926,945</u>	<u>\$ 34,854,510</u>

For more information refer to Note 8 in the notes to financial statements.

The District has implemented in previous years the requirements of GASB Statement No. 68, *Accounting and Financial Reporting for Pensions*. The District complies with the requirements of this statement by reporting an asset and/or liability for its proportionate of the collective net pensions asset (liability) in the New York State Teachers' and Employees' Retirement Systems. The Statement also requires the District to report a deferred outflow and/or deferred inflow for the effect of the net change in the District's proportion of the collective net pension asset and/or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. For more information see Note 9.

**FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE**

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While the federal stimulus funds provided some assistance to our financial situation over the past few years, those funds have been fully exhausted and we still face several challenges that impact the economic climate of our School District. Local revenues have been limited by the Tax Cap and school aid has remained relatively stagnant. There is concern about the State's projected fiscal deficits and how that will affect Public School State Aid allocations in the future. This poses a significant threat to the District's long-term financial well-being.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

#### FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE –

Continued

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Additionally, high inflation, tariffs and supply chain issues have increased costs for almost all goods and services. It is expected that this pressure will be a continuing situation. With all District costs increasing at alarming rates and revenues remaining mostly flat (or potentially decreasing), the District is expected to face many hard decisions in the future.

Furthermore, like many other public school districts, we continue to experience worker shortages specifically in Support roles and hard to fill teacher positions. The District has just begun negotiations with the Sackets Harbor Teachers' Association as the current contract ends on 6/30/2026. It is important for the District to remain fair and competitive in regards to salaries which will add to the challenges detailed above. We closely monitor enrollment numbers and they have remained stable for several years.

In our long-term planning, we remain committed to aligning resources with our strategic goals. This includes sharing services, providing resources and technology infrastructure to support innovative teaching and personalized learning, and ensuring that facilities planning supports educational goals and safety.

We have actively collaborated with neighboring entities, such as the Village of Sackets Harbor, the Town of Hounsfield, and Jefferson-Lewis BOCES, to share services and achieve cost containment and savings. For example, we continue to share a tax collector with the Village and have continued with our agreement to share a diesel fueling station. Additionally, we participate in the Tri-County Energy Consortium with various local municipalities. These initiatives aim to bring savings, enhance clean energy, and generate positive results for our community.

In addition to sharing services, the District has established reserve funds to plan for the future. We recognize the importance of the Capital Reserve for long-term financial planning and in prior years have funded it for future project and facilities improvements. \$500,000 from this fund is being used to offset the costs of the current Capital Project. We will continue to plan for the District's Capital ongoing needs utilizing the state mandated Building Condition Survey process as well as periodic reviews with the District's architect and leadership.

During the 2025-2026 school year, our Administration will continue to take steps to try to improve the fiscal outlook of our school system wherever possible. This includes lobbying lawmakers for creative solutions to ease the financial burden on schools and seeking out other grant opportunities. One such opportunity is the Community Schools Grant, which is helping us maintain academic, social, and emotional support for our students. We will continue to aggressively pursue and support learning initiatives funded by grants.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

#### FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE –

Continued

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We are committed to providing a safe, secure, and supportive environment for our students, staff, and school community. To achieve this, we have implemented systems, programs, and protocols to build and maintain a positive culture and climate and continue our contract with a community-based organization to provide counseling services to our students.

The Village of Sackets Harbor and its surrounding areas continue to attract residents and tourists, especially during the summer months. We are fortunate to have a vibrant community with numerous events and opportunities throughout the year. Despite declining population trends in New York State, the housing market in and around the Village has shown improvement. The Village, Town, Chamber of Commerce, and other organizations collaborate to ensure growth and development while keeping taxes manageable.

We are aware of potential solar projects in our District, and we will closely monitor their impact. At this time, no PILOT agreements have been requested.

As stated, our mission is to empower students to embrace life's challenges with knowledge, character, and a commitment to learning. We will continue to provide quality educational opportunities while minimizing the financial impact on local taxpayers as much as possible. We will analyze qualitative and quantitative data to accomplish our goals and leverage partnerships with community organizations for the benefit of our students and taxpayers.

Thank you for your attention to this management discussion and analysis. We appreciate your support and collaboration as we strive to provide the best educational experience for our students.

#### CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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This report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional information, contact the District Clerk at the following address: Sackets Harbor Central School, P.O. Box 290, Sackets Harbor, N.Y., 13685.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**AUDITED BASIC FINANCIAL STATEMENTS**

**STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES**

June 30, 2025

**ASSETS**

Cash and Cash Equivalents		
Unrestricted	\$	1,094,732
Restricted		3,411,739
Receivables		
Taxes		235,240
Accounts Receivable		7,175
State and Federal Aid		204,180
Due From Other Governments		161,045
Inventories		15,401
Capital Assets, Net		14,128,631
Net Pension Asset - Proportionate Share		487,993
<b>TOTAL ASSETS</b>	<b>\$</b>	<b>19,746,136</b>

**DEFERRED OUTFLOWS OF RESOURCES**

Other Postemployment Benefits		\$ 2,143,097
Pensions		1,470,029
<b>TOTAL DEFERRED OUTFLOWS OF RESOURCES</b>	<b>\$</b>	<b>3,613,126</b>

**LIABILITIES**

Payables		
Accounts Payable	\$	129,369
Accrued Liabilities		42,177
Accrued Interest		16,862
Due to Other Governments		551
Due to Teachers' Retirement System		378,301
Due to Employees' Retirement System		48,615
Notes Payable		
Bond Anticipation		844,000
Unearned Credits		
Unearned Revenues - Other		3,559
Long-Term Liabilities		
Due and Payable Within One Year		
Bonds Payable, Net of Unamortized Premium		505,565
Lease Liability		13,706
Due and Payable After One Year		
Bonds Payable, Net of Unamortized Premium		4,504,673
Net Pension Liability - Proportionate Share		527,612
Compensated Absences Payable		196,975
Other Postemployment Benefits Payable		29,173,218
Lease Liability		5,196
<b>TOTAL LIABILITIES</b>	<b>\$</b>	<b>36,390,379</b>

**DEFERRED INFLOWS OF RESOURCES**

Other Postemployment Benefits		\$ 6,798,086
Pensions		644,242
<b>TOTAL DEFERRED INFLOWS OF RESOURCES</b>	<b>\$</b>	<b>7,442,328</b>

**NET POSITION**

Net Investment in Capital Assets		\$ 9,099,491
Restricted for:		
Debt Service		184,507
Other Legal Restrictions		2,373,303
Unrestricted (Deficit)		(32,130,746)
<b>TOTAL NET POSITION</b>	<b>\$</b>	<b>(20,473,445)</b>

See notes to audited basic financial statements.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION –  
GOVERNMENTAL ACTIVITIES**

Year Ended June 30, 2025

		<b>Program Revenues</b>		<b>Net (Expense)</b>
	<b>Expenses</b>	<b>Charges for</b>	<b>Operating</b>	<b>Revenue and</b>
		<b>Services</b>	<b>Grants</b>	<b>Changes in</b>
<b>FUNCTIONS/PROGRAMS</b>				<b>Net Position</b>
General Support	\$ 2,023,440	\$ 115	\$ -	\$ (2,023,325)
Instruction	7,735,659	-	667,733	(7,067,926)
Pupil Transportation	650,458	-	-	(650,458)
Debt Service - Interest	230,742	-	-	(230,742)
School Food Service Program	337,056	27,009	260,109	(49,938)
Total Functions and Programs	\$ 10,977,355	\$ 27,124	\$ 927,842	(10,022,389)
<b>GENERAL REVENUES</b>				
Real Property Taxes				4,364,078
Other Tax Items				238,306
Use of Money and Property				210,169
Sale of Property and Compensation for Loss				41,859
Gain on Disposition of Capital Asset				11,120
State Sources				4,490,954
Medicaid Reimbursement				8,270
Federal Sources				52,498
Miscellaneous				324,719
Total General Revenues				9,741,973
Change in Net Position				(280,416)
Net Position - Beginning of Year				(20,193,029)
Net Position - End of Year				\$ (20,473,445)

See notes to audited basic financial statements.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**BALANCE SHEET – GOVERNMENTAL FUNDS**

June 30, 2025

	<u>General</u>	<u>Capital District Wide Project</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>ASSETS</b>				
Cash and Cash Equivalents				
Unrestricted	\$ 974,189	\$ 6,364	\$ 114,179	\$ 1,094,732
Restricted	1,970,014	1,217,994	223,731	3,411,739
Receivables				
Taxes	235,240	-	-	235,240
Accounts Receivable	7,175	-	-	7,175
Due From Other Funds	74,901	1,163	1,875	77,939
State and Federal Aid	86,939	-	117,241	204,180
Due From Other Governments	161,045	-	-	161,045
Inventories	-	-	15,401	15,401
<b>TOTAL ASSETS</b>	<u>\$ 3,509,503</u>	<u>\$ 1,225,521</u>	<u>\$ 472,427</u>	<u>\$ 5,207,451</u>
<b>LIABILITIES</b>				
Payables				
Accounts Payable	\$ 98,301	\$ 17,002	\$ 14,066	\$ 129,369
Accrued Liabilities	41,472	-	705	42,177
Due to Other Funds	-	1,875	76,064	77,939
Due to Other Governments	-	-	551	551
Due to Teachers' Retirement System	370,908	-	7,393	378,301
Due to Employees' Retirement System	46,885	-	1,730	48,615
Notes Payable				
Bond Anticipation	-	844,000	-	844,000
Unearned Credits				
Unearned Revenues	-	-	3,559	3,559
Total Liabilities	<u>557,566</u>	<u>862,877</u>	<u>104,068</u>	<u>1,524,511</u>
<b>FUND BALANCES</b>				
Nonspendable	-	-	15,401	15,401
Restricted	1,970,014	362,644	225,152	2,557,810
Assigned	762,093	-	127,806	889,899
Unassigned	219,830	-	-	219,830
Total Fund Balances	<u>2,951,937</u>	<u>362,644</u>	<u>368,359</u>	<u>3,682,940</u>
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<u>\$ 3,509,503</u>	<u>\$ 1,225,521</u>	<u>\$ 472,427</u>	<u>\$ 5,207,451</u>

See notes to audited basic financial statements.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION**

June 30, 2025

**Total Fund Balance - Governmental Funds** \$ 3,682,940

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

Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.

