

FINAL OFFICIAL STATEMENT

RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt 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.

\$3,448,000

DOWNSVILLE CENTRAL SCHOOL DISTRICT

DELAWARE COUNTY, NEW YORK

GENERAL OBLIGATIONS

\$3,448,000 Bond Anticipation Notes, 2025 (Renewals)

(referred to herein as the "Notes")



At an Interest Rate of 4.000% - To Yield 2.500%

CUSIP #261135 AF4

Dated: September 30, 2025

Due: September 30, 2026

The Notes are general obligations of the Downsville Central School District, Delaware County, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes are not subject to redemption prior to maturity.

The Notes will be issued in book-entry-only form, registered to Cede & Co., as the partnership nominee for The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination that is or includes \$8,000. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the School 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 District will act as Paying Agent for the Notes.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, of New York City. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey on or about September 30, 2025.

September 16, 2025

THIS REVISED COVER SUPPLEMENTS THE PRELIMINARY OFFICIAL STATEMENT OF THE DISTRICT DATED SEPTEMBER 10, 2025 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER, THE REVISION TO SECTION ENTITLED "RATINGS" AND REVISION TO THE DATED DATE ON PAGE 30, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

OPPENHEIMER & CO.

DOWNSVILLE CENTRAL SCHOOL DISTRICT DELAWARE COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS 2025-2026 BOARD OF EDUCATION

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School Business Manager

JEANNIE LANGDON
School District Clerk



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisors



ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

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

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PREPARED WITH THE ASSISTANCE OF



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**OFFICIAL STATEMENT
OF THE
DOWNSVILLE CENTRAL SCHOOL DISTRICT
DELAWARE COUNTY, NEW YORK
RELATING TO
\$3,448,000 Bond Anticipation Notes, 2025 (Renewals)**

This Official Statement, which includes the cover page and appendices, has been prepared by the Downsville Central School District, Delaware County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$3,448,000 principal amount of Bond Anticipation Notes, 2025 (Renewals) (the "Notes").

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

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

NATURE OF 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 INFORMATION - Tax Levy Limitation Law" herein.

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

"A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the City's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts

have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

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

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

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" and "TAX LEVY LIMITATION LAW" herein.

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

The Notes will be issued in registered form at the option of the Purchaser(s) either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and Status of the State of New York, including the Education Law and the Local Finance Law and a bond resolution dated January 22, 2024 authorizing the reconstruction of the Central School District building roof, at a maximum estimated cost of \$3,500,000 and authorizing the issuance of \$3,500,000 serial bonds to pay the cost thereof.

The proceeds of the Notes, along with \$52,000 available District funds, will partially redeem and renew the \$3,500,000 bond anticipation notes maturing on October 1, 2025 for the aforementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

The Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination that is or includes \$8,000. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The District is located in the southern central portion of New York State, approximately 60 miles northwest of the City of Monticello, 40 miles south of the City of Oneonta and 20 miles north of the Pennsylvania State border. Major highways of service to the District include U. S. Route #17 and State Highways #30 and #206.

The District is a mix of residential and agricultural areas, with dairy farming being the most prevalent. The City of New York's water reservoir is located within the District and is the largest taxpayer (see "TAX INFORMATION - Larger Taxpayers 2024 for the 2024-2025 Tax Roll" herein).

Water and sewer services within the District are provided by municipal systems located throughout the District, as well as by private wells and septic systems. Telephone service is provided by Citizens Telecommunications and electricity and natural gas is provided by the New York State Electric & Gas Corporation. Police protection is provided by a small local police force in addition to the Delaware County Sheriff's Department and the New York State Police Department and fire protection and ambulance service are provided by various volunteer organizations within the District.

Source: District Officials.

Population

The total population of the School District is currently estimated to be 1,887.

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

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 the County listed below. The figures set below with respect to such Towns and County is 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>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns of:						
Andes	\$ 32,656	\$ 38,157	\$ 58,744	\$ 55,917	\$ 92,750	\$ 115,000
Colchester	21,150	30,465	40,738	48,750	73,631	76,897
Hamden	24,296	31,113	37,418	52,266	70,833	85,357
Hancock	23,292	27,190	35,061	52,992	60,313	76,389
Tompkins	21,017	29,825	36,173	43,385	67,143	116,375
Walton	21,881	23,584	31,978	50,326	47,444	64,130
County of:						
Delaware	22,928	28,139	35,996	53,590	65,755	76,474
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

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

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

Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Delaware County	4.7%	4.4%	6.9%	4.7%	3.7%	3.9%	4.0%
New York State	4.1%	3.9%	9.8%	7.1%	4.3%	4.1	4.3

	<u>2025 Monthly Figures</u>								
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sept</u>
Delaware County	4.9%	5.2%	4.6%	3.4%	3.1%	3.5%	4.3%	N/A	N/A
New York State	4.6	4.3	4.1	3.7	3.5	3.8	4.6	N/A	N/A

Note: Unemployment rates for the months of August and September 2025 are not available as of the date of this Official Statement.

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

Larger Employers

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

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Downsville Central School District	Public School	82
New York City DEP	Government	60
Northeast Fabricators	Fabricated Metal Products	60
Mallery Lumber Corp.	Saw Mill	58
Town of Colchester	Government	53
Johnson & Rhodes	Blue Stone Sales	41

Source: District officials.

Form of School Government

The Board of Education (the “Board”), the policy-making body of the District, consists of five members, all of whom must be qualified voters of the District, each with overlapping five-year terms so that as nearly an equal number of members as possible is elected to the Board each year. The President of the Board (and Chief Financial Officer) and the Vice President are selected from among the Board members and the Board also appoints a superintendent and treasurer to conduct the day-to-day operations of the District.

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 District to exceed the School District Tax Cap must receive at least 60% voter approval.

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

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

Recent Budget Vote Results

The budget for the 2024-25 fiscal year was approved by the qualified voters on May 21, 2024 by a vote of 60 to 6. The adopted budget included a tax levy increase of 2.04% which is equal to the District’s maximum allowable Tax Cap of 2.04%.

The budget for the 2025-26 fiscal year was approved by the qualified voters on May 20, 2025 by a vote of 67 to 5. The adopted budget included a tax levy increase of 2.35% which is equal to the District’s maximum allowable Tax Cap of 2.35%.

Investment Policy

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

Consistent with the above statutory limitations, it is the District's current policy to invest in: (1) certificates of deposit issued by a bank or trust company located and authorized to do business in the State; (2) time deposit accounts in a bank or trust company located and authorized to do business in the State; (3) obligations of the State; and (4) obligations of the United States of America. Funds may also be invested in: (1) obligations in agencies of the federal government if payment of principal and interest is guaranteed by the United States of America; (2) with the approval of the State Comptroller, in revenue anticipation notes or tax anticipation notes of other New York State municipalities other than the District and; (3) with respect to reserve funds, in obligations of the District.

The District does not invest in so-called “derivatives” including reverse purchase agreements, which are not authorized investments for municipalities and school districts in the State.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2025-2026 fiscal year, approximately 17.2% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner in any year municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of the State's fiscal year 2025-26 Enacted Budget (which adopted on May 9, 2025, thirty-eight (38) days after the April 1 deadline), the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal aid received by the State

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 10.1% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State aid history

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

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

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

School district fiscal year (2024-2025): The State's 2024-25 Budget provided \$35.9 billion in State funding to school districts for the 2024-25 school year. This represented an increase of \$1.3 billion compared to the 2023-24 school year and included a \$934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Budget maintains 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 Budget also authorized a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

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

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

State Aid Litigation

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

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

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

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

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

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

State Aid Revenues

The following table illustrates the percentage of total General Fund revenues of the District for the fiscal years 2019-2020 through and including 2023-2024, unaudited figures for the 2024-2025 fiscal year and budgeted figures for the 2025-2026 fiscal year comprised of State Aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2019-2020	\$ 10,326,717	\$ 1,829,208	17.71%
2020-2021	10,482,772	1,595,843	15.22
2021-2022	10,620,831	1,779,166	16.75
2022-2023	10,725,731	1,950,911	18.19
2023-2024	11,301,173	1,967,523	17.44
2024-2025 (Unaudited)	11,212,348	1,918,522	17.11
2025-2026 (Budgeted)	11,413,636	1,965,685	17.22

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

Note: 2024-2025 unaudited projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built / Additions</u>
Downsville Central School	K-12	400	1939, '49, '52, '70, 2011

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2021-2022	242	2026-2027	235
2022-2023	241	2027-2028	235
2023-2024	242	2028-2029	235
2024-2025	238	2029-2030	235
2025-2026	236	2030-2031	232

Source: District officials.

Employees

The District employs a total of 82 full-time employees. The collective bargaining agents, if any, which represent them and the dates of expirations of the various collective bargaining agreements are presented in the table below.

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
41	Downsville Teachers' Association	June 30, 2026 ⁽¹⁾
34	Downsville Support Staff Association	June 30, 2027

⁽¹⁾ Negotiations expected to commence January 2026.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

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

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

The District is required to contribute at an actuarially determined rate. The actual contributions for the fiscal year 2019-2020 through and including 2023-2024, unaudited figures for the 2024-2025 fiscal year and budgeted figures for the 2025-2026 fiscal year are as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$ 199,390	\$ 278,080
2020-2021	197,711	246,058
2021-2022	183,789	273,351
2022-2023	200,717	295,585
2023-2024	215,512	270,074
2024-2025 (Unaudited)	174,725	311,147
2025-2026 (Budgeted)	220,000	305,000

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

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

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

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

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

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

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes 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 will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of the date of this Official Statement, the District has not yet determined if it will establish such a fund.

Retirement System Assumptions. The investment of monies and assumptions underlying same, of the Retirement Systems covering the School District’s employees is not subject to the direction of the School 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 School 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. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District contracted with Questar III BOCES to calculate its actuarial valuation under GASB 75. The following table outlines the changes to the Total OPEB Liability during the 2024 and 2025 fiscal years, by source.

	Balance beginning at:	July 1, 2023	July 1, 2024
		\$ 20,600,611	\$ 15,261,760
<u>Changes for the year:</u>			
	Service cost	618,923	468,468
	Interest on total OPEB liability	763,227	606,070
	Effect of Plan Changes	(2,937,234)	-
	Differences between expected and actual experience	-	-
	Effect of demographic gains or losses	(2,535,254)	-
	Effect of assumption changes or inputs	(624,490)	(2,486,915)
	Benefit payments	(624,023)	(623,226)
	Net Changes	\$ (5,338,851)	\$ (2,035,603)
	Balance ending at:	June 30, 2024	June 30, 2025
		\$ 15,261,760	\$ 13,226,157

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

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.

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.

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 for the objects or purpose, or class of objects or purpose, or to accomplish the objects or purpose, for which bonds and notes are to be issued is the Education Law and the Local Finance Law.

The District is in compliance with the estoppel procedure in relation to the Notes.

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 to the extent shown in the section "STATUS OF INDEBTEDNESS - Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2024 and has been filed with the Electronic Municipal Market Access ("EMMA") website. It is also attached hereto as "APPENDIX-C" to this Official Statement. Certain financial information of the School District can also be found attached as Appendices to the Official Statement.

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

Beginning with the fiscal year ending June 30, 2004, the District has prepared its financial statements in accordance with GASB Statement No. 34. This statement requires reporting of all assets, including infrastructure and depreciation in the Government Wide Statement of Activities, as well as a Management's Discussion and Analysis section.

Unaudited Results for Fiscal Year Ending June 30, 2025

The District expects to conclude the fiscal year ending June 30, 2025 with an unassigned fund balance of approximately \$1,151,969.

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

Projected Revenues:	\$ 11,212,348
Projected Expenditures:	<u>11,036,624</u>
Projected Excess (Deficit) Revenues Over Expenditures:	<u>\$ 175,724</u>
Total General Fund Balance at June 30, 2024:	\$ 3,831,027
Total Projected General Fund Balance at June 30, 2025:	\$ 4,006,751

The audited financial statements for the fiscal year ending June 30, 2025 are expected to be available on or about October 31, 2025.

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

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New York State Comptroller Report of Examination

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

The State Comptroller's office released its most recent audit report of the District on November 18, 2022. The purpose of the audit was to examine the District's Claims Auditing for the period July 1, 2020 through March 31, 2022.

Key Findings:

The Board and District officials did not always ensure claims were properly audited before payment. State Comptroller's office reviewed 150 claims packets totaling \$870,798 and found claims totaling \$700,507 were not properly audited. This included the following:

- 69 claims, including credit card purchases, totaling \$275,846 were audited after the checks had cleared the bank.
- The claims auditor approved one claim packet totaling \$13,613 which had previously been paid.
- Officials did not obtain the minimum number of quotes for nine claims totaling \$18,628.

Key Recommendations:

- Ensure checks are mailed after the claims auditor has audited and approved the claims.
- Ensure that all claims contain sufficient supporting documentation before approving them for payment.
- Ensure officials and staff clearly document compliance with the District's procurement policies and procedures.

A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other recent Office of the State Comptroller's audits of the District, nor any that are currently in progress or pending release.

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

The State Comptroller's Fiscal Stress Monitoring System

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

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

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

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

Note: The FSMS score for the fiscal year ending June 30, 2025 has not been calculated as of the date of this Official Statement.