Net Pension Asset - Proportionate Share - TRS	\$ (487,993)	
Net Pension Liability - Proportionate Share - ERS	<u>527,612</u>	(39,619)

Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Other Postemployment Benefits	\$ 6,798,086	
Pensions	<u>644,242</u>	(7,442,328)

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Other Postemployment Benefits	\$ 2,143,097	
Pensions	<u>1,470,029</u>	3,613,126

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

The Cost of Capital Assets is	\$ 24,976,748	
Accumulated Depreciation and Amortization is	<u>(10,848,117)</u>	14,128,631

Long-term liabilities, including bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the funds.

Long-term liabilities, at year end, consist of:

Bonds Payable	\$ 4,653,552	
Lease Liability	18,902	
Accrued Interest on Bonds Payable	16,862	
Compensated Absences Payable	196,975	
Other Postemployment Benefits Payable	29,173,218	
Premium on Bond Issue	<u>356,686</u>	(34,416,195)

**Total Net Position - Governmental Activities** \$ (20,473,445)

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See notes to audited basic financial statements.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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

Year Ended June 30, 2025

	<u>General</u>	<u>Capital District Wide Project</u>	<u>Total Non-Major Funds</u>	<u>Total Governmental Funds</u>
<b>REVENUES</b>				
Real Property Taxes	\$ 4,364,078	\$ -	\$ -	\$ 4,364,078
Other Tax Items	238,306	-	-	238,306
Charges for Services	115	-	-	115
Use of Money and Property	181,170	17,993	9,131	208,294
Sale of Property and Compensation for Loss	41,859	-	-	41,859
State Sources	4,490,954	-	302,920	4,793,874
Medicaid Reimbursement	8,270	-	-	8,270
Federal Sources	52,498	-	613,412	665,910
Surplus Food	-	-	11,510	11,510
Sales - School Food Service	-	-	27,009	27,009
Miscellaneous	284,540	-	45,299	329,839
Total Revenues	<u>9,661,790</u>	<u>17,993</u>	<u>1,009,281</u>	<u>10,689,064</u>
<b>EXPENDITURES</b>				
General Support	1,373,989	-	-	1,373,989
Instruction	4,424,478	-	616,927	5,041,405
Pupil Transportation	351,058	-	6,278	357,336
Employee Benefits	2,750,050	-	43,173	2,793,223
Other Expenditures	-	-	69,596	69,596
Debt Service				
Principal	518,941	-	-	518,941
Interest	263,293	-	-	263,293
Food Service Program				
General Support	-	-	128,868	128,868
Cost of Sales	-	-	144,746	144,746
Capital Outlay	-	211,349	217,348	428,697
Total Expenditures	<u>9,681,809</u>	<u>211,349</u>	<u>1,226,936</u>	<u>11,120,094</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(20,019)</u>	<u>(193,356)</u>	<u>(217,655)</u>	<u>(431,030)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>				
BAN's Redeemed from Appropriations	-	56,000	-	56,000
Premium on Debt Issuance	-	-	1,875	1,875
Proceeds from Debt - Leases	-	-	14,508	14,508
Proceeds from Debt	-	-	163,552	163,552
Operating Transfers In	25,034	500,000	17,667	542,701
Operating Transfers (Out)	<u>(517,667)</u>	<u>-</u>	<u>(25,034)</u>	<u>(542,701)</u>
Total Other Financing Sources (Uses)	<u>(492,633)</u>	<u>556,000</u>	<u>172,568</u>	<u>235,935</u>
Net Change in Fund Balances	(512,652)	362,644	(45,087)	(195,095)
Fund Balances - Beginning of Year	3,464,589	-	413,446	3,878,035
Fund Balances - End of Year	<u>\$ 2,951,937</u>	<u>\$ 362,644</u>	<u>\$ 368,359</u>	<u>\$ 3,682,940</u>

See notes to audited basic financial statements.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES**

Year Ended June 30, 2025

**Net Change in Fund Balances - Total Governmental Funds** \$ (195,095)

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 Net Position assets with an initial, individual cost of more than \$2,500 are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which depreciation and amortization expense exceeded capital outlays and gain on disposal in

Capital Outlays	\$	406,594	
Proceeds from Sale of Equipment		(5,120)	
Gain on Disposal		11,120	
Depreciation and Amortization Expense		(648,951)	(236,357)

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt and lease repayments made in the current period for bonds and lease 462,941

Proceeds of long-term debt and lease obligations are recorded as revenue for governmental funds but are not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received and lease obligations in the current (178,060)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the governmental funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The following items resulted in decreased interest expense being reported on the Statement of Activities:

Amortization of bond premium		32,549	
Decrease in accrued interest		2	32,551

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF  
ACTIVITIES – CONTINUED**

Year Ended June 30, 2025

In the Statement of Activities, certain operating expenses--compensated absences (vacations and certain sick pay), special termination benefits (early retirement) --are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). (136,819)

On the Statement of Activities, the actual and projected long term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas on the governmental funds only the actual expenditures are recorded for postemployment benefits. (117,047)

Decreases in proportionate share of net pension asset (liability) and related deferred outflows/inflows 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	\$ 52,854	
Employees' Retirement System	<u>34,616</u>	<u>87,470</u>
<b>Change in Net Position of Governmental Activities</b>		<u><u>\$ (280,416)</u></u>

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**STATEMENT OF FIDUCIARY NET POSITION**

June 30, 2025

	<b>Custodial</b>
<b>ASSETS</b>	
Cash	
Restricted	\$ -
Total Assets	<u>\$ -</u>
<b>LIABILITIES</b>	
Other Liabilities	\$ -
Total Liabilities	<u>-</u>
<b>NET POSITION</b>	<u><u>\$ -</u></u>

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See notes to audited basic financial statements.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**

Year Ended June 30, 2025

	<b>Custodial</b>
<b>ADDITIONS</b>	
Taxes Collected for Other Governments (Library Levy)	\$ 62,000
Total Additions	<u>62,000</u>
<b>DEDUCTIONS</b>	
Payment of Tax to Other Governments (Library Levy)	<u>62,000</u>
Total Deductions	<u>62,000</u>
Change in Net Position	-
Net Position - Beginning of Year	-
Net Position - End of Year	<u><u>\$ -</u></u>

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See notes to audited basic financial statements.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

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

##### **Reporting Entity**

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

The financial reporting entity is based on 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.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

##### Extra Classroom Activities Fund

The Extra Classroom Activities Fund of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activities 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 Extra Classroom Activities Fund can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in a miscellaneous special revenue fund.

##### **Joint Venture**

The District is one of 18 component school districts in the Jefferson-Lewis-Hamilton-Herkimer-Oneida Counties Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

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

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

During the year, the District was billed \$1,357,734 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$476,972. This represents state aid distributions of \$357,449 and 2024 fund balance returned to schools of \$119,523.

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

##### **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 are generally financed through taxes, state and federal 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 Net Position* presents the financial position of the District at fiscal year-end. The *Statement of Activities* presents a comparison between program expenses and 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. Employee benefits are allocated to functional areas in proportion to the payroll expenditures for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

###### Fund Statements

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

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The District reports the following governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions except those required to be accounted for in another fund.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

##### **Basis of Presentation – Continued**

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition, extra classroom activities fund which the District has administrative involvement or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for specific educational programs.

School Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Extra Classroom Activities Fund: Used to account for funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extra classroom activities fund is independent of the District with respect to its financial transactions and the designation of student management.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of, or the right-to-use capital facilities and other capital and intangible assets. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

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

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

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

##### **Basis of Presentation – Continued**

The District's Fiduciary Fund is as follows:

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. These funds are used to account for real property taxes collected on behalf of other governments and disbursed to those governments.

##### **Measurement Focus and Basis of Accounting**

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Measurement Focus and Basis of Accounting - Continued**

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

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, lease liabilities, subscription liabilities, claims and judgments, compensated absences, workers' compensation, pensions, and other post-employment benefits which are recognized as expenditures to the extent they have matured. General capital assets, intangible lease assets, and intangible subscription asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions of leases and subscriptions with terms greater than one year are reported as other financing sources.

**Real Property Taxes**

Real property taxes are levied annually by the Board of Education no later than September 1, 2024, and became a lien on August 20, 2024. Taxes are collected during the period September 1, 2024 through October 31, 2024.

Uncollected real property taxes are subsequently enforced by the County of Jefferson, 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.

**Restricted Resources**

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**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 expenditures and revenues to provide 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.

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

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

**Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, pension costs, OPEB, workers' compensation liabilities, potential contingent liabilities, useful lives of capital assets, intangible lease assets, and intangible subscription assets.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Cash and Cash Equivalents**

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

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

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

Certain cash balances are restricted by various legal or contractual obligations, such as legal reserves or debt agreements.

**Receivables**

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

**Inventories**

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Other Assets**

In the district-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

**Capital Assets and Intangible Lease Assets**

Capital assets are reported at actual cost or estimated historical cost, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. 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:

	<b>Capitalization Threshold</b>	<b>Depreciation Method</b>	<b>Estimated Useful Life</b>
Buildings and Improvements	\$ 20,000	SL	20-50 Years
Furniture and Equipment	2,500	SL	5-25 Years

The District does not possess any infrastructure.