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

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:					
Andes	\$ 6,525,646	\$ 7,432,712	\$ 7,390,462	\$ 7,400,391	\$ 7,399,109
Colchester	22,305,231	22,322,879	22,331,221	22,341,911	22,343,313
Hamden	42,655,869	46,968,986	47,699,341	48,615,678	58,301,005
Hancock	7,634,625	7,755,825	7,750,380	7,689,811	7,529,424
Tompkins	80,605	79,005	79,005	79,005	79,005
Walton	10,957,752	11,032,301	10,972,405	10,970,871	16,114,746
Total Assessed Values	<u>\$ 90,159,728</u>	<u>\$ 95,591,708</u>	<u>\$ 96,222,814</u>	<u>\$ 97,097,667</u>	<u>\$ 111,766,602</u>

State Equalization Rates

Towns of:					
Andes	100.00%	100.00%	82.75%	75.00%	70.00%
Colchester	2.96%	2.82%	2.33%	2.16%	2.10%
Hamden	100.00%	100.00%	93.50%	83.50%	100.00%
Hancock	11.72%	10.83%	8.39%	8.35%	8.00%
Tompkins	3.83%	3.51%	2.70%	2.54%	2.44%
Walton	95.00%	85.00%	77.00%	71.00%	100.00%

Taxable Full Valuations

Towns of:					
Andes	\$ 6,525,646	\$ 7,432,712	\$ 8,931,072	\$ 9,867,188	\$ 10,570,156
Colchester	753,555,101	791,591,454	958,421,502	1,034,347,731	1,063,967,286
Hamden	42,655,869	46,968,986	51,015,338	58,222,369	58,301,005
Hancock	65,141,852	71,614,266	92,376,400	92,093,545	94,117,800
Tompkins	2,104,569	2,250,855	2,926,111	3,110,433	3,237,910
Walton	11,534,476	12,979,178	14,249,877	15,451,931	16,114,746
Total Taxable Full Valuation	<u>\$ 881,517,513</u>	<u>\$ 932,837,450</u>	<u>\$ 1,127,920,300</u>	<u>\$ 1,213,093,197</u>	<u>\$ 1,246,308,902</u>

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:					
Andes	\$ 9.50	\$ 9.12	\$ 9.35	\$ 9.78	\$ 10.44
Colchester	320.92	323.48	331.97	339.75	348.12
Hamden	9.50	9.12	8.27	8.79	7.31
Hancock	81.05	84.23	92.19	87.89	91.38
Tompkins	248.02	259.89	286.48	288.92	299.61
Walton	10.00	10.73	10.05	10.34	7.31

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>
Total Tax Levy	\$ 8,373,691	\$ 8,509,547	\$ 8,724,267	\$ 8,902,361	\$ 9,111,251
Amount Uncollected ⁽¹⁾	-	-	-	-	-
% Uncollected	0.00%	0.00%	0.00%	0.00%	0.00%

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

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged for the next 30 days. On November 1st, uncollected taxes are returnable to the County for collection. The School District receives this amount from the County prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually.

Real Property Tax Revenues

The following table illustrates the percentage of total General Fund revenues of the District for the fiscal years 2019-2020 through and including 2023-2024, unaudited figures for the 2024-2025 fiscal year and budgeted figures for the 2025-2026 fiscal year 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 Taxes</u>
2019-2020	\$ 10,326,717	\$ 8,141,377	78.84%
2020-2021	10,482,772	8,271,441	78.91
2021-2022	10,620,831	8,372,921	78.83
2022-2023	10,725,731	8,511,767	79.36
2023-2024	11,301,173	8,725,534	77.21
2024-2025 (Unaudited)	11,212,348	8,737,963	77.93
2025-2026 (Budgeted)	11,413,636	9,111,251	79.83

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

Note: 2024-2025 unaudited projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

Ten Largest Taxpayers – 2024 Assessment Roll for 2024-25 School District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
City of New York	Government Water Supply	\$ 441,713,900
State Of New York	Government State Land	16,772,755
NYSEG	Utility	8,168,310
Round-Up Ranch Lie	Recreation/Park	2,748,700
Clauson Brook LLC	Residential	2,115,300
Nuckel, James Cooper	Residential	1,515,100
Lewis, Ronald	Residential	1,377,000
Twaddel Mountain Outfitters	Private Forest	1,270,000
NY Transco LLC	Utility	1,260,200
Franklin Square Hunt Club	Private Hunt/Fish	1,235,000

The ten larger taxpayers listed above have a total estimated full valuation of \$478,176,265, which represents 39.42% of the tax base of the District for the 2024-2025 fiscal year.

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

Note: The list of the ten larger taxpayers for the 2025-2026 fiscal year is not available as of the date of this Official Statement.

Source: District Tax Rolls.

STAR – School Tax Exemption

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

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

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

The below table lists the basic and enhanced exemption amounts for the 2025-2026 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>
Andes	\$ 64,580	\$ 23,940	4/10/2025
Colchester	1,860	680	4/10/2025
Hamden	86,100	30,000	4/10/2025
Hancock	7,190	2,570	4/10/2025
Tompkins	2,270	830	4/10/2025
Walton	86,100	30,000	4/10/2025

\$162,780 of the District’s \$8,902,361 school tax levy for the 2024-2025 fiscal year was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January, 2025.

Approximately \$160,718 of the District’s \$9,111,251 school tax levy for the 2025-2026 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January, 2026.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Residential-16%; Agricultural-2%, State Land 15% and New York City water supply 67%.

The estimated total annual property tax bill of a \$75,000 market value residential property located in the District is approximately \$3,431, including the County, the respective town and School District taxes.

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TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its Notes.

Statutory Procedure

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

Debt Limit. The School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional method for determining average full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services.

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

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

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

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

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

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

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

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30th:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 7,745,000	\$ 7,290,000	\$ 6,820,000	\$ 6,335,000	\$ 5,840,000
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>3,500,000</u>
Total Debt Outstanding	<u>\$ 7,745,000</u>	<u>\$ 7,290,000</u>	<u>\$ 6,820,000</u>	<u>\$ 6,335,000</u>	<u>\$ 9,340,000</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of September 10, 2025.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2026-2039	\$ 5,840,000
<u>Bond Anticipation Notes</u>		
Capital Project	October 1, 2025	<u>3,500,000</u> ⁽¹⁾
	Total Debt Outstanding	<u>\$ 9,340,000</u>

⁽¹⁾ To be redeemed at maturity with the proceeds of the Notes and \$52,000 available District funds.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 10, 2025:

Full Valuation of Taxable Real Property	\$ 1,246,308,902
Debt Limit 10% thereof	124,630,890
<u>Inclusions:</u>	
Bonds.....	\$ 5,840,000
Bond Anticipation Notes (BANs):.....	<u>3,500,000</u>
Total Inclusions prior to issuance of the Notes	9,340,000
Less: BANs being redeemed from appropriations	<u>(52,000)</u>
Total Net Inclusions after issuance of the Notes	<u>\$ 9,288,000</u>
<u>Exclusions:</u>	
State Building Aid ⁽¹⁾	<u>\$ 0</u>
Total Exclusions	<u>\$ 0</u>
Total Net Indebtedness	<u>\$ 9,288,000</u>
Net Debt-Contracting Margin	<u>\$ 115,342,890</u>
The percent of debt contracting power exhausted is	7.45%

⁽¹⁾ Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2025-2026 Building Aid Ratios, the School District anticipates State building aid of 10.1% for debt service on SED approved expenditures from July 1, 2004 to the present. The School 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 School District will receive in relation to its capital project indebtedness.

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

Bonded Debt Service

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

Capital Project Plans

On January 22, 2024, the District voters approved a resolution authorizing the reconstruction of the Central School District building roof, at a maximum estimated cost of \$3,500,000 and authorizing the issuance of \$3,500,000 serial bonds to pay the cost thereof. On October 1, 2024, the District issued \$3,500,000 bond anticipation notes, the proceeds of which represented the initial borrowing against this authorization. The proceeds of the Notes, along with \$52,000 available District funds, will partially redeem and renew in part the \$3,500,000 bond anticipation notes maturing on October 1, 2025.

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

Cash Flow Borrowings

The District historically does not issue tax anticipation notes and/or revenue anticipation notes nor budget or deficiency notes and does not plan to do so in the foreseeable future.

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Net Overlapping Indebtedness</u>
County of:						
Delaware	6/28/2024	\$ 3,485,000 ⁽³⁾	\$ -	\$ 3,485,000	16.29%	\$ 567,707
Town of:						
Andes	12/31/2023	1,289,958 ⁽⁴⁾	- ⁽⁵⁾	1,289,958	1.39%	17,930
Colchester	12/31/2023	379,530 ⁽³⁾	- ⁽⁵⁾	-	87.82%	-
Hamden	12/31/2023	- ⁽⁴⁾	- ⁽⁵⁾	-	23.62%	-
Hancock	12/31/2023	201,332 ⁽⁴⁾	- ⁽⁵⁾	201,332	14.21%	28,609
Tompkins	12/31/2023	- ⁽⁴⁾	- ⁽⁵⁾	-	1.06%	-
Walton	12/31/2023	- ⁽⁴⁾	- ⁽⁵⁾	-	2.89%	-
					Total:	<u>\$ 614,246</u>

⁽¹⁾ Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

⁽²⁾ Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

⁽³⁾ Gross Indebtedness, Exclusions, and Net Indebtedness sourced from annual financial information & operating data filings and/or official statements of the respective municipality.

⁽⁴⁾ Gross indebtedness sourced from local government data provided by the State Comptroller’s office for the most recent fiscal year such data is available for the respective municipality.

⁽⁵⁾ Information regarding excludable debt not available.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of September 10, 2025:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 9,288,000	\$ 4,922.10	0.75%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	9,902,246	5,247.61	0.79

(a) The 2024 estimated population of the District is 1,887. (See "THE SCHOOL DISTRICT - Population" herein.)

(b) The District's full value of taxable real estate for the 2025-2026 tax roll is \$1,246,308,902. (See "TAX INFORMATION - Taxable Valuations" herein.)

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

(d) Estimated net overlapping indebtedness is \$614,246. (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.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – D”.

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes “original issue discount,” the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) (“Premium Notes”) will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner’s basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer’s election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the “IRS”) is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the “original issue discount”). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Notes. The District has covenanted to comply with certain restrictions designed to ensure that interest on the Notes will not be included in federal gross income. Inaccuracy of these representations or failure to comply with these covenants may result in interest on the Notes being included in gross income for federal income tax purposes possibly 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 exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, 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, 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 owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect 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, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver an opinion at the time of issuance of the Notes substantially in the form set forth in “APPENDIX – E” hereto.

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of its affairs. Other than the tax certioraris petitions referenced under “Larger Taxpayers”, 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 the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District.

CONTINUING DISCLOSURE

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

Historical Compliance

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

The District failed to file its audited financial statements for the fiscal year ended June 30, 2024 within a timely manner as required pursuant to outstanding continuing disclosure undertakings. The audited financial statements were dated May 29, 2025 but were not filed to the EMMA system until September 5, 2025. A failure to file notice was filed on January 15, 2025.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATING

The Notes were sold as non-rated. The purchaser of the Notes has chosen to have the Notes rated by Moody's Investors Service after the sale at its expense, including any fees to be incurred by the District, as such rating action may result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX – C", attached hereto).

The District currently does not have an underlying rating by S&P Global Ratings or Moody's Investors Service, Inc.

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 Notes.

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The School District's contact information is as follows: Mr. Tim Maguire, School Business Manager, 14784 State Highway 30, Downsville, New York 13755, Phone: (607) 363-2119, Email: tmaguire@dcseagles.org.

The District's Bond Counsel contact information is as follows: Douglas E. Goodfriend, Esq., Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, 15th Floor, New York, New York 10019-6142, Phone: (212) 506-5211, Email: dgoodfriend@orrick.com.

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT

Dated: September 16, 2025

BRIAN LATOURETTE
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
<u>ASSETS</u>					
Cash and Cash Equivalents	\$ 1,473,987	\$ 1,034,359	\$ 2,490,438	\$ 2,463,264	\$ 2,021,199
Restricted Cash	2,012,940	2,012,940	1,968,085	1,547,827	2,062,018
Account Receivables	-	-	-	-	-
Due from Other Governments	146,134	1,149,727	385,206	138,915	175,306
Due from Other Funds	663,127	782,523	215,423	254,997	424,060
Other Receivables	262	129,583	21,787	13,740	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL ASSETS	<u>\$ 4,296,450</u>	<u>\$ 5,109,132</u>	<u>\$ 5,080,939</u>	<u>\$ 4,418,743</u>	<u>\$ 4,682,583</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 59,156	\$ 164,979	\$ 70,563	\$ 33,250	\$ 136,640
Accrued Liabilities	2,770	18,304	56,421	9,190	41,557
Due to Other Governments	-	-	-	-	-
Due to Other Funds	148,032	99,293	44,855	743,207	220,520
Due to Teachers' Retirement System	242,402	267,141	310,392	327,587	337,065
Due to Employees' Retirement System	59,822	68,339	44,646	74,608	115,774
Deferred Revenues	-	-	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL LIABILITIES	<u>\$ 512,182</u>	<u>\$ 618,056</u>	<u>\$ 526,877</u>	<u>\$ 1,187,842</u>	<u>\$ 851,556</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ -	\$ -
Restricted:	2,012,940	2,012,940	1,968,085	1,547,827	2,062,018
Assigned	601,141	519,649	711,943	540,246	630,426
Unassigned	1,170,187	1,958,487	1,874,034	1,142,828	1,138,583
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
TOTAL FUND EQUITY	<u>\$ 3,784,268</u>	<u>\$ 4,491,076</u>	<u>\$ 4,554,062</u>	<u>\$ 3,230,901</u>	<u>\$ 3,831,027</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 4,296,450</u>	<u>\$ 5,109,132</u>	<u>\$ 5,080,939</u>	<u>\$ 4,418,743</u>	<u>\$ 4,682,583</u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 7,957,823	\$ 8,141,377	\$ 8,271,441	\$ 8,372,921	\$ 8,511,767
Other Real Property Tax Items	13,277	10,704	12,587	12,287	14,414
Charges for Services	93,846	131,556	307,273	205,364	73,139
Use of Money & Property	1,225	874	749	1,050	12,613
Sale of Property and Compensation for Loss	21,379	13,214	16,817	6,857	38,181
Miscellaneous	105,151	172,360	46,049	221,433	105,656
Revenues from State Sources	1,751,256	1,829,208	1,595,843	1,779,166	1,950,911
Revenues from Federal Sources	42,597	27,424	232,013	21,753	19,050
Total Revenues	<u>\$ 9,986,554</u>	<u>\$ 10,326,717</u>	<u>\$ 10,482,772</u>	<u>\$ 10,620,831</u>	<u>\$ 10,725,731</u>
Other Sources:					
Interfund Transfers	<u>168,454</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>10,155,008</u>	<u>10,326,717</u>	<u>10,482,772</u>	<u>10,620,831</u>	<u>10,725,731</u>
<u>EXPENDITURES</u>					
General Support	\$ 1,852,994	\$ 1,755,238	\$ 1,662,774	\$ 1,926,357	\$ 1,965,311
Instruction	4,017,331	3,866,397	3,891,932	4,076,068	3,934,710
Pupil Transportation	856,945	635,811	499,774	669,645	729,198
Community Services	7,106	8,097	600	-	-
Employee Benefits	2,821,001	2,763,008	2,939,017	3,060,139	3,096,863
Debt Service	732,900	733,338	732,463	730,781	733,269
Total Expenditures	<u>\$ 10,288,277</u>	<u>\$ 9,761,889</u>	<u>\$ 9,726,560</u>	<u>\$ 10,462,990</u>	<u>\$ 10,459,351</u>
Other Uses:					
Interfund Transfers	<u>54,000</u>	<u>2,529,837</u>	<u>49,404</u>	<u>94,855</u>	<u>1,589,541</u>
Total Expenditures and Other Uses	<u>10,342,277</u>	<u>12,291,726</u>	<u>9,775,964</u>	<u>10,557,845</u>	<u>12,048,892</u>
Excess (Deficit) Revenues Over Expenditures	<u>(187,269)</u>	<u>(1,965,009)</u>	<u>706,808</u>	<u>62,986</u>	<u>(1,323,161)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	5,936,546	5,749,277	3,784,268	4,491,076	4,554,062
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 5,749,277</u>	<u>\$ 3,784,268</u>	<u>\$ 4,491,076</u>	<u>\$ 4,554,062</u>	<u>\$ 3,230,901</u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Actual