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$2,500 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term (3-5 years) consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

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##### **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 assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions or other inputs. The third item is the District's contributions to the New York State Teachers' and Employees' pension systems and to the Other Postemployment Benefit (OPEB) plan subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has 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 proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

##### **Unearned Revenue**

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Employee Benefits – Compensated Absences**

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

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

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Certain employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death if their contract allows.

In the District-Wide financial statements, the District recognizes a liability for compensated absences, including sick leave, when employees have earned the right to leave and 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 employee's rate of pay at the reporting date, and/or rates specified in negotiated labor contracts and individual employment contracts, including salary-related payments such as social security and Medicare taxes.

In the fund statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30<sup>th</sup>.

**Other Benefits**

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

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

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Other Benefits – Continued**

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage to eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide statements, the cost of post-employment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with the criteria set forth by GASB.

**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 there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue Bond Anticipation Notes (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. BANs that are replaced with long-term financing or renewed subsequent to the year-end but before the issuance of the financial statements are treated as long-term liabilities, as these notes will not require the use of working capital during that period. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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

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

**Equity Classifications**

**District-Wide Statements**

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

**Net Investment in Capital Assets** – consists of net capital assets (cost less accumulated depreciation) and intangible lease and subscription assets (present value of future payments remaining on the term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, improvements of, and the right-to-use those assets, net of any unexpended proceeds.

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

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Equity Classifications – Continued**

Fund Statements

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

**Nonspendable** – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Food Service Fund of \$15,401.

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

**Capital Reserve**

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

**Unemployment Insurance**

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Equity Classifications – Continued**

**Extra Classroom Activities Fund**

According to the regulations of the Commissioner of Education (8 NYCRR Part 172), the Board of Education of the District is required to make the rules and regulations for the establishment, conduct, operation, and maintenance of extra classroom activities and for the safeguarding, accounting and audit of all moneys received. According to the regulations of the Board of Education, the monies represent the funds of the students of the District and must be used by the student organizations of the District. These monies are accounted for in the Extra Classroom Activities Fund.

**Debt Service**

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

**Capital Projects Funds**

According to constraints placed on the use of resources established by approved capital projects, must be used for the specific purpose outlined in the approved proposition. These monies are accounted for in the Capital Projects Fund.

**Tax Certiorari**

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

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**Equity Classifications – Continued**

**Retirement Contributions**

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

Restricted fund balance includes the following at June 30, 2025:

General Fund	
Capital Reserve	\$ 1,664,032
Unemployment Insurance	19,046
Retirement Contributions - NYSERS	142,828
Retirement Contributions - NYSTRS	125,686
Tax Certiorari	18,422
Capital Projects Fund	362,644
Debt Service Fund	184,507
Extra Classroom Activities Fund	40,645
Total Restricted Funds	<u>\$ 2,557,810</u>

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued**

**Equity Classifications – Continued**

**Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 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 balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$10,160 (General Support of \$9,235 and Pupil Transportation of \$925). Any remaining fund balance in other funds is considered assigned.

**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 and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

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

**Order of Use of Fund Balance**

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

#### NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

##### **Implementation of New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2025, the District implemented the following new statements issued by GASB:

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended June 30, 2025. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has not been used, but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

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

##### **Future Changes in Accounting Standards**

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

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ended June 30, 2026. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

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.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

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

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

**Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities**

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

1. 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 current financial resources measurement focus and the modified accrual basis, whereas the economic resources measurement and the accrual basis of accounting is used on the Statement of Activities.

2. Capital Related Differences:

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

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

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

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**Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities  
- Continued**

3. Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension Differences:

Pension differences occur as a result of 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.

5. OPEB Differences:

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 an 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.

**NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES**

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For the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the statement establishes a unified model for the recognition and measurement of compensated absences.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 4 - STEWARDSHIP, COMPLIANCE, AND  
ACCOUNTABILITY**

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**Budgets**

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

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

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year can be funded by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriations of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriations occurred during the year: voter and board approved transfer of \$500,000 of capital reserve monies to be used in the campus-wide capital project, board approved increase in revenues and appropriations for insurance recoveries for floor replacement totaling \$39,562 and for additional donations of \$5,977.

Budgets are adopted annually on a basis consistent with GAAP. The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2025.

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.

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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 4 - STEWARDSHIP, COMPLIANCE, AND  
ACCOUNTABILITY – Continued**

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**Encumbrances**

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

**NOTE 5 – CASH AND CASH EQUIVALENTS - CUSTODIAL  
CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE  
AND FOREIGN CURRENCY RISKS**

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**Cash and Cash Equivalents**

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

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

Uncollateralized	<u><u>\$ -</u></u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	<u><u>\$ 196,667</u></u>

Restricted cash and cash equivalents represents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash and cash equivalents as of year-end includes \$1,970,014 restricted for various fund balance reserves in the General Fund, \$1,217,994 restricted for voter-approved capital projects in the Capital Projects Fund, \$41,099 restricted for extra classroom in the Extra Classroom Activities Fund and \$182,632 restricted in the Debt Service Fund within the governmental funds.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 5 – CASH AND CASH EQUIVALENTS - CUSTODIAL  
CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE  
AND FOREIGN CURRENCY RISKS – Continued**

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**Cash and Cash Equivalents- Continued**

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 agent 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, but not in the District's name.

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.

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

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

**Investment Pool – NYCLASS**

The District participated in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article §5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. Total investments of the cooperative as of yearend are \$14,108,902,633, which consisted of \$578,204,196 in collateralized bank deposits, \$3,819,691,492 in repurchase agreements, \$8,250,852,544 in U.S Treasury Bills, and \$1,460,154,401 in U.S. Treasury Notes. The U.S Treasuries within the NYCLASS portfolio are backed by the full faith and credit of the United States Government and therefore do not require collateral. New York State Municipal Bonds within the portfolio are backed by the full faith and credit of the State of New York and therefore do not require collateral. The other permissible investment security types are collateralized in accordance with NYS GML Section 10 and the NYCLASS Investment Policy. Repurchase agreements (repos) are collateralized 102% by either U.S. Treasuries and/or U.S. Agencies. Bank deposits also require full collateral; currently NYCLASS Collateralized Bank Deposits are being collateralized by Federal Home Loan Bank (FHLB) Letters of Credit (LOC). Additional information concerning the cooperative is presented in the annual report of NYCLASS.

At June 30, 2025, the District held \$2,808,850 in the General Fund, \$1,217,994 in the Capital Fund, \$182,632 in the Debt Service Fund in the investment pool which is included in unrestricted and restricted cash and cash equivalents.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 6 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS**

In accordance with the provisions of GASB Statement No 87, *Leases*, the District has recognized an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various items and other equipment.

Capital asset and intangible lease asset balances and activity for the year ended June 30 are as follows:

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Retirements/ Reclassifications</b>	<b>Ending Balance</b>
Capital Assets That Are Not Depreciated:				
Land	\$ 15,690	\$ -	\$ -	\$ 15,690
Construction in Progress	-	211,349	-	211,349
Total Nondepreciable Assets	<u>15,690</u>	<u>211,349</u>	<u>-</u>	<u>227,039</u>
Other Capital Assets:				
Buildings and Improvements	21,917,521	-	-	21,917,521
Furniture and Equipment	2,739,150	186,737	(150,556)	2,775,331
Intangible Lease Assets - Equipment	42,349	14,508	-	56,857
Total Other Capital Assets	<u>24,699,020</u>	<u>201,245</u>	<u>(150,556)</u>	<u>24,749,709</u>
Less Accumulated Depreciation:				
Buildings and Improvements	8,378,320	435,024	-	8,813,344
Furniture and Equipment	1,959,106	194,132	(150,556)	2,002,682
Less Accumulated Amortization:				
Intangible Lease Assets - Equipment	12,296	19,795	-	32,091
Total Accumulated Depreciation and Amortization	<u>10,349,722</u>	<u>648,951</u>	<u>(150,556)</u>	<u>10,848,117</u>
Total Other Capital Assets, Net	<u>14,349,298</u>	<u>(447,706)</u>	<u>-</u>	<u>13,901,592</u>
Capital Assets, Net	<u>\$ 14,364,988</u>	<u>\$ (236,357)</u>	<u>\$ -</u>	<u>\$ 14,128,631</u>

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	\$ 117,079
Instruction	394,013
Pupil Transportation	<u>137,859</u>
Total Depreciation and Amortization Expense	<u>\$ 648,951</u>

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 7 - SHORT-TERM DEBT OBLIGATIONS**

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Short-term debt may be authorized and issued to fund the following:

Capital project costs and other approved expenditures incurred prior to obtaining permanent financing through issuances of bond anticipation notes (BANs)

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

	Maturity	Stated Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
BAN	6/27/2025	3.99%	\$ -	\$ 900,000	\$ 900,000	\$ -
BAN	6/26/2026	3.78%	-	844,000	-	844,000
			<u>\$ -</u>	<u>\$ 1,744,000</u>	<u>\$ 900,000</u>	<u>\$ 844,000</u>

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

Interest Paid	\$ 21,546
Less: Interest Accrued in the Prior Year	-
Plus: Interest Accrued in the Current Year	<u>-</u>
Total Interest on Short-Term Debt	<u>\$ 21,546</u>

**NOTE 8 – LONG-TERM DEBT OBLIGATIONS**

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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 unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS – Continued**

**Serial Bonds**

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

**Lease Liabilities**

The District enters into agreements to lease computer equipment. Leases with a lease term greater than twelve months are recorded at the present value of the future minimum lease payments as of the date of their inception.