Fiscal Years Ending June 30:	2024			2025	2026
	Adopted Budget	Final Budget	Audited Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 8,724,267	\$ 8,724,267	\$ 8,725,534	\$ 8,902,361	\$ 9,111,251
Other Real Property Tax Items	13,500	13,500	14,062	-	-
Charges for Services	75,000	75,000	123,008	90,753	-
Use of Money & Property	6,000	6,000	113,310	-	-
Sale of Property and Compensation for Loss	500	500	16,306	500	5,000
Miscellaneous	155,200	155,200	331,402	336,200	331,700
Revenues from State Sources	1,936,841	1,936,841	1,967,523	1,988,882	1,965,685
Revenues from Federal Sources	20,000	20,000	10,028	-	-
Total Revenues	<u>\$ 10,931,308</u>	<u>\$ 10,931,308</u>	<u>\$ 11,301,173</u>	<u>\$ 11,318,696</u>	<u>\$ 11,413,636</u>
Other Sources:					
Appropriated Fund Balance	505,246	505,246	-	492,764	492,764
Interfund Transfers	90,753	90,753	-	-	90,753
Total Revenues and Other Sources	<u>11,527,307</u>	<u>11,527,307</u>	<u>11,301,173</u>	<u>11,811,460</u>	<u>11,997,153</u>
EXPENDITURES					
General Support	\$ 2,082,918	\$ 2,170,329	\$ 2,030,534	\$ 2,073,695	\$ 2,119,372
Instruction	4,653,547	4,601,134	4,246,162	4,878,227	4,891,344
Pupil Transportation	866,917	867,982	594,587	867,575	840,698
Community Services	9,300	5,236	-	9,300	9,300
Employee Benefits	3,180,456	3,148,457	3,086,168	3,253,044	3,406,139
Debt Service	734,169	734,169	734,169	729,619	730,300
Total Expenditures	<u>\$ 11,527,307</u>	<u>\$ 11,527,307</u>	<u>\$ 10,691,620</u>	<u>\$ 11,811,460</u>	<u>\$ 11,997,153</u>
Other Sources and Uses:					
Interfund Transfers	-	-	9,427	-	-
Total Expenditures and Other Uses	<u>11,527,307</u>	<u>11,527,307</u>	<u>10,701,047</u>	<u>11,811,460</u>	<u>11,997,153</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>600,126</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	3,230,901	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,831,027</u>	<u>\$ -</u>	<u>\$ -</u>

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	2012 DASNY Bond ⁽¹⁾		Total
	Principal	Interest	
2026	\$ 330,000	\$ 219,150	\$ 549,150
2027	340,000	208,425	548,425
2028	350,000	197,375	547,375
2029	365,000	185,125	550,125
2030	375,000	172,350	547,350
2031	390,000	159,225	549,225
2032	405,000	145,575	550,575
2033	415,000	131,400	546,400
2034	435,000	114,800	549,800
2035	450,000	97,400	547,400
2036	470,000	79,400	549,400
2037	485,000	60,600	545,600
2038	505,000	41,200	546,200
2039	525,000	21,000	546,000
TOTALS	\$ 5,840,000	\$ 1,833,025	\$ 7,673,025

⁽¹⁾ School District bonds issued through the Dormitory Authority of the State of New York

MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

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**DOWNSVILLE CENTRAL SCHOOL DISTRICT
DELAWARE COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2024

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

DOWNSVILLE CENTRAL
SCHOOL DISTRICT

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2024

**DOWNSVILLE CENTRAL SCHOOL DISTRICT
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D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

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

Independent Auditor's Report

Board of Education
Downsville Central School District

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Downsville Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Downsville 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 Downsville Central School District, as of June 30, 2024, and the respective changes in financial position, for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Downsville 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 the financial statements in accordance with accounting principles generally accepted in the United States of America; and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Downsville Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Downsville Central School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated May 29, 2025, on our consideration of the Downsville 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 Downsville 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 Downsville Central School District's internal control over financial reporting and compliance.

D'Arcangelo & Co., LLP

May 29, 2025

Rome, New York

**DOWNSVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

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

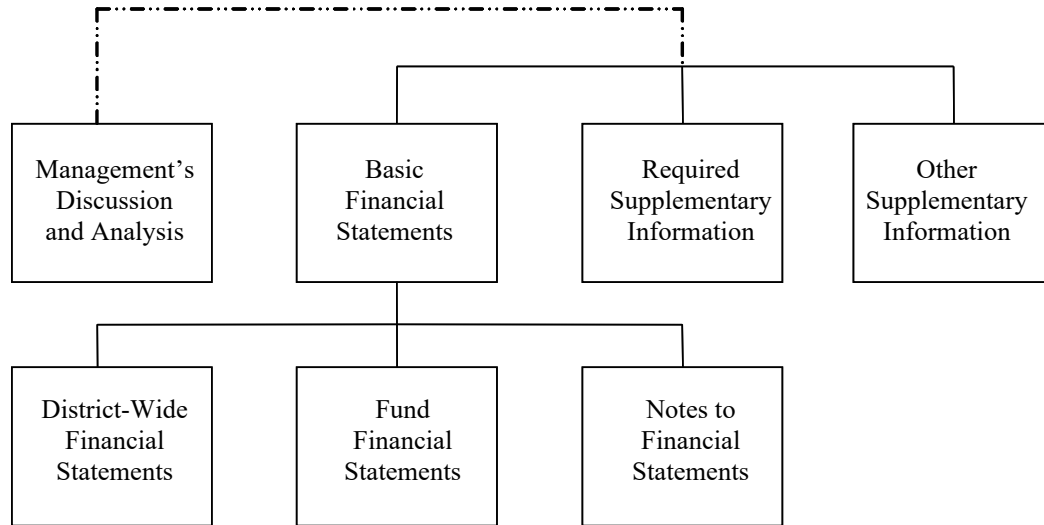
1. FINANCIAL HIGHLIGHTS

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

- The School District’s liabilities and deferred inflows exceeded its total assets and deferred outflows at the close of the fiscal year by \$10,273,483. This represents an increase of \$6,665,827 from the prior year’s net position (deficit).
- The School District’s expenses for the year, as reflected in the District-wide financial statements, totaled \$5,833,365. Of this amount, \$167,623 was offset by program charges for services. The School District received \$1,130,915 in operating grants to support instructional and food service programs. General revenues of \$11,200,654 amounted to 89.6% of total revenues.
- The General Fund’s total fund balance, as reflected in the fund financial statements on pages 14 and 16, increased by \$600,126 to \$3,831,027. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.
- State and Federal revenue increased by \$7,590 to \$1,977,551 in 2024 from \$1,969,961 in 2023.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



**DOWNSVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds, not the School District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the School District are reported in the governmental funds and the fiduciary funds.

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

Governmental Funds

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

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the School District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The School District maintains six individual governmental funds, general fund, school lunch fund, special aid fund, miscellaneous special revenue fund, debt service fund, and capital projects fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

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

**DOWNSVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The School District's total net position increased by \$6,665,827 between fiscal year 2024 and 2023. A summary of the School District's Statement of Net Position at June 30, 2024 and 2023, is as follows:

	2024	2023	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 4,696,001	\$ 4,519,208	\$ 176,793	3.9%
Capital and Leased Assets, (Net)	<u>17,772,557</u>	<u>17,757,974</u>	<u>14,583</u>	0.1%
Total Assets	<u>22,468,558</u>	<u>22,277,182</u>	<u>191,376</u>	0.9%
Deferred Outflows of Resources	<u>2,063,419</u>	<u>2,607,191</u>	<u>(543,772)</u>	(20.9%)
Total Assets and Deferred Outflows of Resources	<u>\$ 24,531,977</u>	<u>\$ 24,884,373</u>	<u>\$ (352,396)</u>	(1.4%)
Current and Other Liabilities	655,012	779,601	(124,589)	(16.0%)
Long-Term Liabilities	<u>22,857,058</u>	<u>29,008,879</u>	<u>(6,151,821)</u>	(21.2%)
Total Liabilities	<u>23,512,070</u>	<u>29,788,480</u>	<u>(6,276,410)</u>	(21.1%)
Deferred Inflows of Resources	<u>11,293,390</u>	<u>12,035,203</u>	<u>(741,813)</u>	(6.2%)
Net Position				
Net Investment in Capital Assets	11,723,678	11,546,922	176,756	1.5%
Restricted	2,268,139	2,055,929	212,210	10.3%
Unrestricted (Deficit)	<u>(24,265,300)</u>	<u>(30,542,161)</u>	<u>6,276,861</u>	20.6%
Total Net Position (Deficit)	<u>(10,273,483)</u>	<u>(16,939,310)</u>	<u>6,665,827</u>	39.4%
Total Liabilities, Deferred Inflows of Resources and Net Position	<u>\$ 24,531,977</u>	<u>\$ 24,884,373</u>	<u>\$ (352,396)</u>	(1.4%)

Current and other assets increased by \$176,793, as compared to the prior year. The increase is primarily due to a change in amounts due from other governments and cash.

Capital and leased assets (net of depreciation and amortization) increased by \$14,583, as compared to the prior year. This increase is primarily due to additions to capital and leased assets exceeding depreciation and amortization expense. Note 5 to the Financial Statements provides additional information.

Deferred outflows of resources, provided by the retirement systems and OPEB, decreased by \$543,772 as compared to the prior year.

Current and other liabilities decreased by \$124,589 as compared to the prior year. This increase is primarily a result of an decrease in amounts in accounts payable, offset by increases in accrued liabilities and amounts due to the TRS and ERS.

Long-Term liabilities decreased by \$6,151,821, as compared to the prior year. This decrease is the result of a reduction in other postemployment benefits of \$5,338,851, serial bonds payable of \$485,000, and the proportionate share of the of the net pension liability in the amount of \$413,928. This is offset by an increase in compensated absences by \$70,129.

Deferred inflows of resources decreased by \$741,813 as compared to the prior year. This decrease is due to the changes in the retirement systems and OPEB deferred inflows.

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

**DOWNSVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

The restricted portion of the net position at June 30, 2024 is \$2,268,139, which represents the amount of the School District's restricted funds in the General, Miscellaneous Special Revenue, Debt Service, and Capital funds. See chart on page 9 for additional details.

The unrestricted (deficit) portion of the net position at June 30, 2024, is \$24,265,300, and represents the amount by which the School District's total liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources, excluding restricted assets, capital and leased assets and debt related to capital construction. The liabilities and deferred inflows include \$26,041,578 related to other postemployment benefits.

B. Changes in Net Position

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

Revenues	<u>2024</u>	<u>2023</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Program Revenues				
Charges for Services	\$ 167,623	\$ 97,769	\$ 69,854	71.4%
Operating Grants	1,130,915	1,687,421	(556,506)	(33.0%)
General Revenues				
Property Taxes and STAR	8,739,596	8,526,181	213,415	2.5%
State and Federal Sources	1,977,551	1,969,961	7,590	0.4%
Other	<u>483,507</u>	<u>163,471</u>	<u>320,036</u>	195.8%
Total Revenues	<u>12,499,192</u>	<u>12,444,803</u>	<u>54,389</u>	0.4%
Expenses				
General Support	1,514,367	2,103,964	(589,597)	(28.0%)
Instruction	3,308,141	5,338,355	(2,030,214)	(38.0%)
Pupil Transportation	487,075	784,498	(297,423)	(37.9%)
Debt Service-Unallocated Interest	264,400	278,519	(14,119)	(5.1%)
Food Service Program	<u>259,382</u>	<u>320,042</u>	<u>(60,660)</u>	(19.0%)
Total Expenses	<u>5,833,365</u>	<u>8,825,378</u>	<u>(2,992,013)</u>	(33.9%)
 Total Change in Net Position	 <u>\$ 6,665,827</u>	 <u>\$ 3,619,425</u>	 <u>\$ 3,046,402</u>	 84.2%

The School District's revenues increased by \$54,389 in 2024 or 0.4% compared to 2023. The major factors that contributed to the increases were:

- Property Taxes and STAR revenue which increased by \$213,415.
- Other revenues which increased due to increases in interest rates and other miscellaneous revenue.
- Operating Grants decreased by \$556,506 due to decreases in COVID-19 related Education Stabilization Fund grants recognized during the year.

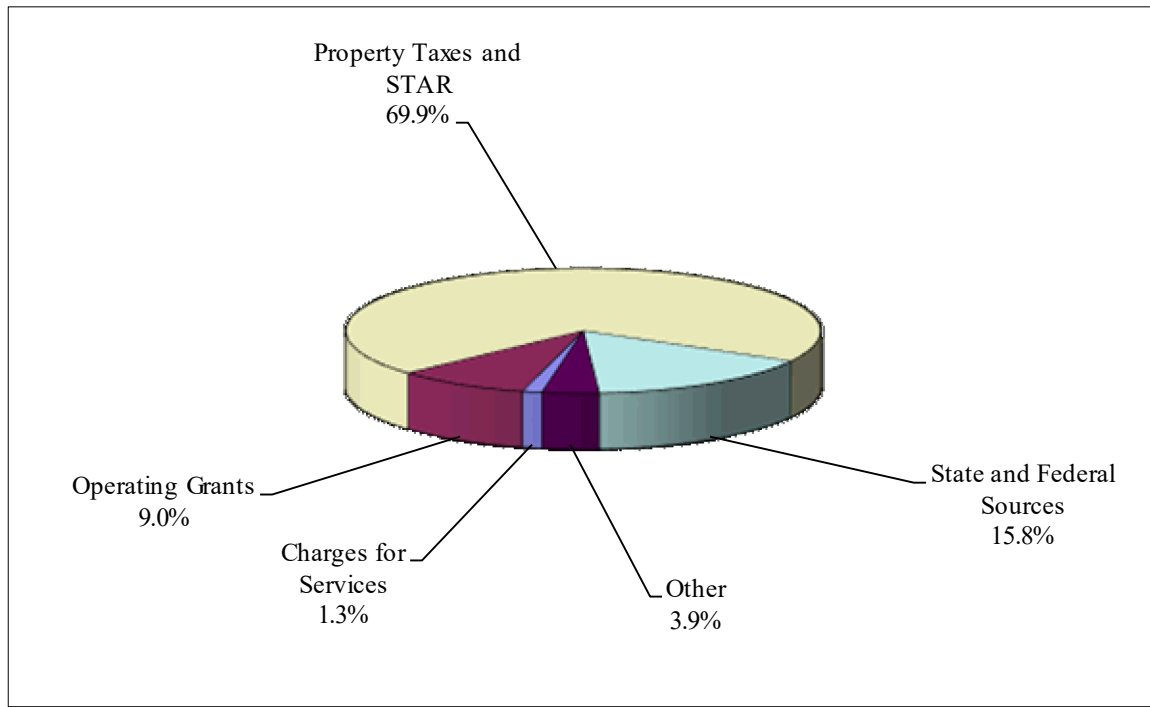
The School District's expenditures for the year decreased by \$2,992,013 or 33.9%. A majority of this decrease is a result of a decrease in instruction and general support related expenditures due to a decrease in OPEB expense as compared to prior year.

**DOWNSVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

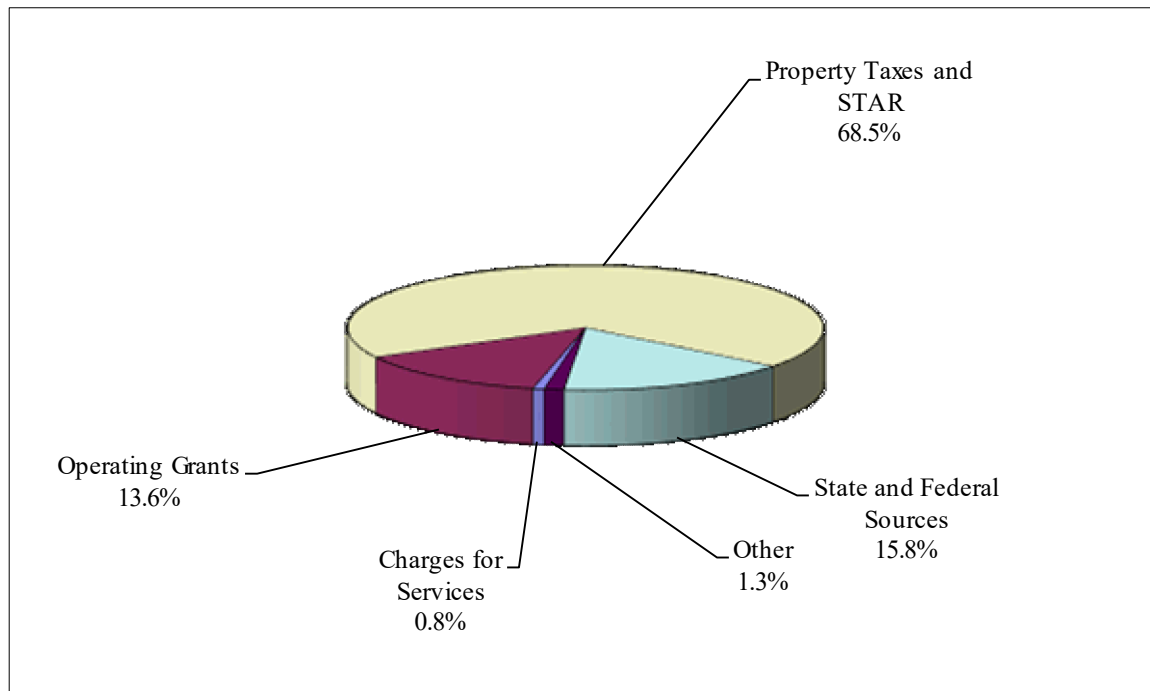
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A graphic display of the distribution of revenues for the two years follows:

For the Year Ended June 30, 2024



For the Year Ended June 30, 2023



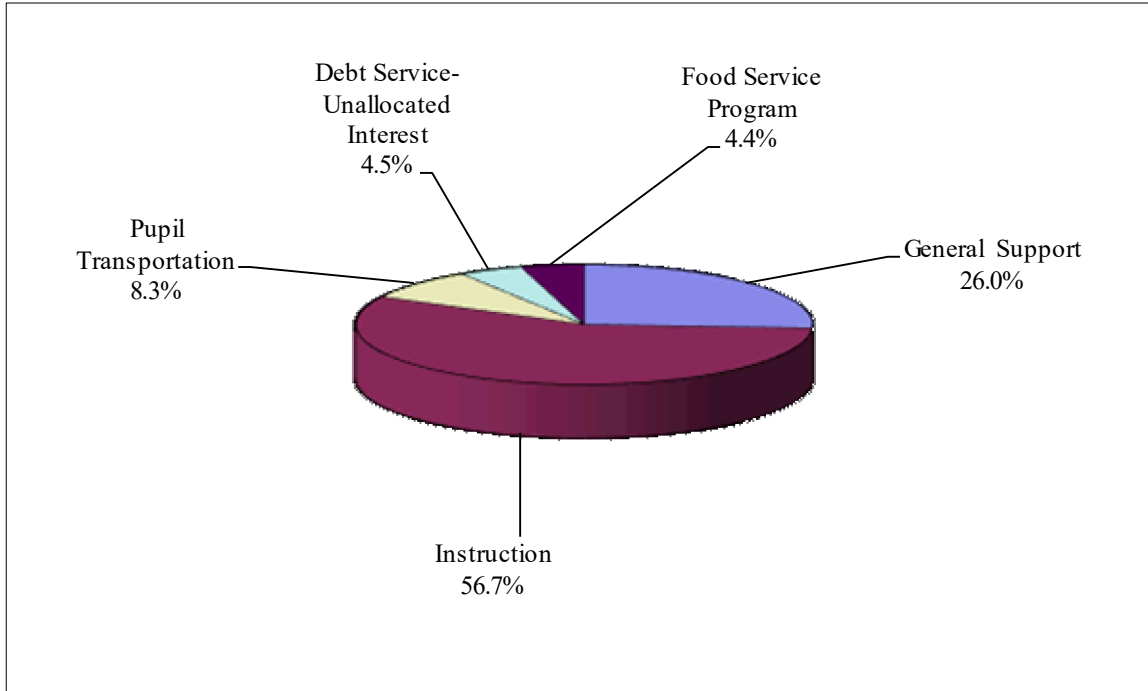
See Independent Auditor's Report.

**DOWNSVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

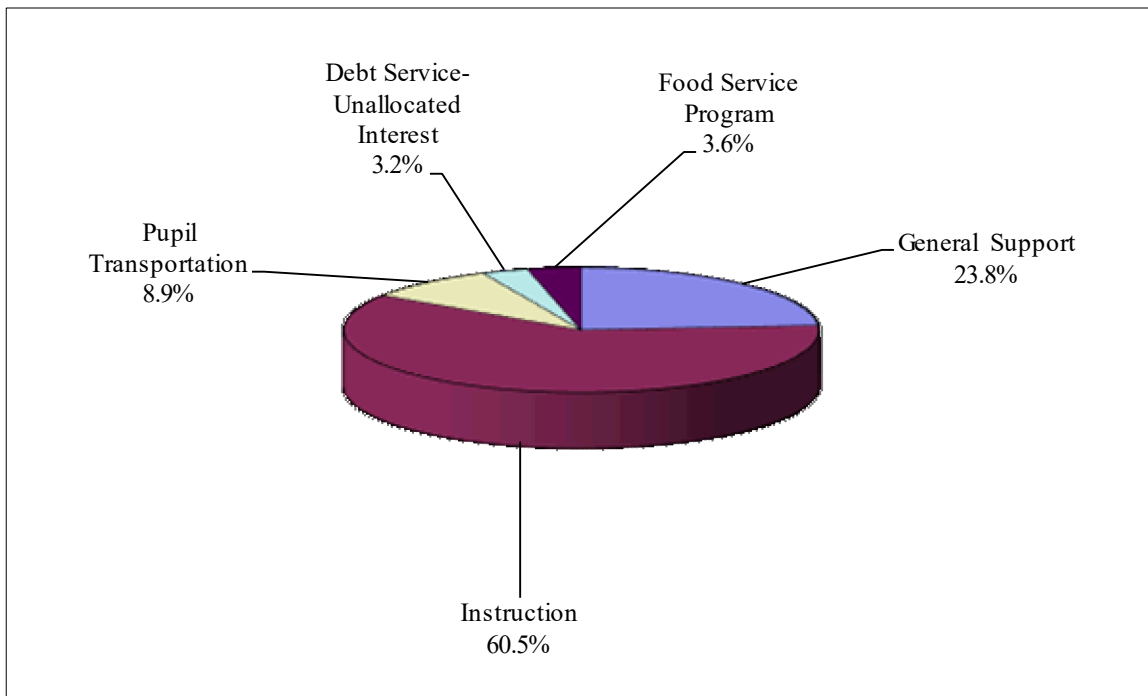
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A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2024



For the Year Ended June 30, 2023



See Independent Auditor's Report.

**DOWNSVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2024, the School District's governmental funds reported a combined fund balance of \$4,050,631 which is an increase of \$300,784 from the prior year. A summary of the change in fund balance by fund is as follows:

	2024	2023	Increase (Decrease)
General Fund			
Restricted for:			
Unemployment Insurance	\$ 47,401	\$ 46,971	\$ 430
Employee Benefit Accrued Liability	1,010,033	1,000,856	9,177
Capital	903,667	400,000	503,667
Repairs	100,917	100,000	917
Total Restricted	<u>2,062,018</u>	<u>1,547,827</u>	<u>514,191</u>
Assigned			
Encumbrances	137,662	84,757	52,905
Appropriated for Subsequent Year's Budget	492,764	455,489	37,275
Total Assigned	<u>630,426</u>	<u>540,246</u>	<u>90,180</u>
Unassigned	<u>1,138,583</u>	<u>1,142,828</u>	<u>(4,245)</u>
Total General Fund	<u>3,831,027</u>	<u>3,230,901</u>	<u>600,126</u>
School Lunch Fund			
Nonspendable	<u>13,483</u>	<u>10,844</u>	<u>2,639</u>
Miscellaneous Special Revenue Fund			
Restricted	<u>45,505</u>	<u>52,007</u>	<u>(6,502)</u>
Debt Service Fund			
Restricted	<u>96,107</u>	<u>84,588</u>	<u>11,519</u>
Capital Projects Fund			
Restricted	<u>64,509</u>	<u>371,507</u>	<u>(306,998)</u>
Total Fund Balance	<u>\$ 4,050,631</u>	<u>\$ 3,749,847</u>	<u>\$ 300,784</u>

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2023-2024 Budget

The School District's General Fund adopted budget for the years ended June 30, 2024 and 2023, was \$11,477,550 and \$11,530,721, respectively.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$8,737,767 in estimated property taxes and STAR and State Aid in the amount of \$1,936,841.

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

The general fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance".

**DOWNSVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$ 1,142,828
Revenues and Other Financing Sources Under Budget	279,112
Expenditures and Encumbrances Under Budget	688,598
Net Decrease (Increase) to Restricted Funds	(514,191)
Appropriated for June 30, 2025 Budget	(492,764)
Additonal Appropriated Balance	<u>35,000</u>
Closing, Unassigned Fund Balance	<u><u>\$ 1,138,583</u></u>

Opening, Unassigned Fund Balance

The \$1,142,828 shown in the table is the portion of the School District's June 30, 2023, fund balance that was retained as unassigned. This was 9.96% of the School District's 2023-2024 approved operating budget.

Revenues and Other Financing Sources Under Budget

The 2023-2024 budget for revenues and other financing sources was \$11,022,061. The actual revenues and other financing sources received for the year were \$11,301,173. The actual revenue over budgeted revenue, transfers from other funds and appropriated revenues was \$279,112. This variance contributes directly to the change to the unassigned portion of the General Fund's fund balance from June 30, 2023 to June 30, 2024.