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

<b>Governmental Activities</b>	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due Within One Year</b>
Bonds and Notes Payable:					
General Obligation Debt:					
Serial Bonds	\$ 4,939,235	\$ 163,552	\$ 449,235	\$ 4,653,552	\$ 468,552
Premium on Bonds	389,235	-	32,549	356,686	37,013
<b>Total Bonds and Notes Payable</b>	<b>5,328,470</b>	<b>163,552</b>	<b>481,784</b>	<b>5,010,238</b>	<b>505,565</b>
Other Liabilities:					
Compensated Absences Payable					
Payable	60,156	136,819	-	196,975	-
Other Postemployment Benefits					
Benefits	28,787,411	385,807	-	29,173,218	-
Net Pension Liability - Proportionate Share					
Proportionate Share	660,373	-	132,761	527,612	-
Lease Liability	18,100	14,508	13,706	18,902	13,706
<b>Total Other Liabilities</b>	<b>29,526,040</b>	<b>537,134</b>	<b>146,467</b>	<b>29,916,707</b>	<b>13,706</b>
<b>Total Governmental Activities</b>	<b>\$ 34,854,510</b>	<b>\$ 700,686</b>	<b>\$ 628,251</b>	<b>\$ 34,926,945</b>	<b>\$ 519,271</b>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences and postemployment benefits. Additions and reductions to compensated absences are shown net.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS – Continued**

Existing serial and statutory bond obligations as of June 30, 2025 are as follows:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Serial Bonds - 2022	6/15/22	6/15/36	5.00%	\$ 4,200,000
Bus Purchase	8/20/20	8/1/25	0.5% - 1.59%	25,000
Bus Purchase	8/20/21	8/1/26	0.7% - 1.6%	50,000
Bus Purchase	8/25/22	8/1/27	2.5% - 4.0%	80,000
Bus Purchase	8/24/23	8/1/28	4.05% - 4.90%	135,000
Bus Purchase	10/24/24	8/1/29	3.95%	163,552
Total Serial Bonds				<u>\$ 4,653,552</u>

The following is a summary of debt service requirements at year-end June 30:

	Principal	Interest	Total
2026	\$ 468,552	\$ 226,547	\$ 695,099
2027	465,000	204,023	669,023
2028	465,000	182,344	647,344
2029	455,000	160,431	615,431
2030	440,000	138,941	578,941
2031-2035	2,240,000	366,750	2,606,750
Thereafter	<u>120,000</u>	<u>6,000</u>	<u>126,000</u>
Totals	<u>\$ 4,653,552</u>	<u>\$ 1,285,036</u>	<u>\$ 5,938,588</u>

Existing lease obligations as of June 30, 2025 are as follows:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Computer Equipment - RIC	5/18/2023	12/1/2025	5.04%	\$ 9,272
Computer Equipment - RIC	4/26/2024	12/1/2026	4.72%	9,630
				<u>\$ 18,902</u>

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 8 - LONG-TERM DEBT OBLIGATIONS – Continued**

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The following is a summary of the principal and interest requirements to maturity for the District's leases at year end June 30:

	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2026	\$ 13,975	\$ 542	\$ 14,517
2027	4,927	239	5,166
	<u>\$ 18,902</u>	<u>\$ 781</u>	<u>\$ 19,683</u>

Principal and interest expense paid on the District's lease liability amounted to \$13,706 and \$811, respectively, for the fiscal year ended June 30, 2025.

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

Interest Paid	\$ 241,747
Less: Interest Accrued in the Prior Year	(16,864)
Plus: Interest Accrued in the Current Year	16,862
Plus: Amortization of Deferred Charge on Bond Refunding	-
Less: Amortization of Bond Premium	<u>(32,549)</u>
Total Interest on Long-Term Debt	<u>\$ 209,196</u>

**NOTE 9 - PENSION PLANS**

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**General Information**

The District participates in the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). These are cost-sharing multiple employer public employee defined benefit retirement systems. The Systems provide retirement, disability, withdrawal, and death benefits to plan members and beneficiaries, which are related to years of service and final average salary.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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**Teachers' Retirement System (TRS) Plan Description**

The TRS is administered by the New York State Teacher's Retirement Board. The TRS 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 (NYSRSSL). 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 the TRS. Once a public employer elects to participate in the TRS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by the enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Annual Comprehensive Financial Report which can be found on the System's website at [www.nystrs.org](http://www.nystrs.org).

**Employees' Retirement System (ERS) Plan Description**

Obligations of employers and employees to contribute and benefits to employees are governed by the NYSRSSL. The net position of the ERS 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 ERS. As set forth in the NYSRSSL, the Comptroller of the State of New York (Comptroller) serves as the trustee of the Fund and is the administrative head of the ERS. Once a public employer elects to participate in the ERS, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Employees' Retirement System, 110 State Street, Albany, NY 12244.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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**TRS Benefits Provided**

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

*Tier 1*

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

*Tier 2*

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

*Tier 3*

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

*Tier 4*

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

*Tier 5*

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

*Tier 6*

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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**TRS Benefits Provided – Continued**

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tier 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

Vested Benefits

Retirement benefits for Tiers 1-6 are now vested after 5 years of credited service. Prior to April 9, 2022, Tier 5 and 6 members to attain 10 years of state service credit to be vested. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State service.

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## SACKETS HARBOR CENTRAL SCHOOL DISTRICT

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### NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

#### NOTE 9 - PENSION PLANS – Continued

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##### **TRS Benefits Provided – Continued**

###### Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

###### Prior and Military Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service. Certain members may also claim military service credit prior to or interrupting membership.

###### Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

###### Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of maximum annual benefit. The applicable percentage payable beginning September 2022 and 2021 is 3.0% and 1.4%, respectively. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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**ERS Benefits Provided**

Benefits

The System provides retirement benefits as well as death and disability benefits.

*Tier 1 and 2*

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members aged 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

*Tier 3, 4, and 5*

Eligibility: Tier 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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**ERS Benefits Provided – Continued**

Benefits - Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members aged 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary is limited to no more than 10 percent greater than the average of the previous 2 years.

*Tier 6*

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 5 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 4 years.

Vested Benefits

All Members are vested when they reach 5 years of service credit.

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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**ERS Benefits Provided – Continued**

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regard less of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one- half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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**Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. 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. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2024 and received an overall discount of \$1,135).

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

	<b>NYSTRS</b>	<b>NYSERS</b>
2024 - 2025	\$ 304,795	\$ 156,203
2023 - 2024	321,433	130,996
2022 - 2023	302,277	107,793

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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

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.

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2025	June 30, 2024
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (527,612)	\$ 487,993
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0030772%	0.016356%
Change in Proportion (%) Since the Prior Measurement Date	-0.0000942%	-0.0005570%

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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

For the year ended June 30, 2025, the District’s recognized pension (expense) credit of \$52,854 for TRS and \$34,616 for ERS. 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	\$ 130,957	\$ 525,479	\$ 6,177	\$ -
Changes of Assumptions	22,127	291,919	-	49,103
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	41,395	-	-	542,202
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	34,550	47,311	9,806	36,954
District's Contributions Subsequent to the Measurement Date	48,587	327,704	-	-
<b>Total</b>	<u>\$ 277,616</u>	<u>\$ 1,192,413</u>	<u>\$ 15,983</u>	<u>\$ 628,259</u>

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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

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

	<b>ERS</b>	<b>TRS</b>	
2026	\$ 103,983	\$ (246,335)	
2027	145,285	595,536	
2028	(41,226)	(100,541)	
2029	5,004	(108,444)	
2030	-	69,293	
Thereafter	-	26,941	

**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 liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	<b>ERS</b>	<b>TRS</b>	
Measurement Date	March 31, 2025	June 30, 2024	
Actuarial Valuation Date	April 1, 2024	June 30, 2023	
Interest Rate	5.9%	6.95%	
Salary Scale	4.4%	1.3%	
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience	
Inflation Rate	2.9%	2.4%	

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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

For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October 2021. The actuarial assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report.

For TRS the long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations* and generally accepted accounting principles. 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.

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

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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**Actuarial Assumptions – Continued**

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

	<b>ERS</b>	<b>TRS</b>
Measurement Date	March 31, 2025	June 30, 2024
Asset Type		
Domestic Equity	3.54%	6.60%
International Equity	6.57%	7.40%
Private Equity	7.25%	10.00%
Global Equity		6.90%
Real Estate	4.95%	6.30%
Opportunistic/Absolute Return Strategies Portfolio	5.25%	
Credit	5.40%	
Real Assets	5.55%	
Fixed Income	2.00%	
Cash	0.25%	0.50%
Private Debt		5.90%
Real Estate Debt		3.90%
Domestic Fixed Income Securities		2.60%
Global Bonds		2.50%
High-Yield Bonds		4.80%

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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**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 determined. Based upon the assumptions, the Systems’ fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

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

<b>ERS</b>	<b>1% Decrease (4.9%)</b>	<b>Current Assumption (5.9%)</b>	<b>1% Increase (6.9%)</b>
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,526,974)	\$ (527,612)	\$ 306,857

<b>TRS</b>	<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)	\$ (2,254,068)	\$ 487,993	\$ 2,794,140

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 9 - PENSION PLANS – Continued**

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**Pension Plan Fiduciary Net Position**

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

	(In Thousands)		
	ERS	TRS	Total
Measurement Date	March 31, 2025	June 30, 2024	
Employer's Total Pension Asset (Liability)	\$ (247,600,239)	\$ (142,837,827)	\$ (390,438,066)
Plan Net Position	<u>230,454,512</u>	<u>145,821,435</u>	<u>376,275,947</u>
Employer's Net Pension Asset (Liability)	<u>\$ (17,145,727)</u>	<u>\$ 2,983,608</u>	<u>\$ (14,162,119)</u>
Ratio of Plan Net Position to the Employer's Total Pension Asset (Liability)	93.08%	102.09%	

**Payables to the Pension Plan**

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$48,615. Employee contributions are remitted monthly.

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 \$370,908.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 10 - INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS**

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Interfund balances at June 30, 2025 are as follows:

	<b>Interfund</b>		<b>Interfund</b>	
	<b>Receivable</b>	<b>Payable</b>	<b>Revenues</b>	<b>Expenditures</b>
General	\$ 74,901	\$ -	\$ 25,034	\$ 517,667
Capital - District Wide Project	1,163	1,875	500,000	-
Capital - Smart Schools	-	39,288	-	-
Special Aid	-	36,776	17,667	-
School Food Service	-	-	-	-
Debt Service	1,875	-	-	25,034
Total	<u>\$ 77,939</u>	<u>\$ 77,939</u>	<u>\$ 542,701</u>	<u>\$ 542,701</u>

The District typically transfers resources between funds for the purpose of mitigating the effects of transient cash flow issues. The General Fund advances funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs. Transfers are made to the various Capital Projects Funds for funding of projects.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 11 – FUND BALANCE EQUITY**

The following is a summary of the Governmental Funds fund balances of the District at the year ended June 30, 2025:

<b>FUND BALANCES</b>	<b>General</b>	<b>Capital District Wide Project</b>	<b>Non-Major Funds</b>	<b>Total Governmental Funds</b>
Nonspendable				
Inventory	\$ -	\$ -	\$ 15,401	\$ 15,401
Restricted				
Unemployment Insurance	19,046	-	-	19,046
Retirement Contributions - NYSERS	142,828	-	-	142,828
Retirement Contributions - NYSTRS	125,686	-	-	125,686
Tax Certiorari	18,422	-	-	18,422
Capital Reserve	1,664,032	-	-	1,664,032
Debt Service	-	-	184,507	184,507
Capital Project Fund	-	362,644	-	362,644
Extra Classroom Activities Fund	-	-	40,645	40,645
Assigned				
Designated for Next Fiscal Year	751,933	-	-	751,933
General Support	9,235	-	-	9,235
Pupil Transportation	925	-	-	925
School Food Service	-	-	127,806	127,806
Unassigned				
General Fund	219,830	-	-	219,830
Total Governmental Fund Balances	<u>\$ 2,951,937</u>	<u>\$ 362,644</u>	<u>\$ 368,359</u>	<u>\$ 3,682,940</u>

**NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS**

**General Information about the OPEB Plan**

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

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 12 – POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS – Continued**

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**General Information about the OPEB Plan - Continued**

*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 July 1, 2023 the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	71
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>68</u>
Total Covered Employees	<u><u>139</u></u>

The District recognized the cost of providing health insurance annually as expenditures in the General Fund of the fund financials statements as payments are made. For the year ended June 30, 2025 the District recognized \$1,165,047 for its share of insurance premiums for currently enrolled retirees.

The District participates in the Jefferson-Lewis Et. Al. Employees’ Healthcare Insurance Plan (the Plan). The Plan allows eligible District employees and spouses to continue health coverage upon retirement. The Plan does issue a publicly available financial report.

Eligible teachers and administrators are those who are at least age 55 with 10 years of service. Employees must also be eligible to retire under ERS or TRS.

- Surviving spouses are permitted to continue coverage after death of the retiree, but are responsible for paying 100% of the plan premium.
- Employees retired prior to 7/1/94 pay 0%; employees retired after 7/1/94 and hired prior to 7/1/06 pay 10%; employees retired on or after 7/1/2014 but before 7/1/2015 pay at a rate of 11%, employees retired on or after 7/1/2015 pay at a rate of 12%, employees hired after 7/1/06 pay 17%.
- Medicare Part B premiums are reimbursed 100% for Medicare-eligible retirees and dependents.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS – Continued**

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**General Information about the OPEB Plan - Continued**

- Retiree healthcare benefits are provided through the Provider Choice POS Plan and the Traditional Indemnity Plan.
  - The Traditional Indemnity Plan is self-insured indemnity plan offered through Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES.
  - The Provider Choice POS Plan is a self-insured POS plan offered through Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES.

**Total OPEB Liability**

The District has obtained an actuarial valuation report as of June 30, 2025 which indicates that the total liability for other postemployment benefits is \$29,173,218 which is reflected in the Statement of Net Position. The OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023. Update procedures were used to roll forward the total OPEB liability to the measurement date.

*Actuarial Assumptions and Other Inputs* – The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

**Actuarial Methods and Assumptions**

Measurement Date	6/30/2024
Rate of Compensation Increase	3.00%
Discount Rate	4.09%

**Assumed Pre-65 Medical Trend Rates at June 30**

Health Care Cost Trend Rate Assumed for Next Fiscal Year	6.75%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.50%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2034

**Assumed Post-65 Medical Trend Rates at June 30**

Health Care Cost Trend Rate Assumed for Next Fiscal Year	6.75%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.50%
Fiscal Year that the Rate Reaches the Ultimate Trend Rate	2034

**Additional Information**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage
Amortization Period (in Years)	6.504
Method Used to Determine Actuarial Value of Assets	N/A

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS – Continued**

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**Total OPEB Liability – Continued**

The discount rate was based on using an average of two 20-year bond indices (e.g. S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GO AA 20 Years) as of June 30, 2024.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables using Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvements using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

The actuarial assumptions used in the July 1, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2022 – June 30, 2023. Benefit obligations are projected to the measurement date using roll forward techniques by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the assumptions as of the measurement date.

**Changes in the Total OPEB Liability**

Balance at June 30, 2024	\$ 28,787,411
Changes for the Year	
Service Cost	634,704
Interest	1,156,947
Changes of Assumptions or Other Inputs	(405,431)
Benefit Payments	<u>(1,000,413)</u>
Net Changes	<u>385,807</u>
Balance at June 30, 2025	<u>\$ 29,173,218</u>

Changes of assumptions and other inputs reflect a change in the discount rate from 4.00 percent as of June 30, 2024 to 4.09 percent as of June 30, 2025.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS – Continued**

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**Total OPEB Liability – Continued**

*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 (3.09 percent) or 1 percentage point higher (5.09 percent) than the current discount rate:

	1% Decrease 3.09%	Discount Rate 4.09%	1% Increase 5.09%
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total OPEB Liability	<u>\$ 34,106,094</u>	<u>\$ 29,173,218</u>	<u>\$ 25,271,473</u>

*Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates* – The following presents the total OPEB liability of the District, as well as what the District’s total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 3.5 percent) or 1 percentage point higher (trend increasing to 5.5 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 3.5%)	Healthcare Cost Trend Rates (Trend Decreasing to 4.5%)	1% Increase (Trend Plus 1% Increasing to 5.5%)
	<u>                    </u>	<u>                    </u>	<u>                    </u>
Total OPEB Liability	<u>\$ 24,719,846</u>	<u>\$ 29,173,218</u>	<u>\$ 34,934,941</u>

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE)**

**BENEFITS – Continued**

**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 \$117,047. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes of Assumptions or Other Inputs	\$ 1,086,154	\$ 6,798,086
Benefit Payments Subsequent to the Measurement Date	<u>1,056,943</u>	<u>-</u>
	<u>\$ 2,143,097</u>	<u>\$ 6,798,086</u>

District benefit payments subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2026. 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

2026	\$ (1,102,153)
2027	(1,616,128)
2028	(1,729,470)
2029	(1,064,684)
2030	(168,082)
Thereafter	<u>(31,415)</u>
	<u>\$ (5,711,932)</u>

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NOTES TO AUDITED BASIC FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 13 - RISK MANAGEMENT**

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**General**

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

**Consortiums and Self-Insured Plans**

The District participates in the Jefferson-Lewis Et. Al. School Employees' Healthcare Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of 16 individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$750,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$750,000 limit and the District has essentially transferred all related risk to the pool.

The District participates in the Black River Valley Schools Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$-0-.

**NOTE 14 - CONTINGENCIES AND COMMITMENTS**

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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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**REQUIRED SUPPLEMENTARY INFORMATION**

**SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS  
LAST EIGHT FISCAL YEARS**

Ended June 30, 2025

<b>Total OPEB Liability</b>	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>
Service Cost	\$ 634,704	\$ 633,141	\$ 613,040	\$ 1,012,803	\$ 1,099,131	\$ 851,232	\$ 891,972	\$ 1,041,702
Interest	1,156,947	1,154,617	1,432,717	744,869	740,708	838,823	978,678	859,403
Changes in Assumptions or Other Inputs	(405,431)	(1,364,642)	(10,227,430)	1,486,207	4,271,100	2,753,587	(1,050,317)	(3,101,309)
Benefit Payments	(1,000,413)	(1,002,235)	(909,793)	(851,077)	(805,222)	(796,532)	(613,904)	(567,554)
<b>Net Change in Total OPEB Liability</b>	<u>385,807</u>	<u>(579,119)</u>	<u>(9,091,466)</u>	<u>2,392,802</u>	<u>5,305,717</u>	<u>3,647,110</u>	<u>206,429</u>	<u>(1,767,758)</u>
<b>Total OPEB Liability - Beginning</b>	<u>28,787,411</u>	<u>29,366,530</u>	<u>38,457,996</u>	<u>36,065,194</u>	<u>30,759,477</u>	<u>27,112,367</u>	<u>26,905,938</u>	<u>28,673,696</u>
<b>Total OPEB Liability - Ending</b>	<u>\$ 29,173,218</u>	<u>\$ 28,787,411</u>	<u>\$ 29,366,530</u>	<u>\$ 38,457,996</u>	<u>\$ 36,065,194</u>	<u>\$ 30,759,477</u>	<u>\$ 27,112,367</u>	<u>\$ 26,905,938</u>
<b>Covered Payroll</b>	\$ 3,776,684	\$ 3,776,684	\$ 3,616,601	\$ 3,616,601	\$ 3,573,382	\$ 3,573,382	\$ 3,745,235	\$ 3,675,631
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	772.46%	762.24%	811.99%	1063.37%	1009.27%	860.79%	723.92%	732.01%

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

**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE -  
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**  
Year Ended June 30, 2025