Expenditures and Encumbrances Under Budget

The 2023-2024 budget for expenditures was \$11,527,307. The actual expenditures and encumbrances were \$10,838,709. The final budget was under expended by \$688,598. This under expenditure contributes to the change to the unassigned portion of the General Fund's fund balance from June 30, 2023 to June 30, 2024.

Appropriated for June 30, 2024 Budget

The School District has appropriated \$492,764 of its available June 30, 2024, fund balance to partially fund its 2024-2025 approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the School District will begin the 2024-2025 fiscal year with an unassigned fund balance of \$1,138,583. This is 9.64% of the School District's 2024-2025 approved operating budget. This is a decrease of \$4,245 from the June 30, 2023 unassigned fund balance.

6. CAPITAL AND LEASED ASSETS AND DEBT ADMINISTRATION

A. Capital Assets

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

	2024	2023	Increase (Decrease)
Land	\$ 2,500	\$ 2,500	\$
Construction in Progress	2,496,508	2,189,510	306,998
Buildings and Improvements	14,176,562	14,726,948	(550,386)
Furniture, Equipment, and Vehicles	989,918	737,192	252,726
Right to Use Leased Assets	<u>107,069</u>	<u>101,824</u>	<u>5,245</u>
Capital and Leased Assets, Net	<u><u>\$ 17,772,557</u></u>	<u><u>\$ 17,757,974</u></u>	<u><u>\$ 14,583</u></u>

See Independent Auditor's Report.

**DOWNSVILLE CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024**

(Continued)

B. Debt Administration

At June 30, 2024, the School District had total bonds payable of \$6,335,000. A summary of the outstanding debt at June 30, 2024 and 2023, is as follows:

<u>Issue Date</u>	<u>Interest Rate</u>	<u>2024</u>	<u>2023</u>	<u>(Decrease)</u>
June 27, 2012	2.0-4.0%	<u>\$ 6,335,000</u>	<u>\$ 6,820,000</u>	<u>\$ (485,000)</u>

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

On May 21, 2024, Downsview Central School District residents approved a budget of \$11,811,460 for the 2024-2025 school year. The proposed budget represented a 2.91% increase from the previous year's budget. The primary reason for the increase in the 2024-2025 budget is related to salary and benefit increases for existing staff. The district is working hard to provide a high-quality education while containing its costs. We continue to see significant inflationary increases in all expenses, including retirement and health insurance costs. The recent influx of revenue from state and federal sources related to COVID-19 has helped the district to create programs for students to address learning loss over the past couple of years. The district has seen significant gains in the academic achievement of our students due to the summer and after school programs that have been implemented using these funds. With the availability of these funds ending on September 30, 2024, the district has included funding for the afterschool program in this budget and anticipates including funding for both the summer and afterschool programs in the future. The expectation for the next several years is that revenue growth will lag behind expenditure growth. The lack of revenue growth is due to state and federal fiscal circumstances, the enacted property tax cap, and the pending changes to the Foundation Aid formula. The average tax levy increase over the past five years has been 1.88%. Our School District tax base consists of portions of 6 townships with a total assessment value of \$97,097,667 for the 2024-2025 tax year. Total assessments increased by 0.91% from 2023-2024 to 2024-2025.

One of the goals of the Downsview Central School District Board of Education is to ensure long-term fiscal stability in order to provide the necessary programs and facilities to educate the children of the District to meet required state and national standards. During the 2023-2024, the District used Employee Benefit Accrued Liability Reserve funds to pay for the unused sick days due to retiring staff. This is an option the District will continue to exercise in the future when financially prudent. The District has funds remaining in the Debt Service Fund and plans to use those funds to offset tax increases that would otherwise be necessary to pay current and future debt obligations of the District. The District also has an Unemployment Insurance Reserve Fund that will help with future unemployment insurance costs. In December of 2023, the voters authorized the district to borrow up to \$3.5 million dollars to replace the roof over the entire building. That project is currently underway. Given current costs associated with building projects and the lack of New York State building aid, the District voters approved on May 9, 2022, to establish a new Capital Reserve. The District will fund it whenever it is financially prudent. This will help as the District works to fix items required in the five-year facilities and grounds plan.

The Board of Education and Administration has strived to be fiscally responsible to the community while continuing to provide a quality education for our students. Given the disparity between our District resident's actual income wealth and our inflated assessed land value because of the NYC property in our district, our minimal State aid revenue will continue to make budget development extremely challenging.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at Downsview Central Schools, Downsview, New York 13755.

DOWNSVILLE CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

June 30, 2024

Assets

Cash and Cash Equivalents	\$ 2,029,041
Restricted Cash and Cash Equivalents	2,107,523
Receivables	
Due From Other Governments	543,930
Other Receivables	2,024
Inventory	13,483
Right to Use Leased Assets, Net of Amortization	107,069
Capital Assets Not Being Depreciated	2,499,008
Capital Assets (Net of Depreciation)	<u>15,166,480</u>
Total Assets	<u>22,468,558</u>

Deferred Outflows of Resources

Pensions	1,950,541
Other Postemployment Benefits	<u>112,878</u>
Total Deferred Outflows of Resources	<u>2,063,419</u>

Total Assets and Deferred Outflows of Resources **\$ 24,531,977**

Liabilities

Accounts Payable	\$ 144,735
Accrued Liabilities	42,791
Due To	
Other Governments	383
Teachers' Retirement System	337,065
Employees' Retirement System	115,774
Deferred Credits	
Overpayments	3,403
Unearned Revenue	1,219
Accrued Interest Payable	9,642
Net Pension Liability - Proportionate Share	884,333
Long-Term Liabilities	
Due Within One Year	
Compensated Absences	50,000
Bonds Payable	479,171
Due in More Than One Year	
Compensated Absences	547,577
Bonds Payable	5,634,217
Other Postemployment Benefits	<u>15,261,760</u>
Total Liabilities	<u>23,512,070</u>

Deferred Inflows of Resources

Pensions	513,572
Other Postemployment Benefits	<u>10,779,818</u>
Total Deferred Inflows of Resources	<u>11,293,390</u>

Net Position

Net Investment in Capital Assets	11,723,678
Restricted	2,268,139
Unrestricted (Deficit)	<u>(24,265,300)</u>
Total Net Position (Deficit)	<u>(10,273,483)</u>

Total Liabilities, Deferred Inflows of Resources, and Net Position **\$ 24,531,977**

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	
General Support	\$ 1,514,367	\$	\$	\$ (1,514,367)
Instruction	3,308,141	123,008	909,698	(2,275,435)
Pupil Transportation	487,075			(487,075)
Debt Service - Unallocated Interest	264,400			(264,400)
Food Service	259,382	44,615	221,217	6,450
Total Functions/Programs	<u>\$ 5,833,365</u>	<u>\$ 167,623</u>	<u>\$ 1,130,915</u>	<u>(4,534,827)</u>
General Revenues				
Real Property Taxes and STAR				8,725,534
Other Real Property Tax Items				14,062
Use of Money and Property				113,362
Sale of Property and Compensation for Loss				27,825
State and Federal Sources				1,977,551
Miscellaneous				<u>342,320</u>
Total General Revenues				<u>11,200,654</u>
Change in Net Position				6,665,827
Net Position (Deficit), Beginning of Year				<u>(16,939,310)</u>
Net Position (Deficit), End of Year				<u><u>\$ (10,273,483)</u></u>

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

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

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total
Assets							
Cash and Cash Equivalents	\$ 2,021,199	\$ 1,275	\$ 4,634	\$	\$	\$ 1,933	\$ 2,029,041
Restricted Cash and Cash Equivalents	2,062,018			45,505			2,107,523
Receivables							
Due from Other Governments	175,306	12,531	356,093				543,930
Due from Other Funds	424,060	9,427	54,410		96,107	62,598	646,602
Other Receivables		44	1,980				2,024
Inventory		13,483					13,483
Total Assets	<u>\$ 4,682,583</u>	<u>\$ 36,760</u>	<u>\$ 417,117</u>	<u>\$ 45,505</u>	<u>\$ 96,107</u>	<u>\$ 64,531</u>	<u>\$ 5,342,603</u>
Liabilities							
Payables							
Accounts Payable	\$ 136,640	\$ 5,913	\$ 2,182	\$	\$	\$	\$ 144,735
Accrued Liabilities	41,557	1,234					42,791
Due To							
Other Governments		383					383
Other Funds	220,520	14,528	411,532			22	646,602
Teachers' Retirement System	337,065						337,065
Employees' Retirement System	115,774						115,774
Deferred Credits							
Overpayments			3,403				3,403
Unearned Revenue		1,219					1,219
Total Liabilities	<u>851,556</u>	<u>23,277</u>	<u>417,117</u>			<u>22</u>	<u>1,291,972</u>
Fund Balance							
Nonspendable		13,483					13,483
Restricted	2,062,018			45,505	96,107	64,509	2,268,139
Assigned	630,426						630,426
Unassigned (Deficit)	<u>1,138,583</u>						<u>1,138,583</u>
Total Fund Balance (Deficit)	<u>3,831,027</u>	<u>13,483</u>		<u>45,505</u>	<u>96,107</u>	<u>64,509</u>	<u>4,050,631</u>
Total Liabilities and Fund Balance	<u>\$ 4,682,583</u>	<u>\$ 36,760</u>	<u>\$ 417,117</u>	<u>\$ 45,505</u>	<u>\$ 96,107</u>	<u>\$ 64,531</u>	<u>\$ 5,342,603</u>

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE DISTRICT-WIDE NET POSITION
June 30, 2024

Total Governmental Fund Balances	\$ 4,050,631
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Amounts reported for governmental activities in the Statement of Net Position are different because:

The cost of building, acquiring, and leasing capital and right to use assets (land, buildings, and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Capital Assets	29,360,821
Accumulated Depreciation	(11,695,333)
Original Cost of Right to Use Leased Assets	235,857
Accumulated Amortization	<u>(128,788)</u>
	<u>17,772,557</u>

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

TRS Net Pension Liability - Proportionate Share	(177,864)
ERS Net Pension Liability - Proportionate Share	<u>(706,469)</u>
	<u>(884,333)</u>

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. Deferred outflows of resources at year-end consisted of:

Deferred Outflows of Resources, Pensions	1,950,541
Deferred Outflows of Resources, OPEB	<u>112,878</u>
	<u>2,063,419</u>

Long-term liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Bonds Payable (Net of Discount)	(6,113,388)
Accrued Interest Payable	(9,642)
Compensated Absences Payable	(597,577)
Other Postemployment Benefits	<u>(15,261,760)</u>
	<u>(21,982,367)</u>

Deferred inflows of resources represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources until that time. Deferred inflows of resources at year end consisted of the following:

Deferred Inflows of Resources, Pensions	(513,572)
Deferred Inflows of Resources, OPEB	<u>(10,779,818)</u>
	<u>(11,293,390)</u>

Total Net Position	<u>\$ (10,273,483)</u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

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

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital Projects	Total
Revenues							
Real Property Taxes and STAR	\$ 8,725,534	\$	\$	\$	\$	\$	\$ 8,725,534
Other Real Property Tax Items	14,062						14,062
Charges for Services	123,008						123,008
Use of Money and Property	113,310	42		10			113,362
Sale of Property and Compensation for Loss	16,306				11,519		27,825
Miscellaneous	331,402		6,980	3,938			342,320
State Aid	1,967,523	63,001	14,715				2,045,239
Federal Aid		158,216	894,983				1,053,199
Medicaid Assistance	10,028						10,028
School Lunch Sales		44,615					44,615
Total Revenues	<u>11,301,173</u>	<u>265,874</u>	<u>916,678</u>	<u>3,948</u>	<u>11,519</u>		<u>12,499,192</u>
Expenditures							
General Support	2,030,534						2,030,534
Instruction	4,246,162		525,906	10,450			4,782,518
Pupil Transportation	594,587		390,772				985,359
Food Service Program		266,620					266,620
Employee Benefits	3,086,168	6,042					3,092,210
Capital Outlay						306,998	306,998
Debt Service - Principal	485,000						485,000
Debt Service - Interest	249,169						249,169
Total Expenditures	<u>10,691,620</u>	<u>272,662</u>	<u>916,678</u>	<u>10,450</u>		<u>306,998</u>	<u>12,198,408</u>
Excess (Deficit) Revenues Over Expenditures	<u>609,553</u>	<u>(6,788)</u>		<u>(6,502)</u>	<u>11,519</u>	<u>(306,998)</u>	<u>300,784</u>
Other Financing Sources and (Uses)							
Transfers from Other Funds		9,427					9,427
Transfers to Other Funds	<u>(9,427)</u>						<u>(9,427)</u>
Total Other Financing Sources (Uses)	<u>(9,427)</u>	<u>9,427</u>					
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	600,126	2,639		(6,502)	11,519	(306,998)	300,784
Fund Balance, Beginning of Year	<u>3,230,901</u>	<u>10,844</u>		<u>52,007</u>	<u>84,588</u>	<u>371,507</u>	<u>3,749,847</u>
Fund Balance, End of Year	<u>\$ 3,831,027</u>	<u>\$ 13,483</u>	<u>\$</u>	<u>\$ 45,505</u>	<u>\$ 96,107</u>	<u>\$ 64,509</u>	<u>\$ 4,050,631</u>

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

Net Changes in Fund Balance - Total Governmental Funds	\$	300,784
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Capital Outlays to purchase or build capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the statement of net position and allocated over their useful lives as depreciation or amortization expenses in the statement of activities. This is the amount by which Capital Outlays exceeded depreciation and amortization in the period.

Depreciation and Amortization Expense	(806,206)		
Right to Use Leased Asset	52,416		
Capital Outlays	<u>768,373</u>		14,583

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. Amortization of the original discount on bonds is recorded as an offset to interest in the Statement of Activities. This is the amount of repayments and amortization during the current year.