	<b>Original Budget</b>	<b>Final Budget</b>
<b>REVENUES</b>		
Local Sources		
Real Property Taxes	\$ 4,592,045	\$ 4,592,045
Other Tax Items	7,000	7,000
Charges for Services	-	-
Use of Money and Property	70,000	70,000
Sale of Property and Compensation for Loss	5,000	44,562
Miscellaneous	100,000	105,977
Total Local Sources	<u>4,774,045</u>	<u>4,819,584</u>
State Sources	4,425,761	4,425,761
Medicaid Reimbursement	12,000	12,000
Federal Sources	45,000	45,000
Total Revenues	<u>9,256,806</u>	<u>9,302,345</u>
<b>OTHER FINANCING SOURCES</b>		
Operating Transfers In	242,910	242,910
Total Revenues and Other Financing Sources	<u>9,499,716</u>	<u>9,545,255</u>
<b>APPROPRIATED FUND BALANCE</b>		
Prior Years' Surplus	837,770	837,770
Appropriated Reserves	-	500,000
Total Appropriated Fund Balance	<u>837,770</u>	<u>1,337,770</u>
Total Revenue, Other Financing Sources and Appropriated Fund Balance	<u>\$ 10,337,486</u>	<u>\$ 10,883,025</u>
<b>EXPENDITURES</b>		
General Support		
Board of Education	\$ 23,400	\$ 27,197
Central Administration	178,006	189,360
Finance	265,992	268,883
Staff	21,727	35,274
Central Services	731,304	783,880
Special Items	139,474	163,026
Total General Support	<u>1,359,903</u>	<u>1,467,620</u>
Instruction		
Instruction, Administration and Improvement	210,978	197,908
Teaching - Regular School	2,578,973	2,504,488
Programs for Children with Handicapping Conditions	1,389,648	1,357,120
Occupational Education	244,720	244,720
Teaching - Special School	-	-
Instructional Media	243,664	240,214
Pupil Services	332,394	361,619
Total Instruction	<u>5,000,377</u>	<u>4,906,069</u>
Pupil Transportation	406,530	406,530
Community Service	-	-
Employee Benefits	2,767,840	2,785,453
Debt Service	767,171	782,234
Total Expenditures	<u>10,301,821</u>	<u>10,347,906</u>
<b>OTHER FINANCING USES</b>		
Operating Transfers Out	35,665	535,119
Total Expenditures and Other Financing Uses	<u>\$ 10,337,486</u>	<u>\$ 10,883,025</u>
Net Change in Fund Balance		
Fund Balances - Beginning		
Fund Balances - End		

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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	<b>Actual</b>	<b>Final Budget Variance With Actual</b>	
\$	4,364,078	\$ (227,967)	
	238,306	231,306	
	115	115	
	181,170	111,170	
	41,859	(2,703)	
	284,540	178,563	
	<u>5,110,068</u>	<u>290,484</u>	
	4,490,954	65,193	
	8,270	(3,730)	
	52,498	7,498	
	<u>9,661,790</u>	<u>359,445</u>	
	25,034	(217,876)	
	<u>9,686,824</u>	<u>\$ 141,569</u>	

		<b>Year-End Encumbrances</b>	<b>With Actual and Encumbrances</b>	
\$	26,283	\$ -	\$ 914	
	179,058	-	10,302	
	266,098	-	2,785	
	33,955	-	1,319	
	706,109	9,235	68,536	
	162,486	-	540	
	<u>1,373,989</u>	<u>9,235</u>	<u>84,396</u>	
	166,739	-	31,169	
	2,433,507	-	70,981	
	1,062,170	-	294,950	
	244,720	-	-	
	-	-	-	
	166,909	-	73,305	
	350,433	-	11,186	
	<u>4,424,478</u>	<u>-</u>	<u>481,591</u>	
	351,058	925	54,547	
	-	-	-	
	2,750,050	-	35,403	
	782,234	-	-	
	<u>9,681,809</u>	<u>10,160</u>	<u>655,937</u>	
	517,667	-	17,452	
	<u>10,199,476</u>	<u>\$ 10,160</u>	<u>\$ 673,389</u>	
	(512,652)			
	<u>3,464,589</u>			
\$	<u>2,951,937</u>			

**Note to Required Supplementary Information Budget Basis of Accounting:** Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

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See paragraph on supplementary schedules included in independent auditor's report.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN  
LAST TEN FISCAL YEARS  
Ended June 30, 2025**

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Teachers' Retirement System (TRS)</b>										
District's Proportion of the Net Pension Asset (Liability)	0.016356%	0.016913%	0.017411%	0.016393%	0.016267%	0.016222%	0.016960%	0.017258%	0.017303%	0.017118%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ 487,993	\$ (193,418)	\$ (334,104)	\$ 2,840,824	\$ (449,507)	\$ 421,444	\$ 306,676	\$ 131,176	\$ (185,326)	\$ 1,777,987
District's Covered Payroll	\$ 3,122,902	\$ 3,123,644	\$ 3,084,957	\$ 2,782,490	\$ 2,761,063	\$ 2,707,932	\$ 2,762,352	\$ 2,734,782	\$ 2,680,205	\$ 2,576,315
District's Proportionate Share of the Net Pension Asset (Liability) as Percentage of its Covered Payroll	15.63%	6.19%	10.83%	102.10%	16.28%	15.56%	11.10%	4.80%	6.91%	69.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	102.09%	99.17%	98.57%	113.25%	97.96%	102.17%	101.53%	100.66%	99.01%	110.46%
<b>Employees' Retirement System (ERS)</b>										
District's Proportion of the Net Pension Asset (Liability)	0.0030772%	0.0031714%	0.0031069%	0.0025544%	0.0025943%	0.2876300%	0.0031941%	0.0030030%	0.0029084%	0.0028289%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (527,612)	\$ (466,955)	\$ (666,249)	\$ 208,808	\$ (2,583)	\$ (761,660)	\$ (226,314)	\$ (96,920)	\$ (273,281)	\$ (454,042)
District's Covered Payroll	\$ 1,109,672	\$ 1,068,789	\$ 982,500	\$ 883,342	\$ 938,361	\$ 919,359	\$ 891,556	\$ 917,146	\$ 813,612	\$ 781,912
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	47.55%	43.69%	67.81%	23.64%	0.28%	82.85%	25.38%	10.57%	33.59%	58.07%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%

See paragraph on supplementary schedules included in independent auditor's report.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF DISTRICT'S CONTRIBUTIONS – NYSLRS PENSION PLAN**  
**LAST TEN FISCAL YEARS**  
 Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
<b>Teachers' Retirement System (TRS)</b>										
Contractually Required Contribution	\$ 304,795	\$ 321,433	\$ 302,277	\$ 265,171	\$ 244,630	\$ 287,556	\$ 270,729	\$ 320,516	\$ 354,052	\$ 450,752
Contributions in Relation to the Contractually Required Contribution	304,795	321,433	302,277	265,171	244,630	287,556	270,729	320,516	354,052	450,752
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$3,122,902	\$3,123,644	\$3,084,957	\$2,782,490	\$2,761,063	\$2,707,932	\$2,762,352	\$2,734,782	\$2,680,205	\$2,576,315
Contributions as a Percentage of Covered Payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.21%	17.50%
<b>Employees' Retirement System (ERS)</b>										
Contractually Required Contribution	\$ 156,203	\$ 130,996	\$ 107,793	\$ 137,047	\$ 131,455	\$ 126,793	\$ 128,567	\$ 133,346	\$ 121,881	\$ 139,969
Contributions in Relation to the Contractually Required Contribution	156,203	130,996	107,793	137,047	131,455	126,793	128,567	133,346	121,881	139,969
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's Covered Payroll	\$1,109,672	\$1,068,789	\$ 982,500	\$ 883,342	\$ 938,361	\$ 919,359	\$ 891,556	\$ 917,146	\$ 813,612	\$ 781,912
Contributions as a Percentage of Covered Payroll	14.08%	12.26%	10.97%	15.51%	14.01%	13.79%	14.42%	14.54%	14.98%	17.90%

See paragraph on supplementary schedules included in independent auditor's report.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**SUPPLEMENTARY INFORMATION**

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**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE  
REAL PROPERTY TAX LIMIT – GENERAL FUND**

June 30, 2025

**CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET**

Adopted Budget	\$ 10,337,486
Add: Prior Year's Encumbrances	<u>                  -</u>
Original Budget	10,337,486
Budget Revision	545,539
Final Budget	<u><u>\$ 10,883,025</u></u>

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

2025-2026 Voter Approved Expenditure Budget	\$ 10,675,885
Maximum Allowed 4% of 2025-2026 Budget	<u><u>\$ 427,035</u></u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 762,093
Unassigned Fund Balance	<u>219,830</u>
Total Unrestricted Fund Balance	<u><u>981,923</u></u>
Less:	
Appropriated Fund Balance	751,933
Encumbrances Included in Assigned Fund Balance	<u>10,160</u>
Total Adjustments	<u><u>762,093</u></u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 219,830</u></u>
Actual Percentage	<u><u>2.06%</u></u>

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See paragraph on supplementary schedules included in independent auditor's report.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES**

Year Ended June 30, 2025

PROJECT TITLE	Expenditures					Methods of Financing							Fund Balance 6/30/2025
	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	BANS Redeemed From Appropriations	Use of Money and Property	Proceeds Of Obligations	State Aid	Local Sources	Total	
District Wide Project	\$ 3,500,000	\$ 3,500,000	\$ -	\$ 211,349	\$ 211,349	\$ 3,288,651	\$ 56,000	\$ 17,993	\$ -	\$ -	\$ 500,000	\$ 573,993	362,644
Smart Schools	39,435	39,435	-	39,288	39,288	147	-	-	-	39,288	-	39,288	-
Buses	169,552	169,552	-	163,552	163,552	6,000	-	-	163,552	-	-	163,552	-
Totals	\$ 3,708,987	\$ 3,708,987	\$ -	\$ 414,189	\$ 414,189	\$ 3,294,798	\$ 56,000	\$ 17,993	\$ 163,552	\$ 39,288	\$ 500,000	\$ 776,833	\$ 362,644