Amortization of Original Issue Discount	(15,829)		
Repayment of Bond Principal	<u>485,000</u>		469,171

Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

Change in Compensated Absences	(70,129)		
Change in Accrued Interest Payable	598		
Change in Other Postemployment Benefits	6,285,979		
Change in Pension Expense	<u>(335,159)</u>		<u>5,881,289</u>

Change in Net Position Governmental Activities	\$	<u><u>6,665,827</u></u>
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The Accompanying Notes are an Integral Part of These Financial Statements.

DOWNSVILLE CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Custodial Fund
Assets	
Cash and Cash Equivalents - Restricted	\$ <u>53,208</u>
 Net Position	
Restricted for Extraclassroom Activities	\$ 41,413
Restricted For Alumni Association and Other Purposes	<u>11,795</u>
Total Net Position	<u>\$ 53,208</u>

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

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

	Custodial Fund
Additions	
Extraclassroom - Receipts	\$ 37,974
Other Custodial Receipts	<u>1,157</u>
Total Additions	<u>39,131</u>
Deductions	
Extraclassroom - Expenses	47,092
Other Custodial Expenses	<u>4,000</u>
Total Deductions	<u>51,092</u>
Change in Net Position	(11,961)
Net Position, Beginning of Year	<u>65,169</u>
Net Position, End of Year	<u><u>\$ 53,208</u></u>

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

Extraclassroom Activity Funds

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

Joint Venture

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

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

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

During the year ended June 30, 2024, the School District was billed \$1,417,784 for BOCES' administrative and program costs.

The District's share of BOCES aid for the year ended June 30, 2024 amounted to \$286,371. Financial statements for the BOCES are available from the Delaware-Chenango BOCES' administrative office located in Norwich, New York.

During the year ended June 30, 2024, the School District issued no debt on behalf of BOCES. However, during 2008, the BOCES issued \$47,755,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a lease payment included in the administrative budget of the BOCES over the term of the bonds. During 2024, \$2,875,000 in principal payments were made and the outstanding balance at June 30, 2024, was \$13,005,000. The bonds were refinanced through DASNY in June 2015, to reduce the debt service expenditures over the remaining life of the bonds.

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Basis of Presentation

(a) District-Wide Statements

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

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

(b) Fund Financial Statements

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

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

Special Revenue Funds:

School Lunch Fund: This fund is used to account for and report transactions of the School District's food service operations.

Special Aid Fund: This fund accounts for and reports the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes.

Miscellaneous Special Revenue Fund: This is used to account for and report transactions of the School District's scholarship funds. The School District has both custody and administrative control over the various scholarships. Established criteria govern the use of funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

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

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

(c) Fiduciary Funds

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

Custodial Funds: These funds are strictly custodial in nature. Assets are held by the School District as agent for various student groups, extraclassroom activity funds, and an alumni group.

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Measurement Focus and Basis of Accounting

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

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

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

Estimates

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

Cash and Cash Equivalents

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

Property Taxes

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

Receivables

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

Interfund Transactions

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for the year ended June 30, 2024 is shown in Note 6 to the financial statements.

Inventories

The inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis or, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2004. For assets acquired prior to July 1, 2004, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are reported at estimated fair market value at the time received.

The School District uses capitalization thresholds of \$3,500, (the dollar value above which asset acquisitions are added to the capital asset accounts). The School District uses the straight-line method of depreciation over the following estimated useful lives of capital assets reported in the District-Wide statements:

Furniture, Equipment, and Vehicles	5-15 Years
Buildings and Improvements	40 Years

Right to Use Leased Assets

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

Deferred Outflows of Resources

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

Accrued Liabilities and Long-Term Obligations

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

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

Compensated Absences

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

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

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

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

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

Other Benefits

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 9).

Unearned Revenue

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

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability or asset and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to other postemployment benefits (OPEB) reported on the District-Wide Statement of Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Equity Classifications

(a) District-Wide Financial Statements

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

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

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

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

(b) Fund Statements

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Non-Spendable

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. This category consists of the inventories in the School Lunch Fund.

Restricted Resources

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

- ***Capital Reserve*** – This reserve is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. A reserve was established by a voter proposition in May 2007. A new capital reserve was approved by voter proposition in May 2022. This reserve is accounted for in the General Fund.
- ***Unemployment Insurance Reserve*** – According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.
- ***Employee Benefit Accrued Liability Reserve*** – According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- ***Repair Reserve*** – According to General Municipal Law §6-d, must be used to pay the cost of repairs to capital improvements or equipment which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.
- ***Reserve for Extraclassroom Activities*** – This reserve is used to account for various student groups or extraclassroom activities. This reserve is accounted for in the Custodial Fund.

Miscellaneous Special Revenue Fund – Used to account for various endowment, scholarship awards, and other funds that the School District has administrative control over.

Debt Service Fund - Used to account for the accumulation of resources and that are restricted to pay debt service. The fund includes all unused debt proceeds and interest and earnings on temporary investment of debt proceeds.

Capital Fund - Used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

Unrestricted Resources

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

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

(c) Order of Use of Fund Balance

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of application of expenditures to which the fund balance classification will be charged.

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

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

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

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

Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of six broad categories.

(a) Long-Term Revenue Differences

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

(b) Capital Related Differences

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

(c) Long-Term Debt Transaction Differences

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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(d) Employee Benefit Allocation

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

(e) Pension Differences

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

(e) Other Postemployment Benefit Differences

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

3. STEWARDSHIP AND COMPLIANCE

Fund Balance Limitations

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2024, the School District's unexpended surplus funds were 9.64% of the 2024-2025 budget, which is not in compliance with laws and regulations.

Statutory Debt Limit

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

Budgetary Procedures and Budgetary Accounting

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The budget and actual comparison for the Special Revenue Funds (if any) reflects budgeted and actual amounts only for funds with legally authorized (appropriated) budgets.

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

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts, and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

4. CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

- A. Uncollateralized;
- B. Collateralized by securities held by the pledging financial institution, or
- C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the School District's name.

As of June 30, 2024, the School District's bank balances of \$4,590,352 were covered by FDIC and collateralized by securities held by an agent of the pledging financial institution in the School District's name and not exposed to custodial credit risk.

Restricted Cash and Cash Equivalents

Restricted cash and cash equivalents of \$2,062,018 in the General Fund represents amounts in the following reserves: \$47,401 for Unemployment Insurance, \$1,010,033 for Employee Benefit Accrued Liability, \$903,667 for Capital Projects, and \$100,917 for Repair Reserve. Restricted cash and cash equivalents of \$45,505 in the Miscellaneous Special Revenue Fund represents various expendable trust funds held by the District for scholarships and awards. Restricted cash and cash equivalents of \$53,208 in the fiduciary funds represent funds for various student groups or extraclassroom activities and Alumni Association. This reserve is accounted for in the Custodial Fund.

5. CAPITAL ASSETS & RIGHT TO USE LEASED ASSETS

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

	Beginning Balance	Increases	Decreases	Ending Balance
Capital Assets Not Being Depreciated				
Land	\$ 2,500	\$	\$	\$ 2,500
Construction in Progress	2,189,510	306,998		2,496,508
Total	2,192,010	306,998		2,499,008
Capital Assets Being Depreciated				
Buildings and Improvements	24,164,949	18,249		24,183,198
Furniture, Equipment and Vehicles	2,354,063	443,126	118,574	2,678,615
Total	26,519,012	461,375	118,574	26,861,813
Accumulated Depreciation				
Buildings and Improvements	9,438,001	568,635		10,006,636
Furniture, Equipment and Vehicles	1,616,871	190,400	118,574	1,688,697
Total	11,054,872	759,035	118,574	11,695,333
Net Capital Assets Being Depreciated	15,464,140	(297,660)		15,166,480
Net Capital Assets	<u>\$ 17,656,150</u>	<u>\$ 9,338</u>	<u>\$</u>	<u>\$ 17,665,488</u>

Depreciation expense of \$759,035 was allocated based on estimated usage by function and is charged as follows:

<u>Function/Program</u>	
General Support	\$ 7,748
Instruction	587,855
Pupil Transportation	124,218
Food Service Program	39,214
Total Depreciation	<u>\$ 759,035</u>

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

	Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Equipment	\$ 240,550	\$ 52,416	\$ 57,109	\$ 235,857
Accumulated Amortization				
Leased Equipment	138,726	47,171	57,109	128,788
Net Right to Use Leased Assets	<u>\$ 101,824</u>	<u>\$ 5,245</u>	<u>\$</u>	<u>\$ 107,069</u>

Amortization expense of \$47,171 is charged solely to instruction.

6. INTERFUND TRANSACTIONS

Fund	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 424,060	\$ 220,520	\$	\$ 9,427
School Lunch	9,427	14,528	9,427	
Special Aid	54,410	411,532		
Debt Service	96,107			
Capital Projects	62,598	22		
Total	<u>\$ 646,602</u>	<u>\$ 646,602</u>	<u>\$ 9,427</u>	<u>\$ 9,427</u>

Interfund receivables and payables are typically liquidated within one year.

The School District transferred \$9,427 from the General Fund to the School Lunch Fund to cover the School Lunch Fund's deficit position.

7. LONG-TERM LIABILITIES

Long-Term liability balances and activity are as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Bonds Payable					
Serial Bonds	\$ 6,820,000	\$	\$ 485,000	\$ 6,335,000	\$ 495,000
Original Issue Discount	(237,441)		(15,829)	(221,612)	(15,829)
Other Liabilities					
Other Postemployment Benefits	20,600,611	1,382,150	6,721,001	15,261,760	
Compensated Absences	527,448	70,129		597,577	50,000
Total Long Term Liabilities	<u>\$ 27,710,618</u>	<u>\$ 1,452,279</u>	<u>\$ 7,190,172</u>	<u>\$ 21,972,725</u>	<u>\$ 529,171</u>

Total interest paid for the year is as follows:

Interest Paid	\$ 249,169
Less: Interest Accrued in the Prior Year	(10,240)
Plus: Amortization of Original Issue Discount	15,829
Plus: Interest Accrued in the Current Year	9,642
Total Interest Expense on Long-Term Debt	<u>\$ 264,400</u>

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

Payable From/Description	Original Issue	Original Amount	Final Maturity	Interest Rate (%)	Outstanding Amount
Construction Bond	06/12	\$ 11,320,000	06/39	2.0%-4.0%	<u>\$ 6,335,000</u>

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Principal and interest payments due on serial bonds debt is as follows:

June 30,	Principal	Interest	Total
2025	\$ 495,000	\$ 234,619	\$ 729,619
2026	330,000	219,150	549,150
2027	340,000	208,425	548,425
2028	350,000	197,375	547,375
2029	365,000	185,125	550,125
2030-2034	2,020,000	723,350	2,743,350
2035-2039	<u>2,435,000</u>	<u>299,600</u>	<u>2,734,600</u>
Total	<u>\$ 6,335,000</u>	<u>\$ 2,067,644</u>	<u>\$ 8,402,644</u>

Original Issue Discount on Bonds

The original issue discount on bonds has been capitalized and recorded as a reduction to long-term liabilities on the District-Wide financial statements. The discount is being amortized using the straight-line method over 26 years, the remaining time to maturity of the bonds. The current year amortization is \$15,829 and is included as an addition to interest expense on the statement of activities.

Special Provisions Affecting Remedies Upon Default

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

8. PENSION PLANS

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

(a) Plan Description

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

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four year term. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November 2018, he was elected for a new term commencing January 1, 2019. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

DOWNSVILLE CENTRAL SCHOOL DISTRICT
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(b) Contributions

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

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

	Amount
2022	\$ 208,411
2023	170,480
2024	175,869

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

At June 30, 2024, the School District reported a liability of \$177,864 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024 and 2023, the School District's proportion was .0047981 and .0046071 percent, respectively.

For the year ended June 30, 2024, the School District recognized pension expense of \$353,664. At June 30, 2024, the School District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 227,553	\$ 19,264
Change of Assumptions	267,100	
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		345,106
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	80,501	9,968
Contributions Subsequent to the Measurement Date	115,774	
Total	<u>\$ 690,928</u>	<u>\$ 374,338</u>

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

Year Ended June 30,	Amount
2025	\$ (93,276)
2026	156,214
2027	212,749
2028	(74,871)

(d) Actuarial Assumptions

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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Significant actuarial assumptions used in the April 1, 2023 valuation were as follows:

Investment Rate of Return (Net of Investment Expense, including Inflation)	5.90%
Salary Scale	4.40%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation Rate	2.90%

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

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

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32.00%	4.00%
International equity	15.00%	6.65%
Private equity	10.00%	7.25%
Real estate	9.00%	4.60%
Opportunistic/ARS portfolio	3.00%	5.25%
Credit	4.00%	5.40%
Real assets	3.00%	5.79%
Fixed income	23.00%	1.50%
Cash	1.00%	0.25%
	<u>100.00%</u>	

The real rate of return is net of the long-term inflation assumption of 2.90%.

(e) Discount Rate

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

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

The following presents the School District's proportionate share of the net pension (asset) liability calculated using the discount rate of 5.9 percent, as well as what the School 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 percent) or 1-percentage-point higher (6.9 percent) than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 2,221,210	\$ 706,469	\$ (558,654)

(g) Pension Plan Fiduciary Net Position

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

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of \$115,774 at June 30, 2024. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2024-2025 billing cycle and has been accrued as an expenditure in the current year.

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

(a) Plan Description

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

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

(b) Contributions

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

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

	Amount
2022	\$ 280,752
2023	295,585
2024	305,220

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

At June 30, 2024, the School District reported a liability of \$706,469 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023, the School District's proportion was .015553 percent, which was a decrease of .000618 percent from its proportion measured as of June 30, 2022.

For the year ended June 30, 2024, the School District recognized a pension expense of \$503,470. At June 30, 2024, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences Between Expected and Actual Experience	\$ 431,274	\$ 1,066
Changes of Assumptions	382,937	83,459
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments	90,921	
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	49,261	54,655
Contributions Subsequent to the Measurement Date	305,220	
Total	<u>\$ 1,259,613</u>	<u>\$ 139,180</u>

Amounts reported as deferred outflows/inflows related to pensions resulting from School District contributions subsequent to the measurement date, will be recognized as a reduction of the net pension asset in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension (credit) expense as follows:

<u>Year Ended June 30:</u>	
2024	\$ 74,528
2025	(93,992)
2026	714,238
2027	48,833
2028	41,482
Thereafter	30,124

(d) Actuarial Assumptions

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

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
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Significant actuarial assumptions used in the June 30, 2022 valuation were as follows:

Investment Rate	
of Return	6.95 % Compounded Annually, Net of Pension Plan Investment Expense, Including Inflation.
Salary Scale	Rates of Increase Differ Based on Service.
	They Have Been Calculated Based Upon Recent NYSTRS Member Experience.

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

Projected COLAs	1.3% Compounded Annually.
Inflation Rate	2.4%

Annuitant and active mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP 2021 for June 30, 2023, applied on a generational basis.

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2023 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	33.0%	6.8%
International equity	15.0%	7.6%
Global equity	4.0%	7.2%
Real estate equity	11.0%	6.3%
Private equity	9.0%	10.1%
Domestic fixed income	16.0%	2.2%
Global bonds	2.0%	1.6%
Private debt	2.0%	6.0%
Real estate debt	6.0%	3.2%
High-yield bonds	1.0%	4.4%
Cash equivalents	<u>1.0%</u>	0.3%
	<u>100.0%</u>	

* Real rates of return are net of the long-term inflation assumption of 2.40% for 2023.

(e) Discount Rate

The discount rate used to calculate the total pension liability (asset) was 6.95 percent. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

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

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate Share of the Net Pension Liability (Asset)	\$ 2,708,966	\$ 177,864	\$ (1,950,901)

(g) Pension Plan Fiduciary Net Position

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

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS in amount of \$305,220 (excluding employees' share) in the General Fund at June 30, 2024. This amount represents contribution for the 2023-2024 fiscal year that will be made in 2024-2025 and has been accrued as an expenditure in the current year.

9. OTHER POSTEMPLOYMENT BENEFITS

(a) Plan Description

The School District provides medical benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provision in various contracts that the School District has in place with different classifications of employees. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

(b) Benefits Provided

The School District provides medical benefits to retired employees and their eligible dependents in accordance with the provision of various employment contracts. The School District acquires health insurance through a consortium known as the Broome-Tioga-Delaware Health Insurance Consortium (B-T-D Health Insurance Consortium). Benefits provided by the B-T-D Health Insurance Consortium are administered by the BlueCross BlueShield and Express Scripts. The B-T-D Health Insurance Consortium plan covers medical and pharmaceutical costs. The benefit levels, employee contributions and employer contributions are governed by the School District's contractual agreements. The Plans can be amended by action of the School District through agreements with the bargaining units. The specifics of each contract are on file at the School District offices and summarized as follows:

Employee Group	Description of Benefits	Retiree Contributions	Comments
Teachers – hired before 7/1/2024	Medical	Individual – 25% Family – 25% Surviving Spouse – 50%	Required Age – 55 Required Service – 10
Teachers – hired on Or after 7/1/2024	Medical	Individual – 25% Family – 25% Surviving Spouse – 50%	Required Age – 55 Required Service – 15
Support Staff	Medical	Individual – 25% Family – 25% Surviving Spouse – 50%	Required Age – 55 Required Service – 10
Non-Union Employees	Medical	With 10-15 years of service: Individual – 20% Family – 20% With 15-20 years of service: Individual – 15% Family – 15% With 20-25 years of services: Individual – 10% Family – 10%	Required Age - 55 Required Service – 10 Surviving Spouse pays 50% regardless of years of service

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

(c) Employees Covered by Benefit Terms

	Total
Actives	70
Retirees	51
Beneficiaries	6
Spouses of Retirees	25
Total	152

(c) Total OPEB Liability

The District's Total OPEB Liability (TOL) of \$15,261,760 was measured as of June 30, 2024, and was determined by an actuarial valuation as of July 1, 2023. The July 1, 2023 TOL was increased by service cost and interest and decreased by benefit payments, plan changes, demographic gains or losses and assumptions changes as of the measurement date, June 30, 2024, to estimate the TOL.

(d) Changes in the Total OPEB Liability

Changes in the District's Total OPEB Liability were as follows:

	Total OPEB Liability
Balance at June 30, 2023	\$ 20,600,611
Changes recognized for the year:	
Service Cost	618,923
Interest on Total OPEB Liability	763,227
Effect of Plan Changes	(2,937,234)
Changes of Demographic Gains or Losses	(2,535,254)
Changes of Assumptions or Other Inputs	(624,490)
Benefit Payments	(624,023)
Net Changes	(5,338,851)
Balance at June 30, 2024	\$ 15,261,760

(e) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the Total OPEB Liability of the District, as well as what the District's Total OPEB Liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current discount rate:

	1% Decrease (2.93%)	Current Assumption (3.93%)	1% Increase (4.93%)
Total OPEB Liability as of June 30, 2024	\$ 17,677,940	\$ 15,261,760	\$ 13,309,131

(f) Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend 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 healthcare cost trend rates that are 1 percentage point lower (4.2% decreasing to 3.1%) or 1 percentage point higher (6.2% decreasing to 5.1%) than the current healthcare cost trend rate:

	1% Decrease (4.2%-3.1%)	Current Assumption (5.2%-4.1%)	1% Increase (6.2%-5.1%)
Total OPEB Liability as of June 30, 2024	\$ 12,971,122	\$ 15,261,760	\$ 18,206,073

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

(g) Deferred Outflows and Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized an OPEB (credit) of (\$6,285,979). At June 30, 2024, the District reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 33,347	\$ 4,649,780
Changes of assumptions or other inputs	79,531	6,130,038
Total	<u>\$ 112,878</u>	<u>\$ 10,779,818</u>

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

Year ended June 30:	Amount
2025	\$ (3,895,857)
2026	(2,603,871)
2027	(1,671,928)
2028	(1,569,197)
2029	(513,947)
Thereafter	(412,140)

(h) Actuarial Methods and Assumptions

The Total OPEB Liability was determined by an actuarial valuation as of July 1, 2023, and a measurement date as of June 30, 2024. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

Healthcare Cost Trend Rates	5.2% scaling down to 4.1% over 50 years
Salary Increases Including Inflation	2.40%
Discount Rate	3.93%

The selected discount rate of 3.93 percent is based on a prescribed discount interest rate methodology under GASB 75 based on a yield or index rate for 20-year tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

Mortality rates were based on the PubT-2010 Headcount-Weighted Mortality Table for Teaching positions and PubG-2010 Headcount-Weighted Mortality Table for Non-Teaching positions, both generationally projected using the MP-2021 Ultimate Scale, with employee rates before commencement and healthy annuitant rates after commencement. This assumption includes a margin for future improvements in longevity.

10. RISK MANAGEMENT

General Information

Downsville Central School District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets, injuries to employees, errors and omissions, natural disasters, etc. 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.

Health Insurance

Downsville Central School District, participating with 19 other School Districts, incurs costs related to an employee health insurance plan (Plan) sponsored by Broome-Tioga-Delaware Health Insurance Consortium. The Plan's objectives are to formulate, develop, and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. School districts joining the Plan must remain members for a minimum of 1 year; a member may withdraw from the Plan effective only once annually on the last day of the Plan year as may be established from time to time by the Board of Directors.

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

Plan members are subject to a supplemental assessment in the event of deficiencies. If the Plan's assets were to be exhausted, members would be responsible for the Plan's liabilities. The Plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the Plan as direct insurer of the risks reinsured. The Plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims costs depend on complex factors, the process used in computing claims liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) which have been reported but not settled, and claims that have been incurred but not reported. Adjustments to claims' liabilities are charged or credited to expense in the periods in which they are made.

The Consortium is a shared-risk public entity risk pool whereby each entity pays annual premiums based on the aggregate expected claims for all enrollees. During the year ended June 30, 2024, the School District paid health insurance premiums amounting to \$1,984,355 to the Consortium. Paid claims are also accounted for in the aggregate with individual entity activity not being tracked separately. Due to this arrangement, a possible contingent liability exists for Downsville Central School District as a result of the possibility that any participating entity may have actual claims less than its annual premiums and try to recover its portion due to it through the Consortium participants.

Workers' Compensation

The Madison-Oneida Consortium is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Consortium did not have an unfunded liability as of December 31, 2023 (latest date of financial information); therefore, the School District was not required to record a liability.

11. FUND BALANCE

- (a) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet:

	General	School Lunch	Misc. Special Revenue	Debt Service	Capital	Total
Nonspendable	<u>\$</u>	<u>\$ 13,483</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$ 13,483</u>
Restricted						
Unemployment Insurance Reserve	47,401					47,401
Employee Benefits Accrued Liability Reserve	1,010,033					1,010,033
Capital Reserve	903,667					903,667
Repair Reserve	100,917					100,917
Debt Service-Principal and Interest				96,107		96,107
Capital Projects					64,509	64,509
Miscellaneous Special Revenue			45,505			45,505
Total Restricted	<u>2,062,018</u>		<u>45,505</u>	<u>96,107</u>	<u>64,509</u>	<u>2,268,139</u>
Assigned						
Encumbrances	137,662					137,662
Appropriated for Subsequent Year's Budget	492,764					492,764
Total Assigned	<u>630,426</u>					<u>630,426</u>
Unassigned (Deficit)	<u>1,138,583</u>					<u>1,138,583</u>
Total Fund Balance (Deficit)	<u>\$ 3,831,027</u>	<u>\$ 13,483</u>	<u>\$ 45,505</u>	<u>\$ 96,107</u>	<u>\$ 64,509</u>	<u>\$ 4,050,631</u>

- (b) Changes in the School District's General Fund restricted reserves are as follows:

Reserve	Beginning Balance	Additions	Deductions	Ending Balance
Unemployment Insurance	\$ 46,971	\$ 430	\$	\$ 47,401
Employee Benefits Accrued Liability	1,000,856	9,177		1,010,033
Capital Reserve	400,000	503,667		903,667
Repair Reserve	100,000	917		100,917
Total	<u>\$ 1,547,827</u>	<u>\$ 514,191</u>	<u>\$</u>	<u>\$ 2,062,018</u>

DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2024

12. CONTINGENCIES AND COMMITMENTS

Potential Grantor Liability

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

13. ECONOMIC DEPENDENCY

The School District received \$5,907,341 or approximately 68 percent of the 2023-2024 budgeted school taxes from a water reservoir owned by New York City. However, if this revenue were to cease, the deficiency would most likely be recovered through State aid.

14. NET POSITION DEFICIT

The District-Wide net position had an unrestricted deficit at June 30, 2024 of \$24,265,300 and a total net position deficit of \$10,273,483. The deficit is the result of GASB Statement 75, "*Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*," which requires the recognition of an unfunded liability of \$15,261,760 at June 30, 2024. This liability cannot be legally funded in New York State.

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

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
Revenues					
Local Sources					
Real Property Taxes and STAR	\$ 8,724,267	\$ 8,724,267	\$ 8,725,534	\$	1,267
Other Real Property Tax Items	13,500	13,500	14,062		562
Charges for Services	75,000	75,000	123,008		48,008
Use of Money and Property	6,000	6,000	113,310		107,310
Sale of Property and Compensation for Loss	500	500	16,306		15,806
Miscellaneous	155,200	155,200	331,402		176,202
State Aid	1,936,841	1,936,841	1,967,523		30,682
Federal Aid	20,000	20,000	10,028		(9,972)
Total Revenues	10,931,308	10,931,308	11,301,173		369,865
Other Financing Sources					
Transfers from Other Funds	90,753	90,753			(90,753)
Appropriated Fund Balance	505,246	505,246			(505,246)
Total Revenues and Other Financing Sources	\$ 11,527,307	\$ 11,527,307	11,301,173	\$	(226,134)
	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
Expenditures					
General Support					
Board of Education	\$ 21,998	\$ 19,278	17,411	\$	1,867
Central Administration	226,339	235,133	233,865		1,268
Finance	338,140	340,861	317,771		23,090
Staff	126,933	128,203	122,080		6,123
Central Services	1,156,296	1,233,510	1,126,063	48,436	59,011
Special Items	213,212	213,344	213,344		
Total General Support	2,082,918	2,170,329	2,030,534	48,436	91,359
Instruction					
Instruction, Administration, and Improvement	301,613	308,291	301,989	526	5,776
Teaching - Regular School	2,079,268	2,023,999	2,000,460	471	23,068
Programs for Children With Special Needs	1,155,506	1,138,567	876,557	35,000	227,010
Occupational Education	388,813	394,413	389,570		4,843
Teaching - Special School	160	160			160
Instructional Media	180,309	171,625	151,515		20,110
Pupil Services	547,878	564,079	526,071	12,931	25,077
Total Instruction	4,653,547	4,601,134	4,246,162	48,928	306,044
Pupil Transportation	866,917	867,982	594,587	40,298	233,097
Community Services	9,300	5,236			5,236
Employee Benefits	3,180,456	3,148,457	3,086,168		62,289
Debt Service - Principal	485,000	485,000	485,000		
Debt Service - Interest	249,169	249,169	249,169		
Total Expenditures	11,527,307	11,527,307	10,691,620	137,662	698,025
Other Financing Uses					
Transfers to Other Funds			9,427		(9,427)
Total Expenditures and Other Financing Uses	\$ 11,527,307	\$ 11,527,307	10,701,047	\$ 137,662	\$ 688,598
Net Change in Fund Balance			600,126		
Fund Balance - Beginning of Year			3,230,901		
Fund Balance - End of Year			\$ 3,831,027		

Notes to Required Supplementary Information:

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

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

See Independent Auditor's Report.