See paragraph on supplementary schedules included in independent auditor's report.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS**

June 30, 2025

	<b>School Food Service</b>	<b>Special Aid</b>	<b>Capital- Buses</b>	<b>Capital- Intangible Leases</b>	<b>Capital- Smart Schools</b>	<b>Debt Service</b>	<b>Extra Classroom Activities</b>	<b>Total Non-Major Funds</b>
<b>ASSETS</b>								
Cash and Cash Equivalents								
Unrestricted	\$ 114,179	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 114,179
Restricted	-	-	-	-	-	182,632	41,099	223,731
Receivables								
Due From Other Funds	-	-	-	-	-	1,875	-	1,875
State and Federal Aid	19,718	58,235	-	-	39,288	-	-	117,241
Inventories	15,401	-	-	-	-	-	-	15,401
<b>TOTAL ASSETS</b>	<b>\$ 149,298</b>	<b>\$ 58,235</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,288</b>	<b>\$ 184,507</b>	<b>\$ 41,099</b>	<b>\$ 472,427</b>
<b>LIABILITIES</b>								
Payables								
Accounts Payable	\$ -	\$ 14,066	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,066
Accrued Liabilities	705	-	-	-	-	-	-	705
Due to Teachers' Retirement System	-	7,393	-	-	-	-	-	7,393
Due to Employees' Retirement System	1,730	-	-	-	-	-	-	1,730
Due to Other Funds	-	36,776	-	-	39,288	-	-	76,064
Due to Other Governments	97	-	-	-	-	-	454	551
Unearned Credits								
Unearned Revenues	3,559	-	-	-	-	-	-	3,559
Total Liabilities	6,091	58,235	-	-	39,288	-	454	104,068
<b>FUND BALANCES</b>								
Nonspendable	15,401	-	-	-	-	-	-	15,401
Restricted	-	-	-	-	-	184,507	40,645	225,152
Assigned	127,806	-	-	-	-	-	-	127,806
Total Fund Balances	143,207	-	-	-	-	184,507	40,645	368,359
<b>TOTAL LIABILITIES AND FUND BALANCES</b>	<b>\$ 149,298</b>	<b>\$ 58,235</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 39,288</b>	<b>\$ 184,507</b>	<b>\$ 41,099</b>	<b>\$ 472,427</b>

See paragraph on supplementary schedules included in independent auditor's report.

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2025

	School Food Service	Special Aid	Capital- Buses	Capital- Intangible Leases	Capital- Smart Schools	Debt Service	Extra Classroom Activities	Total Non-Major Funds
<b>REVENUES</b>								
State Sources	\$ 127,231	\$ 136,401	\$ -	\$ -	\$ 39,288	\$ -	\$ -	302,920
Federal Sources	121,368	492,044	-	-	-	-	-	613,412
Surplus Food	11,510	-	-	-	-	-	-	11,510
Sales - School Food Service	27,009	-	-	-	-	-	-	27,009
Use of Money and Property	-	-	-	-	-	9,131	-	9,131
Miscellaneous	-	-	-	-	-	-	45,299	45,299
Total Revenues	<u>287,118</u>	<u>628,445</u>	<u>-</u>	<u>-</u>	<u>39,288</u>	<u>9,131</u>	<u>45,299</u>	<u>1,009,281</u>
<b>EXPENDITURES</b>								
General Support	128,868	-	-	-	-	-	-	128,868
Instructional	-	616,927	-	-	-	-	-	616,927
Pupil Transportation	-	6,278	-	-	-	-	-	6,278
Employee Benefits	20,266	22,907	-	-	-	-	-	43,173
Other Expenditures	-	-	-	-	-	-	69,596	69,596
Cost of Sales	144,746	-	-	-	-	-	-	144,746
Capital Outlay	-	-	163,552	14,508	39,288	-	-	217,348
Total Expenditures	<u>293,880</u>	<u>646,112</u>	<u>163,552</u>	<u>14,508</u>	<u>39,288</u>	<u>-</u>	<u>69,596</u>	<u>1,226,936</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(6,762)</u>	<u>(17,667)</u>	<u>(163,552)</u>	<u>(14,508)</u>	<u>-</u>	<u>9,131</u>	<u>(24,297)</u>	<u>(217,655)</u>
<b>OTHER FINANCING SOURCES AND (USES)</b>								
Premium on Debt Issuance	-	-	-	-	-	1,875	-	1,875
Proceeds from Debt - Leases	-	-	-	14,508	-	-	-	14,508
Proceeds from Debt	-	-	163,552	-	-	-	-	163,552
Operating Transfers In	-	17,667	-	-	-	-	-	17,667
Operating Transfers (Out)	-	-	-	-	-	(25,034)	-	(25,034)
Total Other Financing Sources and (Uses)	<u>-</u>	<u>17,667</u>	<u>163,552</u>	<u>14,508</u>	<u>-</u>	<u>(23,159)</u>	<u>-</u>	<u>172,568</u>
Net Change in Fund Balance	(6,762)	-	-	-	-	(14,028)	(24,297)	(45,087)
Fund Balances - Beginning of Year	<u>149,969</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>198,535</u>	<u>64,942</u>	<u>413,446</u>
Fund Balances - End of Year	<u>\$ 143,207</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 184,507</u>	<u>\$ 40,645</u>	<u>\$ 368,359</u>

See paragraph on supplementary schedules included in independent auditor's report.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**NET INVESTMENT IN CAPITAL ASSETS**

Year Ended June 30, 2025

Capital Assets, Net \$ 14,128,631

Deduct:

Bond Anticipation Notes	\$ 844,000	
Less: Unspent Proceeds	(844,000)	
Premium on Bonds Payable	356,686	
Short-Term Portion of Bonds Payable	468,552	
Long-Term Portion of Bonds Payable	4,185,000	
Short-Term Portion of Lease Liability	13,706	
Long-Term Portion of Lease Liability	5,196	5,029,140

Net Investment in Capital Assets \$ 9,099,491

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See paragraph on supplementary schedules included in independent auditor's report.

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

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**BOARD OF EDUCATION  
SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

We have audited, in accordance with the auditing standards of generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Sackets Harbor Central School District as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Sackets Harbor Central School District’s basic financial statements and have issued our report thereon dated October 10, 2025.

**Report on Internal Control over Financial Reporting**

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

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

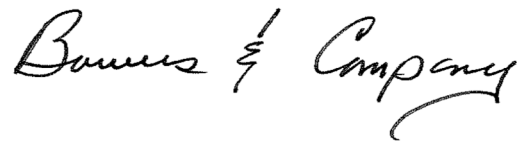
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

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

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

### **Purpose of this Report**

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

A handwritten signature in cursive script that reads "Bowers & Company". The signature is written in black ink and is positioned to the right of the date and location text.

Watertown, New York  
October 10, 2025

**EXTRA CLASSROOM ACTIVITIES FUND**

## **INDEPENDENT AUDITOR’S REPORT ON EXTRA CLASSROOM ACTIVITIES FUND**

### **BOARD OF EDUCATION SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

#### **Opinion**

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activities Fund of Sackets Harbor Central School District for the year ended June 30, 2025, and the related note to the financial statement.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the statement of cash receipts and disbursements of Extra Classroom Activities Fund of Sackets Harbor Central School District for the year ended June 30, 2025, in accordance with the cash basis of accounting described in Note 1.

#### **Basis for Opinion**

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. 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 Sackets Harbor Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

#### **Emphasis of Matter – Basis of Accounting**

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

#### **Responsibilities of Management for the Financial Statements**

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances.

Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

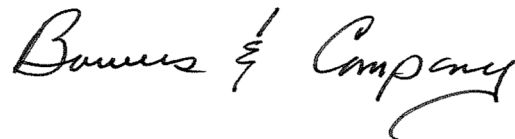
### **Auditor's Responsibilities for the Audit of the Financial Statement**

Our objectives are to obtain reasonable assurance about whether the financial statement as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. 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 the cash basis of accounting as described in Note 1, 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 auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 Sackets Harbor Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sackets Harbor Central School District's ability to continue as a going concern for a reasonable period of time.

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



Watertown, New York  
October 10, 2025

**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

**EXTRA CLASSROOM ACTIVITIES FUND – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS**

Year Ended June 30, 2025

	Cash Balance 7/1/2024	Cash Receipts	Cash Disbursements	Reclassifications	Cash Balance 6/30/2025
Class of:					
2024	\$ 4,147	\$ -	\$ 4,147	\$ -	\$ -
2025	9,257	4,401	12,455	-	1,203
2026	5,746	1,372	69	-	7,049
2027	3,461	6,866	3,581	-	6,746
2028	1,114	890	647	-	1,357
2029	464	2,961	3,085	-	340
2030	686	651	11	-	1,326
2031	-	507	11	-	496
5th Grade Funds	369	-	-	(369)	-
Art Club	1,820	164	-	-	1,984
Cheerleaders	390	-	-	(390)	-
Environmental Club	970	2,373	1,828	-	1,515
Jr. Honor Society	1,140	-	-	-	1,140
Library Club	730	991	1,709	369	381
Music Club	459	-	-	-	459
Odyssey of the Mind	837	-	500	-	337
Honor Society	637	-	173	-	464
Sentinels	1,269	-	665	-	604
SPARK	23,327	15,605	31,593	-	7,339
Spanish Club	267	-	314	-	(47)
Sports Club	302	1,356	1,436	390	612
Whiz Quiz	4,096	-	2,500	-	1,596
World Literature Travelers	2,110	2,600	2,250	-	2,460
Yearbook	1,344	4,562	2,622	-	3,284
	<u>64,942</u>	<u>45,299</u>	<u>69,596</u>	<u>-</u>	<u>40,645</u>
NYS Sales Tax	<u>-</u>	<u>1,612</u>	<u>1,158</u>	<u>-</u>	<u>454</u>
<b>Total</b>	<u><u>\$ 64,942</u></u>	<u><u>\$ 46,911</u></u>	<u><u>\$ 70,754</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 41,099</u></u>

See note to the financial statement.

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**SACKETS HARBOR CENTRAL SCHOOL DISTRICT**

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**EXTRA CLASSROOM ACTIVITIES FUND - NOTE TO FINANCIAL STATEMENTS**

June 30, 2025

**NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES**

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The Extra Classroom Activities Fund of the Sackets Harbor Central School District represents funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activities Fund is independent of the District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activities Fund of the Sackets Harbor Central School District are maintained on a cash basis and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.

October 10, 2025

To the President and Members  
Of the Board of Education  
Sackets Harbor Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Sackets Harbor Central School District for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, and if applicable, *Government Auditing Standards*, and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 2, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

*Qualitative Aspects of Accounting Practices*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Sackets Harbor Central School District are described in Note 1 to the financial statements. As described in Note 3 to the financial statements, the Sackets Harbor Central School District changed accounting policies related to the estimation the compensated absences liabilities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in 2025. We noted no transactions entered into by Sackets Harbor Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the District's financial statements were:

Management's estimate of the depreciation and amortization is based on economic useful lives of capital asset classes.

Management estimates actuarial assumptions that are used to determine pension asset (liabilities) and annual pension cost for the year in accordance with GASB Statement No. 68.

Management estimates actuarial assumptions that are used to determine annual postretirement cost for the year in accordance with GASB Statement No. 75.

Management's estimate of present value of right to use leased assets, and lease liability is based on the discount rate or implicit interest rate within the agreements in accordance with GASB Statement No. 87, *Leases*.

Management develops estimates and assumptions based upon historical employee leave data to measure the liability for compensated absences in accordance with GASB Statement No. 101.

We have evaluated the methods, assumptions and data used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

#### *Difficulties Encountered in Performing the Audit*

We encountered no significant difficulties in dealing with management in performing and completing our audit.

#### *Corrected and Uncorrected Misstatements*

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

#### *Disagreements with Management*

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

#### *Management Representations*

We have requested certain representations from management that are included in the management representation letter dated October 10, 2025.

*Management Consultations with Other Independent Accountants*

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Sackets Harbor Central School District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

*Other Audit Findings or Issues*

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Sackets Harbor Central School District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to *Management’s Discussion and Analysis, Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund, Schedule of Changes in the District’s Total OPEB Liability and Related Ratios, Schedule of the District’s Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan, and Schedule of District’s Contributions – NYSLRS Pension Plan*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

To the Board of Education  
Sackets Harbor Central School District  
October 10, 2025  
Page 4

We were engaged to report on *Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet- Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances- Non-Major Governmental Funds, and Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the use of Board of Education and management of Sackets Harbor Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

*Bowers & Company*

**Material Misstatements Corrected by Management**

**Government-Wide**

*Non-Current Governmental Assets*

<b>Adjusting Journal Entries JE # 3</b>			
To record CY depreciation			
K00159	Total Non-Current Governmental Assets	629,156.00	
K00112	Accumulated Depreciation - Buildings		435,024.00
K00114	Accumulated Depreciation - Equipment		194,132.00
<b>Total</b>		<b>629,156.00</b>	<b>629,156.00</b>

<b>Adjusting Journal Entries JE # 4</b>			
To adjust CY OPEB deferred outflows to actual			
K00159	Total Non-Current Governmental Assets	1,254,764.00	
K00496.1	Deferred Outflows of Resources - OPEB		1,254,764.00
<b>Total</b>		<b>1,254,764.00</b>	<b>1,254,764.00</b>

<b>Adjusting Journal Entries JE # 6</b>			
To record CY TRS/ERS deferred outflows and TRS net pension asset			
K00400	TRS - Pension Asset	487,993.00	
K00159	Total Non-Current Governmental Assets		210,796.00
K00496	Deferred Outflows of Resources - TRS Pension		139,735.00
K00496.00	Deferred Outflows of Resources - ERS Pension		137,462.00
<b>Total</b>		<b>487,993.00</b>	<b>487,993.00</b>

*Non-Current Governmental Liabilities*

<b>Adjusting Journal Entries JE # 1</b>			
To update bonds payable for CY activity			
W628	Bonds Payable	285,683.00	
W125	Provision in Future Budgets		285,683.00
<b>Total</b>		<b>285,683.00</b>	<b>285,683.00</b>

**Material Misstatements Corrected by Management - Continued**

***Non-Current Governmental Liabilities - Continued***

<b>Adjusting Journal Entries JE # 2</b>			
AJE to correct to OPEB Report.			
W125	Provision in Future Budgets	385,807.00	
W683	OPEB		385,807.00
<b>Total</b>		<b>385,807.00</b>	<b>385,807.00</b>

<b>Adjusting Journal Entries JE # 3</b>			
Aje to correct Total deferred inflows to amount on opeb.			
W697.1	Deferred Inflows of Resources - OPEB	1,523,524.00	
W125	Provision in Future Budgets		1,523,524.00
<b>Total</b>		<b>1,523,524.00</b>	<b>1,523,524.00</b>

<b>Adjusting Journal Entries JE # 5</b>			
To record pension deferred inflows and ERS net pension liability			
W125	Provision in Future Budgets	123,326.00	
W638	Net Pension Liability - TRS	193,418.00	
W697.00	Deferred Inflows of Resources - ERS	232,735.00	
W638.00	Net Pension Liability - ERS		60,657.00
W697	Deferred Inflows of Resources - TRS		488,822.00
<b>Total</b>		<b>549,479.00</b>	<b>549,479.00</b>

**Governmental Funds**

***General Fund***

<b>Adjusting Journal Entries JE # 1</b>			
To properly record interfund transfer to Capital Projects Fund and roll TB			
A2855.040	Contractual and Other	6.00	
A9901.96	Transfer to Capital Fund	500,000.00	
A00917	UNASSIGNED FUND BALANCE		500,006.00
<b>Total</b>		<b>500,006.00</b>	<b>500,006.00</b>

**Material Misstatements Corrected by Management - Continued**

**Governmental Funds – Continued**

*General Fund - Continued*

**Adjusting Journal Entries JE # 2**

To record interest for reserve fund balances

A00917	UNASSIGNED FUND BALANCE	111,770.00	
A00815	UNEMPLOYMENT INSURANCE RESERVE		840.00
A00827	RESERVE FOR EMPLOYEES' RETIREMENT SYSTEM CONTRIBUTIONS		6,297.00
A00828	RESERVE FOR TEACHERS' RETIREMENT SYSTEM CONTRIBUTIONS		5,541.00
A00864	RESERVE FOR TAX CERTIORARI		4,717.00
A00878	CAPITAL RESERVE		94,375.00
<b>Total</b>		<b><u>111,770.00</u></b>	<b><u>111,770.00</u></b>

*School Food Service*

**Adjusting Journal Entries JE # 2**

To adjust inventory to actual totals at year end

C 445	Inventory of Materials and Supplies	9,234.00	
C 446	Surplus Food Inventory	7,136.00	
C 446.1	Purchased Food Inventory	1,183.00	
C2860.041	Food		8,319.00
C2860.045	Materials and Supplies		9,234.00
<b>Total</b>		<b><u>17,553.00</u></b>	<b><u>17,553.00</u></b>

*Special Aid Fund*

**Adjusting Journal Entries JE # 1**

To true up interfund transfer activity

F 410	Due from State and Federal	24,850.00	
F 3289.000.00.4408-24/25	Summer Section Chapter 4408		12,425.00
F 5031.000.00.4408-24/25	Transfer from General Fund		12,425.00
<b>Total</b>		<b><u>24,850.00</u></b>	<b><u>24,850.00</u></b>

**Material Misstatements Corrected by Management - Continued**

**Governmental Funds – Continued**

*Capital Projects Fund*

<b>Adjusting Journal Entries JE # 2</b>			
To accrue June Bernier & Carr invoice			
H2110.244	LEGAL	15,232.00	
H2110.245	ARCHITECT	1,770.00	
H00600	ACCOUNTS PAYABLE		<u>17,002.00</u>
<b>Total</b>		<b><u>17,002.00</u></b>	<b><u>17,002.00</u></b>

**Fiduciary Funds**

*Custodial Fund*

<b>Adjusting Journal Entries JE # 1</b>			
Recorded AJE to recognize library tax			
TC1989.400-00-000	Public Libraries	62,000.00	
TC01001	Library Tax		<u>62,000.00</u>
<b>Total</b>		<b><u>62,000.00</u></b>	<b><u>62,000.00</u></b>

## FORM OF OPINION OF BOND COUNSEL

June 25, 2026

Sackets Harbor Central School District  
11 Hall Avenue  
Star Lake, New York

Re: Sackets Harbor Central School District  
\$2,934,000 Bond Anticipation Notes, 2026 (Renewals), CUSIP No.: \_\_\_\_\_

Ladies and Gentlemen:

As Bond Counsel to the Sackets Harbor Central School District, County of Jefferson, State of New York (the “District”), we have examined a record of proceedings relating to the issuance of \$2,934,000 Bond Anticipation Notes, 2026 (Renewals) (referred to herein as the “Notes”). The Notes are dated June 25, 2026 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, a resolution of the District in respect of the Notes and a Certificate of Determination dated on or before June 25, 2026 of the President of the Board of Education relative to the form and terms of the Notes.

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

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

In our opinion (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including the City of New York. Bond counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

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

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

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

Very truly yours,

WJ Marquardt PLLC