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

Measurement Date	July 1, 2023	July 1, 2022	July 1, 2021	July 1, 2020	July 1, 2019	July 1, 2018	July 1, 2017
Total OPEB Liability	2024*	2023*	2022*	2021*	2020*	2019*	2018*
Service Cost	\$ 618,923	\$ 809,727	\$ 1,088,093	\$ 1,107,604	\$ 1,365,382	\$ 1,546,754	\$ 1,501,703
Interest Cost	763,227	754,992	616,396	600,875	1,329,282	1,187,972	1,130,996
Effect of Plan Changes	(2,937,234)		(973,486)				
Difference Between Expected and Actual Experience							(80,289)
Changes in Demographic Gains or Losses	(2,535,254)		(4,373,392)		144,502		
Changes in Assumptions and Other Inputs	(624,490)	(1,176,291)	(2,714,844)	246,967	(12,749,527)	(3,481,708)	
Benefit Payments	(624,023)	(605,839)	(544,048)	(631,461)	(611,646)	(770,314)	(627,295)
Net Change in Total OPEB Liability	(5,338,851)	(217,411)	(6,901,281)	1,323,985	(10,522,007)	(1,517,296)	1,925,115
Total OPEB Liability - Beginning	20,600,611	20,818,022	27,719,303	26,395,318	36,917,325	38,434,621	36,509,506
Total OPEB Liability - Ending	\$ 15,261,760	\$ 20,600,611	\$ 20,818,022	\$ 27,719,303	\$ 26,395,318	\$ 36,917,325	\$ 38,434,621
Covered Payroll	\$ 3,480,686	\$ 3,743,624	\$ 3,743,624	\$ 3,300,684	\$ 3,300,684	\$ 3,944,393	\$ 3,944,393
Total OPEB Liability as a percentage of covered payroll	438.47%	550.29%	556.09%	839.80%	799.69%	935.94%	974.41%

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

Notes to Required Supplementary Information

The District does not currently maintain assets in an OPEB trust.

Actuarial Assumptions

The actuarial methods and assumptions used to calculate the Total OPEB Liability are described in Note 9 to the financial statements.

Changes to Assumptions

The discount rate changed from 3.65% to 3.93%, which is a prescribed discount rate under GASB 75, and is based on the index rate for 20 year, tax exempt general obligation municipal bonds with an average rating of AA/Aa or higher.

DOWNSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS
For the Year Ended June 30, 2024

ERS Pension Plan										
Last 10 Fiscal Years										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 175,869	\$ 170,480	\$ 208,411	\$ 198,575	\$ 199,390	\$ 191,126	\$ 178,219	\$ 187,226	\$ 225,551	\$ 216,813
Contributions in Relation to the Contractually Required Contribution	<u>175,869</u>	<u>170,480</u>	<u>208,411</u>	<u>198,575</u>	<u>199,390</u>	<u>191,126</u>	<u>178,219</u>	<u>187,226</u>	<u>225,551</u>	<u>216,813</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
School District's Covered- ERS Employee Payroll	\$ 1,347,830	\$ 1,476,020	\$ 1,245,086	\$ 1,248,913	\$ 1,294,023	\$ 1,242,374	\$ 1,133,233	\$ 1,182,112	\$ 1,159,686	\$ 1,084,959
Contributions as a Percentage of Covered-Employee Payroll	13.05%	11.55%	16.74%	15.90%	15.41%	15.38%	15.73%	15.84%	19.45%	19.98%
TRS Pension Plan										
Last 10 Fiscal Years										
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Contractually Required Contribution	\$ 305,220	\$ 295,585	\$ 280,752	\$ 244,022	\$ 224,293	\$ 274,298	\$ 244,343	\$ 288,640	\$ 317,283	\$ 414,678
Contributions in Relation to the Contractually Required Contribution	<u>305,220</u>	<u>295,585</u>	<u>280,752</u>	<u>244,022</u>	<u>224,293</u>	<u>274,298</u>	<u>244,343</u>	<u>288,640</u>	<u>317,283</u>	<u>414,678</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
School District's Covered- TRS Employee Payroll	\$ 3,127,254	\$ 2,872,546	\$ 2,864,816	\$ 2,560,567	\$ 2,531,524	\$ 2,582,844	\$ 2,493,296	\$ 2,462,799	\$ 2,392,783	\$ 2,365,533
Contributions as a Percentage of Covered-Employee Payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

See Independent Auditor's Report.

DOWNSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULES OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
For the Year Ended June 30, 2024

ERS Pension Plan										
	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the Net Pension Asset/Liability	0.0047981%	0.0046071%	0.0042326%	0.0037078%	0.0034512%	0.0035656%	0.0032544%	0.0037160%	0.0038302%	0.0041394%
District's Proportionate Share of the Net Pension (Asset) Liability	\$ 706,469	\$ 987,948	\$ (346,001)	\$ 3,692	\$ 913,908	\$ 252,633	\$ 105,034	\$ 349,168	\$ 614,764	\$ 139,839
District's Covered-Employee Payroll	\$ 1,347,830	\$ 1,476,020	\$ 1,245,086	\$ 1,248,913	\$ 1,294,023	\$ 1,242,374	\$ 1,133,233	\$ 1,182,112	\$ 1,159,686	\$ 1,084,959
District's Proportionate Share of the Net Pension (Asset) Liability as a Percentage of its Covered-Employee Payroll	52.42%	66.93%	27.79%	0.30%	70.63%	20.33%	9.27%	29.54%	53.01%	12.89%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
TRS Pension Plan										
	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the Net Pension Asset/Liability	0.015553%	0.016171%	0.015086%	0.014915%	0.015474%	0.015307%	0.015884%	0.015495%	0.015892%	0.015548%
District's Proportionate Share of the Net Pension (Asset) Liability	\$ 177,864	\$ 310,313	\$ (2,614,244)	\$ 412,138	\$ (402,013)	\$ (276,786)	\$ (120,732)	\$ 165,960	\$ (1,650,697)	\$ (1,731,910)
District's Covered-Employee Payroll	\$ 2,872,546	\$ 2,864,816	\$ 2,560,567	\$ 2,531,524	\$ 2,582,844	\$ 2,493,296	\$ 2,462,799	\$ 2,392,783	\$ 2,365,533	\$ 2,296,628
District's Proportionate Share of the Net Pension Asset/Liability as a Percentage of its Covered-Employee Payroll	6.19%	10.83%	102.10%	16.28%	15.56%	11.10%	4.90%	6.94%	69.78%	75.41%
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

DOWNSVILLE CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET
AND SECTION 1318 OF THE REAL PROPERTY TAX LIMIT CALCULATION
For the Year Ended June 30, 2024

Change from Adopted Budget to Final Budget

Adopted Budget	\$ 11,477,550
Add: Prior Year's Encumbrances	<u>49,757</u>
Original Budget	<u>11,527,307</u>
Final Budget	<u>\$ 11,527,307</u>

Section 1318 of Real Property Tax Law Limit Calculation

2024-25 Voter-Approved Expenditure Budget	<u>\$ 11,811,460</u>
Maximum Allowed (4% of 2024-25 budget)	<u>\$ 472,458</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :

Unrestricted Fund Balance:

Assigned Fund Balance	\$ 630,426
Unassigned Fund Balance	<u>1,138,583</u>
Total Unrestricted Fund Balance	<u>1,769,009</u>

Less:

Appropriated Fund Balance	492,764
Encumbrances Included in Assigned Fund Balance	<u>137,662</u>
Total Adjustments	<u>630,426</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u>\$ 1,138,583</u>
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Actual Percentage	9.64%
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See Independent Auditor's Report.

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

PROJECT TITLE	Original	Revised	Prior	Expenditures		Unexpended	Proceeds of	Federal and	Local		Balance
	Authorization	Authorization	Years	Current Year	Total	Balance	Obligations	State Aid	Sources	Total	June 30, 2024
Capital Improvements - District Wide	\$ 2,854,961	\$ 2,854,961	\$ 2,519,003	\$	\$ 2,519,003	\$ 335,958	\$	\$	\$ 2,519,003	\$ 2,519,003	\$
Capital Improvements - Windows	1,418,570	1,418,570	2,068,531	306,998	2,375,529	(956,959)		1,049,490	1,535,958	2,585,448	209,919
Smart School Bond	<u>146,209</u>	<u>146,209</u>	<u>145,410</u>		<u>145,410</u>	<u>799</u>					<u>(145,410)</u>
	<u>\$ 4,419,740</u>	<u>\$ 4,419,740</u>	<u>\$ 4,732,944</u>	<u>\$ 306,998</u>	<u>\$ 5,039,942</u>	<u>\$ (620,202)</u>	<u>\$</u>	<u>\$ 1,049,490</u>	<u>\$ 4,054,961</u>	<u>\$ 5,104,451</u>	<u>\$ 64,509</u>

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

Capital and Right to Use Leased Assets, Net	\$ <u>17,772,557</u>
Add:	
Capital Fund Unspent Proceeds	1,933
Due From Other Funds	<u>62,598</u>
	<u>64,531</u>
Deduct:	
Due to Other Funds	22
Serial Bonds Payable, Net of Original Issue Discount	<u>6,113,388</u>
	<u>6,113,410</u>
Net Investment in Capital Assets	<u>\$ <u>11,723,678</u></u>

See Independent Auditor's Report.

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

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

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters
Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Board of Education
Downsville Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Downsville Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Downsville Central School District's basic financial statements, and have issued our report thereon dated May 29, 2025.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Downsville 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 Downsville Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Downsville Central School District's internal control.

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

D'Arcangelo + Co., LLP

May 29, 2025

Rome, New York

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

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

Board of Education
Downsville Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

In our opinion, Downsville Central School District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Downsville Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of Downsville Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of Downsville Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

D'Arcangelo + Co., LLP

May 29, 2025

Rome1, New York

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

Federal Grantor/Pass-Through Grantor/Program Title	Federal AL Number	Agency or Pass-through Number	Current Year Expenditures	Expenditures to Subrecipients
<u>U.S. Department of Agriculture</u>				
(Passed Through the State Education Department of the State of New York- Pass-Through Grantor No. 120301040000)				
National Breakfast Program	10.553	N/A	\$ 43,041	\$
National School Lunch Program	10.555	N/A	85,366	
National Snack Program	10.555	N/A	6,382	
National Summer Food Services Program	10.559	N/A	8,025	
Total Cash Assistance Subtotal			<u>142,814</u>	
National School Lunch Program (Noncash)	10.555	N/A	<u>15,402</u>	
Total Nutrition Cluster			<u>158,216</u>	
Total U.S. Department of Agriculture			<u>158,216</u>	
<u>U.S. Department of Education</u>				
(Passed Through the State Education Department of the State of New York- Pass-Through Grantor No. 120301040000)				
Title I Grants to Local Education Agencies (Part A of ESEA)	84.010A	0021-24-0585	<u>144,689</u>	
Improving Teacher Quality State Grants (Title II, Part A)	84.367A	0147-24-0585	<u>6,678</u>	
Special Education - Grants to States (IDEA, Part B)	84.027A	0032-24-0158	69,177	
Special Education - Preschool Grants (IDEA, Preschool)	84.173A	0033-24-0158	<u>2,238</u>	
Total Special Education Cluster (IDEA)			<u>71,415</u>	
Student Support and Academic Enrichment Program (Title IV, Part A)	84.424A	0204-24-0585	<u>11,527</u>	
COVID-19- Elementary and Secondary School Emergency Relief (ESSER 2) Fur	84.425D	5891-21-0585	172,136	
COVID-19 ARP Elementary and Secondary Emergency Relief (ARP ESSER) Fur	84.425U	5880-21-0585	<u>97,766</u>	
Total			<u>269,902</u>	
Total U.S Department of Education			<u>504,211</u>	
<u>U.S. Environmental Protection Agency</u>				
Clean School Bus Program	66.045		<u>390,772</u>	
Total Federal Financial Assistance			<u>\$ 1,053,199</u>	<u>\$</u>

**DOWNSVILLE CENTRAL SCHOOL DISTRICT
NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024**

1. SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Downsville Central School District, under programs of the federal government for the year ended June 30, 2024. The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Basis of Accounting

Expenditures reported on the Schedule are reported on the accrual basis of accounting. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Cluster Programs

The following programs are identified by “OBM Compliance Supplement” to be part of a cluster of programs:

U.S. Department of Education

Special Education Cluster

AL #84.027 – Special Education – Grants to States (IDEA, Part B)

AL #84.173 – Special Education – Preschool Grants (IDEA, Preschool)

Child Nutrition Cluster

AL #10.553 – National School Breakfast Program

AL #10.555 – National School Lunch Program

AL #10.555 – National Snack Program

AL #10.559 – National Summer Food Services Program

AL #10.555 – Non-Cash Assistance (Food Distribution)

De Minimis Indirect Cost Rate

The School District has not elected to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2024, the School District had food commodities totaling \$1,558 in inventory.

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

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Were there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material internal control weakness conditions reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion.	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2CFR Section 200.516 (a)	No
(d)(1)(vii)	Major Programs (list):	U.S. Environmental Protection Agency AL #66.045 – Clean School Bus Program U.S. Department of Education Education Stabilization Fund: AL #84.425U American Rescue Plan – Elementary and Secondary School Emergency (ARP ESSER) AL #84.425D Elementary and Secondary School Emergency (ESSER2)
(d)(1)(viii)	Dollar Threshold: Type A\B Programs	Type A: > \$ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

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

Findings – Financial Statement Audit

None noted in current year.

Findings and Questioned Costs – Major Federal Award Program Audit

None noted in current year.

FORM OF BOND COUNSEL'S OPINION

September 30, 2025

Downsville Central School District
Delaware County
State of New York

Re: Downsville Central School District, Delaware County, New York
\$3,448,000 Bond Anticipation Notes, 2025 (Renewals)

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$3,448,000 Bond Anticipation Notes, 2025 (Renewals) (the "Obligation"), of the Downsville Central School District, Delaware County, New York (the "Obligor"), dated September 30, 2025, numbered 1, in denomination of \$3,448,000, bearing interest at the rate of ____% per annum, payable at maturity, and maturing September 30, 2026.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal alternative minimum tax on individuals. We observe that interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, 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 Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

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. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation 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 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 Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage 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 municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions 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 Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP