

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

BOND ANTICIPATION NOTES

In the opinion of Timothy R. McGill Law Offices, Bond Counsel to the District, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986 (the "Code"), interest on the Notes is excludable from gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not a specific preference item for purposes of Federal alternative minimum tax; however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. No opinion is expressed regarding other Federal tax consequences arising with respect to the Notes. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX EXEMPTION" herein for a discussion of certain Federal taxes applicable to owners of the Notes.

The District will NOT designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

\$10,000,000

WATERLOO CENTRAL SCHOOL DISTRICT

SENECA COUNTY, NEW YORK



\$10,000,000 Bond Anticipation Notes, 2025 (the "Notes")

Dated: July 30, 2025

Due: July 30, 2026

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

The Notes are not subject to redemption prior to maturity. At the option of the purchaser(s), the Notes will be issued as registered notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of \$5,000 or multiples thereof, as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of \$5,000 or integral multiples thereof, as may be determined by such successful bidder(s). If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "BOOK-ENTRY-ONLY SYSTEM" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Timothy R. McGill Law Offices, Fairport, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about July 30, 2025.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on July 16, 2025 until 10:00 A.M., Prevailing Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

July 10, 2025

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

WATERLOO CENTRAL SCHOOL DISTRICT SENECA COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2025-2026 BOARD OF EDUCATION



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* * * * *

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Superintendent of Schools

SHAUN MERRILL
Business Administrator

STEPHANIE WILSON
District Clerk



FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

TIMOTHY R. MCGILL, ESQ.
Bond Counsel

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
NATURE OF THE OBLIGATION	1	STATUS OF INDEBTEDNESS (cont.)	24
THE NOTES.....	2	Capital Project Plans	24
Description of the Notes.....	2	Cash Flow Borrowings.....	24
No Optional Redemption	3	Estimated Overlapping Indebtedness	24
Purpose of Issue	3	Debt Ratios.....	25
BOOK-ENTRY-ONLY SYSTEM	3	SPECIAL PROVISIONS AFFECTING	
Certificated Notes.....	4	REMEDIES UPON DEFAULT	25
THE SCHOOL DISTRICT	5	MARKET AND RISK FACTORS.....	26
General Information	5	TAX MATTERS.....	26
Population	5	LEGAL MATTERS	27
Five Largest Employers	5	LITIGATION	28
Selected Wealth and Income Indicators	6	INDIAN LAND CLAIMS	28
Unemployment Rate Statistics	6	CONTINUING DISCLOSURE.....	28
Form of School Government.....	6	Historical Compliance.....	28
Budgetary Procedures	7	MUNICIPAL ADVISOR.....	29
Investment Policy.....	7	CUSIP IDENTIFICATION NUMBERS	29
State Aid.....	7	RATING.....	29
State Aid Revenues	11	MISCELLANEOUS.....	29
District Facilities	12	APPENDIX – A	
Enrollment Trends.....	12	GENERAL FUND - Balance Sheets	
Employees	12	APPENDIX – A1	
Status and Financing of Employee Pension Benefits	12	GENERAL FUND – Revenues, Expenditures and	
Other Post-Employment Benefits.....	14	Changes in Fund Balance	
Other Information.....	15	APPENDIX – A2	
Financial Statements	16	GENERAL FUND – Revenues, Expenditures and	
New York State Comptroller Report of Examination.....	16	Changes in Fund Balance - Budget and Actual	
The State Comptroller’s Fiscal Stress Monitoring System....	17	APPENDIX – B	
TAX INFORMATION.....	17	BONDED DEBT SERVICE	
Taxable Assessed Valuations	17	APPENDIX – B1	
Tax Rate Per \$1,000 (Assessed).....	18	CURRENT BONDS OUTSTANDING	
Tax Levy and Tax Collection Record.....	18	APPENDIX – C	
Tax Collection Procedure	18	MATERIAL EVENT NOTICES	
Real Property Tax Revenues	18	APPENDIX – D	
Larger Taxpayers 2024 for 2024-25 Tax Roll.....	19	AUDITED FINANCIAL STATEMENTS AND	
STAR – School Tax Exemption.....	19	SUPPLEMENTARY INFORMATION – JUNE 30, 2024	
Additional Tax Information.....	20	APPENDIX – E	
TAX LEVY LIMITATION LAW.....	20	FORM OF BOND COUNSEL’S OPINION	
STATUS OF INDEBTEDNESS	21		
Constitutional Requirements	21		
Statutory Procedure.....	21		
Debt Outstanding End of Fiscal Year.....	22		
Details of Outstanding Indebtedness	23		
Debt Statement Summary.....	23		
Bonded Debt Service.....	23		

PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
WATERLOO CENTRAL SCHOOL DISTRICT
SENECA COUNTY, NEW YORK
Relating To
\$10,000,000 Bond Anticipation Notes, 2025

This Official Statement, which includes the cover page and appendices, has been prepared by the Waterloo Central School District, Seneca County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$10,000,000 principal amount of Bond Anticipation Notes, 2025 (the "Notes").

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

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

NATURE OF THE OBLIGATION

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

Holders of any 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 subject to applicable statutory limitations.

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

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

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

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

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

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

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

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

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

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.

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

The Notes will be issued in either (i) registered form registered in the name of the purchaser, in denominations of \$5,000 each or multiples thereof, as may be determined by the successful bidder(s) or (ii) at the option of the purchaser(s), as registered book-entry-only notes, and, if so issued, registered in the name of Cede & Co. as nominee of DTC, which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

On February 7, 2023, the qualified voters of the District approved a capital project consisting of construction and reconstruction of school buildings and facilities within the District at a maximum cost not to exceed \$17,900,000. Financing of such project will be \$3,000,000 from the existing capital reserve and up to \$14,900,000 from funds raised by the issuance of bonds and bond anticipation notes. The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law and the Local Finance Law and a bond resolution of the District dated February 27, 2023.

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

BOOK-ENTRY-ONLY SYSTEM

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST 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. 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 Towns of Fayette, Junius, Seneca Falls, Tyre and Waterloo in Seneca County. The Village of Waterloo lies completely within the District. The area of the District is approximately 84 square miles.

The District is served by New York State Routes 414, 20, 96, and 96A, US Route 5 and by Exit 41 of the New York State Thruway, which crosses the northern portion of the District. Bus transportation is available in the City of Geneva, approximately seven miles to the west. Air transportation is available in the Cities of Rochester, Syracuse, or Ithaca.

The District is primarily a residential and agricultural area. Residents commute to the Cities of Geneva, Ithaca, Auburn, Rochester and Syracuse for employment.

Municipal water and sewer services are provided by the Village of Waterloo and, on a more limited basis, by the surrounding Towns. Electricity and natural gas are provided by the New York State Electric and Gas Corporation. Police protection is provided by the Village of Waterloo, Seneca County and New York State. Fire protection and ambulance service are provided by various volunteer agencies.

Opportunities for higher education are available at Hobart and William Smith Colleges in Geneva, as well as in the Cities of Rochester, Ithaca and Syracuse.

Residents find basic commercial services in the Villages of Waterloo and Seneca Falls.

Source: District officials.

Population

The current estimated population of the District is 10,930. (Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates.)

Five Largest Employers

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

<u>Name</u>	<u>Type</u>	<u>Employees</u>
del Lago Resort & Casino	Resort and Casino	1,300
Waterloo Prime Outlets	Shopping Plaza	1,200
Seneca County	Municipal Government	488
Seneca County Arc	Service to the Developmentally Disabled	355
Waterloo Central School District	Public Education	346

Source: District officials.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the below listed Towns and County. The figures set below with respect to such Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or 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:						
Waterloo	\$ 21,941	\$ 29,068	\$ 35,896	\$ 50,309	\$ 69,329	\$ 78,704
Fayette	23,699	37,848	48,490	52,143	73,465	90,625
Junius	18,278	23,685	33,056	53,365	69,167	101,250
Seneca Falls	23,841	31,794	36,555	58,068	76,679	90,298
Tyre	22,139	31,872	35,426	53,000	71,058	75,375
County of:						
Seneca	21,818	28,703	36,170	53,857	70,915	86,917
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

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

Source: U.S. Census Bureau 2006-2010, 2016-2020 and 2019-2023 5-Year American Community Survey data.

Unemployment Rate Statistics

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the County of Seneca. The information set forth below with respect to the County and State of New York is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the County or the State is 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>
Seneca County	3.8%	3.7%	8.1%	5.0%	3.4%	3.4%	3.7%
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>
Seneca County	4.6%	5.1%	4.3%	3.1%	2.9%	N/A
New York State	4.6%	4.3%	4.1%	3.6%	3.5%	N/A

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

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

Form of School Government

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

The administrative officers of the District implement the policies of the Board and supervise the operation of the school system.

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 third Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

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

Recent Budget Vote Results

The District’s 2024-2025 budget was approved by qualified voters of the District on May 21, 2024 by a vote of 486 to 208. The District’s adopted budget for 2024-25 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a tax levy increase of 2.00%, which was below the District’s allowable Tax Cap of 3.21%.

The District’s 2025-2026 budget was approved by qualified voters of the District on May 20, 2025 by a vote of 383 to 207. The District’s adopted budget for 2025-26 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a tax levy increase of 1.90%, which was below the District’s allowable Tax Cap of 2.57%.

Investment Policy

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

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

State Aid

The District receives financial assistance from the State. In its proposed budget for the 2025-2026 fiscal year, approximately 65.36% 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 was adopted on May 9, 2025, thirty-eight (38) days after the April 1 deadline, the State’s fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State’s fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State’s budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal Aid Received by the State

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 88.7% 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 States 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 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 maintained the "save harmless" provision, which ensured a school district received at least the same amount of Foundation Aid as it received in the prior year. The State's 2024-25 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 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 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 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.

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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 also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted new figures 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>
2018-2019	\$ 42,150,288	\$ 27,679,491	65.67
2019-2020	41,754,903	27,384,043	65.58
2020-2021	41,218,792	26,402,612	64.05
2021-2022	42,916,353	28,001,082	65.25
2022-2023	46,751,823	30,160,248	64.51
2023-2024	51,396,240	33,405,906	65.00
2024-2025 (Budgeted)	49,800,547	31,444,315	63.14
2025-2026 (Budgeted)	47,517,383	31,056,684	65.36

Source: Audited Financial Statements for the 2018-2019 fiscal year through and including the 2023-2024 fiscal year and the adopted budgets for the 2024-2025 and 2025-2026 fiscal years. This table is not audited.

Note: The unaudited estimates for the 2024-2025 fiscal year are unavailable as of this Official Statement

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built</u>
Skoi-Yase Primary	K-2	560	1952, 2011
LaFayette Intermediate	3-5	625	1952, 2011
Middle School	6-8	965	1952, 2011
High School	9-12	993	2005, 2011

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2019-2020	1,540	2024-2025	1,415
2020-2021	1,512	2025-2026	1,415
2021-2022	1,496	2026-2027	1,415
2022-2023	1,415	2027-2028	1,415
2023-2024	1,411	2028-2029	1,415

Source: District officials.

Employees

The District employs a total of 340 full-time and 24 part-time employees with representation by the various bargaining units listed below:

<u>Number of Employees</u>	<u>Bargaining Unit</u>	<u>Contract Expiration Date</u>
218	Waterloo Education Association	June 30, 2026
122	Waterloo Non-Instructional Employees' Association	June 30, 2026
10	Waterloo Educational Leaders' Association	June 30, 2026
14	Other	June 30, 2026 ⁽¹⁾

⁽¹⁾ Some individuals' contracts end June 30, 2026 or June 30, 2027.

Source: District officials.

Status and Financing of Employee Pension Benefits

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

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

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

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

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2019-2020	\$ 376,440	\$ 1,048,519
2020-2021	409,707	1,162,747
2021-2022	417,776	1,308,347
2022-2023	358,156	1,475,000
2023-2024	457,399	1,450,000
2024-2025	599,364	1,533,963
2025-2026 (Budgeted)	637,386	1,596,425

Source: District officials.

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

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

A chart of average ERS and TRS rates as a percent of payroll (2020-21 to 2025-26) is shown below:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2020-21	14.6%	9.53%
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.02
2025-26	16.5	9.59 ⁽¹⁾

⁽¹⁾ Estimated.

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

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

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

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

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

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

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a fund. The balance as of June 30, 2023 was \$582,721.

Other Post-Employment Benefits

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75 for the fiscal year ended June 30, 2018. The implementation of this statement requires school districts to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required 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 for the below fiscal years.

	Balance beginning at June 30:	2022	2023
<u>Changes for the year:</u>		\$ 4,633,549	\$ 7,097,930
Service cost		264,974	386,952
Interest		168,891	268,564
Changes in benefit terms		434,757	-
Differences between expected and actual experience		819,258	-
Changes in assumptions or other inputs		1,033,965	(172,615)
Benefit payments		(257,464)	(256,198)
Net Changes		\$ 2,464,381	\$ 226,703
	Balance ending at June 30:	2023	2024
		\$ 7,097,930	\$ 7,324,633

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

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

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

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

Other Information

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

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

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

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

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

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2023 and is attached hereto as “APPENDIX – D”. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

Mengel Metzger Barr & Co., LLP, the independent auditor for the District, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Mengel Metzger Barr & Co., LLP also has not performed any procedures relating to this Official Statement.

Anticipated Unaudited Results for Fiscal Year Ending June 30, 2025

The District expects to end the fiscal year ending June 30, 2025 with an unassigned fund balance of \$2,000,736.

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

Revenues:	\$ 48,632,491
Expenditures:	\$ <u>46,841,203</u>
Excess (Deficit) Revenues Over Expenditures:	\$ <u>1,791,288</u>
Total Fund Balance at June 30, 2024:	\$ 1,992,024
Total Fund Balance at June 30, 2025:	\$ 2,000,736

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

New York State Comptroller Report of Examination

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

There are no State Comptroller’s audits of the District released within the past five years, nor are there any that are currently in progress or pending release.

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

The State Comptroller’s Fiscal Stress Monitoring System

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

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

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

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2024	No Designation	20.0
2023	No Designation	3.3
2022	No Designation	0.0

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

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

TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Waterloo	\$ 308,013,009	\$ 307,977,391	\$ 307,374,696	\$ 307,724,635	\$ 307,761,367
Fayette	145,750,011	145,669,303	147,760,299	146,780,105	146,110,347
Junius	104,809,450 ⁽¹⁾	106,598,063	106,825,137	106,944,985	107,687,006
Seneca Falls	79,501,490	78,413,586	78,783,153	129,499,380 ⁽¹⁾	125,324,698
Tyre	36,807,592	37,378,689	43,061,724	42,991,710	43,019,777
Total Assessed Values	<u>\$ 674,881,552</u>	<u>\$ 676,037,032</u>	<u>\$ 683,805,009</u>	<u>\$ 733,940,815</u>	<u>\$ 729,903,195</u>

State Equalization Rates

Towns of:					
Waterloo	91.00%	88.00%	79.00%	71.00%	68.00%
Fayette	100.00%	100.00%	90.00%	72.00%	66.00%
Junius	100.00%	100.00%	97.00%	87.00%	79.00%
Seneca Falls	89.00%	85.00%	77.00%	100.00%	100.00%
Tyre	100.00%	100.00%	95.00%	83.00%	72.00%
Total Taxable Full Valuation	<u>\$ 715,170,404</u>	<u>\$ 731,871,641</u>	<u>\$ 811,032,925</u>	<u>\$ 941,498,127</u>	<u>\$ 995,356,613</u>

⁽¹⁾ Figures affected by a revaluation.

Source: District officials.

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Towns of:					
Waterloo	\$ 19.34	\$ 19.56	\$ 19.99	\$ 19.16	\$ 19.30
Fayette	17.60	17.20	17.55	18.90	19.88
Junius	17.60 ⁽¹⁾	17.20	16.28	15.64	16.62
Seneca Falls	19.78	20.24	20.51	13.60 ⁽¹⁾	13.13
Tyre	17.60	17.20	16.62	16.39	18.23

⁽¹⁾ Figures affected by a revaluation.

Source: District officials.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Total Tax Levy	\$ 12,588,492	\$ 12,588,492	\$ 12,808,791	\$ 12,808,791	\$ 13,064,967
Amount Uncollected ⁽¹⁾	659,809	521,164	520,992	562,886	753,317
% Uncollected	5.24%	4.14%	4.07%	4.39%	5.77%

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

Source: District officials.

Tax Collection Procedure

Real property tax payments are due October 2nd of each year. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty for the next 30 days. On November 15th, uncollected taxes are returnable to the County tax enforcement officer who is required to enforce collection of such unpaid taxes. The District receives the uncollected balance of its tax levy in full, from the County before the end of the school year. Responsibility for the collection of unpaid taxes rests with the County.

The District is reimbursed by the County for all unpaid taxes so that it is assured of 100% collection of its tax levy each year. Tax sales are held annually by the County.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Property Tax Levy</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2019-2020	41,754,903	10,492,401	25.13
2020-2021	41,218,792	10,706,038	25.97
2021-2022	42,916,353	10,482,277	25.26
2022-2023	46,751,823	11,202,945	23.96
2023-2024	51,396,240	11,270,881	21.93
2024-2025 (Budgeted)	46,739,118	11,270,371	24.11
2024-2025 (Unaudited)	48,632,491	11,724,677	24.15
2025-2026 (Budgeted)	49,018,410	11,484,508	23.43

Source: Audited Financial Statements for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year, the adopted budget and unaudited estimated figures for the 2024-2025 fiscal year and the adopted budget figures for the 2025-2026 fiscal year. This table is not audited.

Note: The unaudited estimated figures for the 2024-2025 fiscal year are based upon certain assumptions and estimates, and the audited results may vary therefrom.

Larger Taxpayers 2024 for 2024-25 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
CPB – Partners – Waterloo Premium Outlet	Shopping Center	\$ 30,800,000
New York State Electric and Gas Corporation	Utility	25,722,601
Seneca Meadows/IESI Corporation	Landfill	19,963,200
Thruway Travel-Petro	Retail Store	12,200,000
Wal-Mart, Inc.	Retail Store	10,500,000
Seaway Acquisition Company Inc.	Industrial	9,320,000
Waterloo Camp(Walgreens)	Retail	9,100,000
Lowes Home Center, LLC	Retail Store	7,455,000
Love's Travel Shops Country	Retail Store	5,709,000
Village of Waterloo	Water Plant	4,581,715

The ten larger taxpayers listed above have a total taxable assessed valuation of \$135,351,516 which represents 18.54% of the tax base of the District.

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

Source: District Tax Rolls.

STAR – School Tax Exemption

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

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 \$98,700 or less in 2024-2025 and \$107,300 or less in 2025-2026, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of the first \$84,000 of the full value of a home for the 2024-2025 school year and 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 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of \$250,000 or less have the option to select the credit or the exemption.

The 2020-21 Enacted State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent.

The below table lists the basic and enhanced exemption amounts for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Waterloo	\$ 58,550	\$ 20,400	4/10/2025
Fayette	58,030	21,390	4/10/2025
Junius	68,020	23,700	4/10/2025
Seneca Falls	86,100	30,000	4/10/2025
Tyre	62,050	22,580	4/10/2025

\$1,794,596 of the District's \$13,064,967 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 by January 2025.

Approximately \$1,828,693 of the District's \$13,313,201 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: Agricultural-7%, Residential-68%, Commercial-5%, Industrial-2%, Other-18%.

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.)

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

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

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

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

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

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

On February 20, 2013, the New York State United Teachers (“NYSUT”) and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT’s causes of action but granted NYSUT’s motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT’s motion for a preliminary injunction and dismissed all causes of action contained in NYSUT’s second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution “does not require that equal educational offerings be provided to every student”, and further noted “the legitimate government interest of restraining crippling property tax increases”. An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York’s highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved “government efficiency plan” which demonstrates “three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies”.

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

While the provisions of Chapter 59 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015. While it is understood that the program applies in the years 2016 through 2019 and includes continued tax cap compliance, further details and implications are not available at this time.

See “THE SCHOOL DISTRICT – Budgetary Procedures” herein for additional information regarding the District’s Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual or private 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 District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

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

Statutory Procedure

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

The District has the power to contract indebtedness for any School District purpose provided that the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District as required by the Local Finance Law and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by dividing the assessed valuation of taxable real estate for the last completed assessment roll by the equalization rate established by the State Office of Real Property Services in accordance with applicable State law.

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

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 with in the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The District complied with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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 District, pursuant to the Local Finance Law.

Statutory Law in New York permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first of such notes and provided that such renewals do not exceed five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein, and "Details of Outstanding Indebtedness" herein).

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending June 30th:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds ⁽¹⁾	\$ 13,255,000	\$ 19,645,000	\$ 15,300,000	\$ 24,335,000	\$ 24,305,000
Bond Anticipation Notes	11,510,000	0	15,000,000	3,315,000	0
Other Debt ⁽²⁾	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 24,765,000</u>	<u>\$ 19,645,000</u>	<u>\$ 30,300,000</u>	<u>\$ 27,650,000</u>	<u>\$ 27,650,000</u>

⁽¹⁾ Does not include advanced refunded bonds for fiscal years ending 2018-2022

⁽²⁾ Represents a lease to finance an Energy Performance Contract (EPC). EPCs are not counted against the District's debt limit. See "Capital Leases" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of July 10, 2025.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2024-2036	\$ 24,305,000
<u>Bond Anticipation Notes</u>		
Capital Project	June 28, 2024	<u>0</u>
Total Indebtedness		<u>\$ 24,305,000</u>

Debt Statement Summary

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

Full Valuation of Taxable Real Property	\$ 995,356,613
Debt Limit 10% thereof	99,535,661

Inclusions:

Bonds ⁽¹⁾	\$ 24,305,000
Bond Anticipation Notes	0
Principal of this Issue	<u>10,000,000</u>
Total Inclusions	<u>\$ 34,305,000</u>

Exclusions:

State Building Aid ⁽²⁾	\$ 0
Total Exclusions	<u>\$ 0</u>

Total Net Indebtedness \$ 34,305,000

Net Debt-Contracting Margin \$ 65,230,661

The percent of debt contracting power exhausted is 34.47%

⁽¹⁾ The District is in the process of issuing serial bonds through the Dormitory Authority of the State of New York, which, along with available funds of the District and the proceeds of the Notes, will redeem, partially renew, and partially permanently finance the \$18,750,000 bond anticipation notes currently outstanding and maturing on June 28, 2024. Said bonds are not included in the totals above; however, the \$15,000,000 portion of the bond anticipation notes that is currently outstanding and which is anticipated to be permanently financed through said issuance of serial bonds through DASNY is included in the bond anticipation notes total above. See "Details of Outstanding Indebtedness" herein.

⁽²⁾ Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 88.7% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds.

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

Bonded Debt Service

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

Capital Project Plans

On February 2, 2023, the qualified voters of the District approved a capital project consisting of construction, reconstruction and equipping of existing school buildings and facilities. The maximum aggregate cost for the project is \$17,900,000. The District anticipates utilizing \$3,000,000 existing capital reserve and the balance of such may be financed by serial bonds and bond anticipation notes in an amount not to exceed \$14,900,000. The proceeds of the Notes represents the initial borrowing for the aforementioned project

There are presently no other capital projects authorized and unissued by the District.

Cash Flow Borrowings

The District historically does not issue either revenue or tax anticipation notes, and does not reasonably expect to issue such notes 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 indebtedness of the respective municipalities is outlined in the table below:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Exclusions</u> ⁽²⁾	<u>Net Indebtedness</u>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:						
Seneca	6/25/2025	\$ 8,320,000 ⁽³⁾	\$ 2,417,100	\$ 5,902,900	28.66%	\$ 1,691,771
Town of:						
Fayette	12/31/2023	- ⁽⁴⁾	- ⁽⁵⁾	-	42.33%	-
Junius	12/31/2023	960,844 ⁽⁴⁾	- ⁽⁵⁾	960,844	90.91%	873,503
Seneca Falls	6/30/2025	6,819,326 ⁽³⁾	4,974,106	1,845,220	17.16%	316,640
Tyre	12/31/2023	163,200 ⁽⁴⁾	- ⁽⁵⁾	163,200	50.50%	82,416
Waterloo	12/31/2023	2,117,244 ⁽⁴⁾	- ⁽⁵⁾	2,117,244	99.09%	2,097,977
Village of:						
Waterloo	5/31/2024	14,863,660 ⁽⁴⁾	- ⁽⁵⁾	14,863,660	100.00%	14,863,660
					Total:	<u>\$ 19,925,967</u>

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

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

⁽³⁾ Gross indebtedness 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.

⁽⁴⁾ Information regarding excludable debt not available.

Debt Ratios

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

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 34,305,000	\$ 3,138.61	3.45%
Net Indebtedness Plus Net Overlapping Indebtedness ^(c)	54,230,967	4,961.66	5.45

(a) The 2023 estimated population of the District is 10,930. (See "THE SCHOOL DISTRICT – Population" herein.)

(b) The District's full value of taxable real estate for the 2024-2025 fiscal year is \$995,356,613. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)

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

(d) Estimated net overlapping indebtedness is \$19,925,967. (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.

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 and economic condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State and in other jurisdictions, 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 another jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

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

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 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 and 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; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. A complete copy of the proposed form of opinion of Bond Counsel is set forth in “APPENDIX – E” hereto.

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 made certain representations and covenanted to comply with certain restrictions, conditions and requirements 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 the accuracy of these representations and 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 and 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 a Owner’s federal, state or local 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 Beneficial Owners from realizing the full current benefit of the tax status of such interest. Legislative proposals in recent years generally would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect 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.

LEGAL MATTERS

The validity of the Notes will be covered by the unqualified legal opinion of Timothy R. McGill, Esq., Fairport, New York, Bond Counsel to the District, such opinion to be delivered with the Notes. The proposed form of such opinion is attached hereto as “APPENDIX – E.”

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the genuineness of the signatures appearing upon such public records, documents and proceedings, and such certifications; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein 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 District, together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

LITIGATION

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

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of 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.

INDIAN LAND CLAIMS

Pending Litigation. In November, 1980, the Cayuga Indian Nation (the "Nation") commenced an action, alleging that transactions in the years of 1795 and 1807 by which the State acquired approximately 64,000 acres of Land from the Nation are void because they violated the Articles of Confederation, the United States Constitution, certain treaties between the Nation and the United States, the Trade and Intercourse Acts, the New York State Constitution and federal common law (Cayuga Indian Nation of New York v. Cuomo, United States District Court for the Northern District of New York). Plaintiff claims that because the present owners and occupiers of the Lands within the claim area all trace title back to either the 1795 or 1807 transactions, their titles and interest are void. Plaintiff seeks title to the Land and trespass damages. The named defendants, who represent a certified defendant class, have all filed Answers, and on February 15, 1990 a motion by the plaintiffs for partial summary judgement was granted. It can be noted that there have been considerable discussion concerning a possible negotiated settlement. The County of Seneca is a main defendant. About half of the claimed acreage falls within the County, all of the same being east of the boundary of the Waterloo Central School District, except the lands within the Village limits of the Village of Waterloo. It is not possible at this time to predict the outcome or consequences of this action, however, a final judgement in favor of the plaintiff could result in removal of the subject land with the School District from the jurisdiction and taxing power of the School District and/or a money judgement against the School 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 ("The Rule"), the District will enter into an Undertaking to Provide Notice of Material Events Certificate, a description of which is attached hereto as "APPENDIX – C".

Historical Compliance

The District has maintained compliance, in all material respects, within the past five years with all previous undertakings made pursuant to the Rule.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

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

RATING

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

Moody's Investors Service, Inc. ("Moody's") has assigned its long term issuer rating of "Aa3" with no outlook to the District. The rating reflects only the view of Moody's, and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich St., New York, New York 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Shaun Merrill, Business Administrator, 109 Washington Street, Waterloo, New York 13165, Phone: (315) 539-1510, Email: shaun.merrill@waterloocsd.org.

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

WATERLOO CENTRAL SCHOOL DISTRICT

Dated: July 10, 2025

**CHRISTOPHER FELICE
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	\$ 23,453,640	\$ 23,712,331	\$ 25,778,480	\$ 25,614,514	\$ 29,659,643
Receivables	1,916,736	2,028,539	2,514,466	2,672,405	3,714,235
Inventories	-	-	-	-	-
Due from Other Funds	1,037,170	826,519	788,110	1,452,092	2,906,706
Deferred Expenditures	-	-	-	-	-
Prepaid Items	399,409	435,673	534,611	452,994	685,822
TOTAL ASSETS	<u>\$ 26,806,955</u>	<u>\$ 27,003,062</u>	<u>\$ 29,615,667</u>	<u>\$ 30,192,005</u>	<u>\$ 36,966,406</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 172,712	\$ 183,531	\$ 679,981	\$ 251,944	\$ 232,344
Accrued Liabilities	100,235	158,920	185,397	195,333	100,543
Due to Other Funds	63,324	-	-	10,370	173,430
Other Liabilities	-	72,396	102,782	85,708	43,084
Due to Teachers' Retirement System	1,119,815	1,267,176	1,442,724	1,543,962	1,533,963
Due to Employees' Retirement System	110,956	128,654	103,080	142,858	140,373
Compensated Absences	27,968	31,302	21,354	46,750	21,481
Deferred Revenue	-	20,000	8,830	6,806	-
TOTAL LIABILITIES	<u>\$ 1,595,010</u>	<u>\$ 1,861,979</u>	<u>\$ 2,544,148</u>	<u>\$ 2,283,731</u>	<u>\$ 2,245,218</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 970,352	\$ 1,027,125	\$ 1,194,091	\$ 1,271,898	\$ 1,271,898
Restricted:	20,502,980	20,061,457	22,278,978	22,304,453	28,672,831
Assigned	2,077,364	2,311,263	1,767,009	2,339,901	2,784,437
Unassigned	1,661,249	1,741,238	1,831,441	1,992,022	1,992,022
TOTAL FUND EQUITY	<u>25,211,945</u>	<u>25,141,083</u>	<u>27,071,519</u>	<u>27,908,274</u>	<u>34,721,188</u>
TOTAL LIABILITIES & FUND EQUITY	<u>\$ 26,806,955</u>	<u>\$ 27,003,062</u>	<u>\$ 29,615,667</u>	<u>\$ 30,192,005</u>	<u>\$ 36,966,406</u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES					
Real Property Taxes	\$ 10,457,664	\$ 10,492,401	\$ 10,706,038	\$ 10,842,277	\$ 11,202,945
Real Property Tax Items	3,008,985	2,866,957	2,871,841	2,727,790	2,782,636
Charges for Services	33,627	15,382	7,962	47,037	16,346
Use of Money & Property	446,717	315,151	22,631	45,933	1,125,687
Sale of Property and Compensation for Loss	53,898	18,937	102,726	48,150	194,023
Miscellaneous	323,183	523,673	509,095	553,879	615,751
Revenues from State Sources	27,679,491	27,384,043	26,402,612	28,001,082	30,160,248
Revenues from Federal Sources	146,723	138,359	595,887	150,205	154,187
Total Revenues	<u>\$ 42,150,288</u>	<u>\$ 41,754,903</u>	<u>\$ 41,218,792</u>	<u>\$ 42,416,353</u>	<u>\$ 46,251,823</u>
Other Sources:					
Interfund Transfers (In)	<u>14,500</u>	<u>1,986</u>	<u>600,000</u>	<u>500,000</u>	<u>500,000</u>
Total Revenues and Other Sources	<u>42,164,788</u>	<u>41,756,889</u>	<u>41,818,792</u>	<u>42,916,353</u>	<u>46,751,823</u>
EXPENDITURES					
General Support	\$ 4,521,864	\$ 5,118,976	\$ 4,153,030	\$ 4,539,738	\$ 4,831,846
Instruction	20,700,744	19,774,682	20,153,393	21,861,739	21,981,537
Pupil Transportation	1,197,516	1,232,068	1,362,405	1,614,472	1,987,332
Community Service	-	-	-	-	-
Employee Benefits	6,181,409	6,112,250	6,565,632	7,179,651	7,924,954
Debt Service	6,076,742	5,806,299	4,820,152	5,122,745	5,448,089
Total Expenditures	<u>\$ 38,678,275</u>	<u>\$ 38,044,275</u>	<u>\$ 37,054,612</u>	<u>\$ 40,318,345</u>	<u>\$ 42,173,758</u>
Other Uses:					
Interfund Transfers (Out)	<u>451,233</u>	<u>518,729</u>	<u>4,835,042</u>	<u>667,572</u>	<u>3,741,310</u>
Total Expenditures and Other Uses	<u>\$ 39,129,508</u>	<u>\$ 38,563,004</u>	<u>\$ 41,889,654</u>	<u>\$ 40,985,917</u>	<u>\$ 45,915,068</u>
Excess (Deficit) Revenues Over Expenditures	<u>3,035,280</u>	<u>3,193,885</u>	<u>(70,862)</u>	<u>1,930,436</u>	<u>836,755</u>
FUND BALANCE					
Fund Balance - Beginning of Year	18,982,780	22,018,060	25,211,945	25,141,083	27,071,519
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 22,018,060</u>	<u>\$ 25,211,945</u>	<u>\$ 25,141,083</u>	<u>\$ 27,071,519</u>	<u>\$ 27,908,274</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:

	2024			2025	2026
	Contingent Budget	Amended Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 11,049,383	\$ 11,049,383	\$ 11,270,881	\$ 11,270,371	\$ 11,484,508
Real Property Tax Items	3,039,649	3,039,649	2,773,538	3,496,596	3,500,565
Charges for Services	2,000	2,000	7,755	2,000	4,000
Use of Money & Property	50,000	50,000	1,686,329	178,531	927,103
Sale of Property and Compensation for Loss	-	155,162	48,374	-	-
Miscellaneous	177,684	177,684	2,055,212	197,684	310,000
Revenues from State Sources	33,467,759	33,467,759	33,405,906	31,444,315	31,066,207
Revenues from Federal Sources	109,621	109,621	148,245	149,621	225,000
Total Revenues	<u>\$ 47,896,096</u>	<u>\$ 48,051,258</u>	<u>\$ 51,396,240</u>	<u>\$ 46,739,118</u>	<u>\$ 47,517,383</u>
Other Sources:					
Appropriated Reserves & Fund Balance	\$ 1,327,000	\$ 1,911,500	\$ -	\$ -	\$ 1,000,000
Prior Year Encumbrances	1,139,901	1,139,901	-	-	-
Interfund Transfers (In)	577,451	577,451	-	1,561,429	1,501,027
Total Revenues and Other Sources	<u>50,940,448</u>	<u>51,680,110</u>	<u>51,396,240</u>	<u>48,300,547</u>	<u>50,018,410</u>
EXPENDITURES					
General Support	\$ 6,428,471	\$ 7,189,367	\$ 5,510,387	\$ 5,554,056	\$ 5,589,582
Instruction	25,775,977	24,901,835	21,546,308	26,867,029	28,376,785
Pupil Transportation	2,162,664	2,342,664	1,860,019	2,208,470	2,251,367
Community Service	2,000	2,000	-	2,000	1,000
Employee Benefits	9,342,430	9,201,521	7,632,669	10,087,837	10,624,662
Debt Service	7,068,906	7,129,561	7,129,559	4,921,156	2,947,250
Total Expenditures	<u>\$ 50,780,448</u>	<u>\$ 50,766,948</u>	<u>\$ 43,678,942</u>	<u>\$ 49,640,547</u>	<u>\$ 49,790,645</u>
Other Uses:					
Interfund Transfers (Out)	160,000	913,162	904,384	160,000	1,117,734
Total Expenditures and Other Uses	<u>\$ 50,940,448</u>	<u>\$ 51,680,110</u>	<u>\$ 44,583,326</u>	<u>\$ 49,800,547</u>	<u>\$ 50,908,379</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>6,812,914</u>	<u>(1,500,000)</u>	<u>(889,970)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	27,908,274	1,500,000	889,970
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 34,721,188</u>	<u>\$ -</u>	<u>\$ -</u>

Source: Audited financial report and adopted budgets of the School District.

This Appendix is not itself audited.

APPENDIX - B
Waterloo CSD

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2026	\$ 1,680,000	\$ 1,260,027.78	\$ 2,940,027.78
2027	1,800,000	1,131,250.00	2,931,250.00
2028	1,885,000	1,041,250.00	2,926,250.00
2029	1,980,000	947,000.00	2,927,000.00
2030	2,080,000	848,000.00	2,928,000.00
2031	2,180,000	744,000.00	2,924,000.00
2032	2,130,000	635,000.00	2,765,000.00
2033	2,050,000	528,500.00	2,578,500.00
2034	1,715,000	426,000.00	2,141,000.00
2035	1,775,000	340,250.00	2,115,250.00
2036	1,730,000	251,500.00	1,981,500.00
2037	1,565,000	165,000.00	1,730,000.00
2038	1,315,000	86,750.00	1,401,750.00
2039	205,000	21,000	226,000.00
2040	215,000	10,750	
TOTALS	\$ 24,305,000	\$ 8,436,277.78	\$ 29,157,777.78

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2022 DASNY			2024 DASNY		
	Principle	Interest	Total	Principal	Interest	Total
2026	\$ 795,000	\$ 400,500.00	\$ 1,195,500.00	\$ 760,000	\$ 659,750.00	\$ 1,419,750.00
2027	835,000	360,750.00	1,195,750.00	800,000	621,750.00	1,421,750.00
2028	875,000	319,000.00	1,194,000.00	835,000	581,750.00	1,416,750.00
2029	920,000	275,250.00	1,195,250.00	880,000	540,000.00	1,420,000.00
2030	965,000	229,250.00	1,194,250.00	920,000	496,000.00	1,416,000.00
2031	1,010,000	181,000.00	1,191,000.00	965,000	450,000.00	1,415,000.00
2032	895,000	130,500.00	1,025,500.00	1,020,000	401,750.00	1,421,750.00
2033	760,000	85,750.00	845,750.00	1,065,000	350,750.00	1,415,750.00
2034	360,000	47,750.00	407,750.00	1,120,000	297,500.00	1,417,500.00
2035	355,000	29,750.00	384,750.00	1,175,000	241,500.00	1,416,500.00
2036	240,000	12,000.00	252,000.00	1,235,000	182,750.00	1,417,750.00
2037	-	-	-	1,300,000	121,000.00	1,421,000.00
2038	-	-	-	1,120,000	56,000.00	1,176,000.00
TOTALS	\$ 8,010,000	\$ 2,071,500.00	\$ 10,081,500.00	\$ 13,195,000	\$ 5,000,500.00	\$ 18,195,500.00

Fiscal Year Ending June 30th	2025 DASNY		
	Principle	Interest	Total
2026	\$ 125,000	\$ 199,777.78	\$ 324,777.78
2027	165,000	148,750.00	313,750.00
2028	175,000	140,500.00	315,500.00
2029	180,000	131,750.00	311,750.00
2030	195,000	122,750.00	317,750.00
2031	205,000	113,000.00	318,000.00
2032	215,000	102,750.00	317,750.00
2033	225,000	92,000.00	317,000.00
2034	235,000	80,750.00	315,750.00
2035	245,000	69,000.00	314,000.00
2036	255,000	56,750.00	311,750.00
2037	265,000	44,000.00	309,000.00
2038	195,000	30,750.00	225,750.00
2039	205,000	21,000.00	226,000.00
2040	215,000	10,750.00	225,750.00

MATERIAL EVENT NOTICES

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, 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 Note, or other material events affecting the tax status of the Notes
- (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 Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation (as defined in 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 Note holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

**WATERLOO CENTRAL SCHOOL DISTRICT
SENECA COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2024

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

WATERLOO CENTRAL SCHOOL DISTRICT

BASIC FINANCIAL STATEMENTS

For Year Ended June 30, 2024



T A B L E O F C O N T E N T S

	Pages
Independent Auditors' Report	1 - 3
Management's Discussion and Analysis (Unaudited)	4 - 13
 Basic Financial Statements:	
Statement of Net Position	14
Statement of Activities	15
Balance Sheet - Governmental Funds	16
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	17
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to Statement of Activities	18
Statement of Fiduciary Net Position and Statement of Changes in Fiduciary Net Position	19
 Notes to the Basic Financial Statements:	 20 - 48
 Required Supplementary Information:	
Schedule of Changes in District's Total OPEB Liability and Related Ratio	49
Schedule of the District's Proportionate Share of the Net Pension Liability	50
Schedule of District Contributions	51
Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget (Non-GAAP Basis) and Actual - General Fund	52 - 53
 Supplementary Information:	
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit	54
Capital Projects Fund Schedule of Project Expenditures	55
Combining Balance Sheet - Nonmajor Governmental Funds	56
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	57
Net Investment in Capital Assets/Right to Use Assets	58
Schedule of Expenditures of Federal Awards	59
 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	 60 - 61



BUSINESS
ADVISORS
AND CPAS

INDEPENDENT AUDITORS' REPORT

To the Board of Education
Waterloo Central School District, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Waterloo Central School District, New York, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 Waterloo Central School District, New York, as of June 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Waterloo 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

Waterloo Central School District's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in District's total OPEB liability and related ratio, schedule of the District's proportionate share of the net pension liability, schedule of District contributions, and budgetary comparison information on pages 4-13 and 49-53 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Waterloo Central School District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The accompanying supplementary information as listed in the table of contents and schedule of expenditures of federal awards is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information as listed in the table of contents and schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 11, 2024 on our consideration of Waterloo 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 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 Waterloo Central School District's internal control over financial reporting and compliance.

Mengel, Metzger, Baw & Co. LLP

Rochester, New York
October 11, 2024

Waterloo Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2024. This section is a summary of the School District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total assets plus deferred outflows (what the district owns) exceeded its total liabilities plus deferred inflows (what the district owes) by \$118,519,032 (net position) an increase of \$9,386,868 from the prior year.

General revenues which include State and Federal Aid and Property Taxes accounted for \$51,629,980 or 87% of all revenues. Program specific revenues in the form of Charges for Services, Operating Grants and Contributions, and Capital Grants and Contributions accounted for \$7,409,336 or 13% of total revenues.

As of the close of the fiscal year, the School District's governmental funds reported combined fund balances of \$40,594,531, an increase of \$19,400,364 in comparison with the prior year.

New York State Law limits the amount of unreserved fund balance that can be retained by the General Fund to 4% of the ensuing year's budget, exclusive of the amount designated for the subsequent year's budget. At the end of the current fiscal year, the unassigned fund balance of the General Fund was \$1,992,022 and this amount was within the statutory limit.

Overview of the Financial Statements

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

Government-Wide Financial Statements

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

The *statement of net position* presents information on all of the School District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the School District is improving or deteriorating.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the School District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

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

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The School District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All of the funds of the School District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the School District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The School District maintains six individual governmental funds; General Fund, Special Aid Fund, Debt Service Fund, School Lunch Fund, Miscellaneous Special Revenue Fund, and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the general fund, the special aid fund, and the capital projects fund which are reported as major funds. Data for the school lunch fund, the debt service fund, and the miscellaneous special revenue fund are aggregated into a single column and reported as non-major funds.

The School District adopts and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

The *Fiduciary Funds* are used to account for assets held by the School District in an agency capacity which accounts for assets held by the School District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the School District's programs.

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

<u>Major Feature of the District-Wide and Fund Financial Statements</u>			
	<u>Government-Wide Statements</u>	<u>Fund Financial Statements</u>	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the School District that are not proprietary or fiduciary, such as special education, scholarship programs, and building maintenance	Instances in which the School District administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of net position Statement of activities	Balance sheet Statement of revenues, expenditures, and changes in fund balance	Statement of fiduciary net position Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As A Whole

Net Position

The District's combined net position were more on June 30, 2024, than they were the year before, increasing 9% to \$118,519,032 as shown in table below.

	<u>Governmental Activities</u>		<u>Total Variance</u>
<u>ASSETS:</u>	<u>2024</u>	<u>2023</u>	
Current and Other Assets	\$ 46,064,447	\$ 39,992,672	\$ 6,071,775
Capital Assets	109,121,212	107,697,931	1,423,281
Total Assets	\$ 155,185,659	\$ 147,690,603	\$ 7,495,056
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>			
Deferred Outflows of Resources	\$ 9,098,186	\$ 11,409,195	\$ (2,311,009)
<u>LIABILITIES:</u>			
Long-Term Debt Obligations	\$ 37,388,866	\$ 28,271,302	\$ 9,117,564
Other Liabilities	5,514,858	19,176,884	(13,662,026)
Total Liabilities	\$ 42,903,724	\$ 47,448,186	\$ (4,544,462)
<u>DEFERRED INFLOWS OF RESOURCES:</u>			
Deferred Inflows of Resources	\$ 2,859,089	\$ 2,519,448	\$ 339,641
<u>NET POSITION:</u>			
Net Investment in Capital Assets	\$ 80,505,608	\$ 77,554,803	\$ 2,950,805
<u>Restricted For:</u>			
Reserve for ERS	4,307,959	4,091,430	216,529
Debt Service Reserve	4,319,176	3,502,425	816,751
Capital Reserve	18,959,442	14,827,778	4,131,664
Other Purposes	8,304,073	6,622,504	1,681,569
Unrestricted	2,122,774	2,533,224	(410,450)
Total Net Position	\$ 118,519,032	\$ 109,132,164	\$ 9,386,868

Key Variances

- Current and Other Assets increased \$6,071,775 as a result of the issuance of Bond Anticipation Notes in June.
- Deferred outflow decreased \$2,311,009 as a result of changes to the pension systems.
- Long-Term Debt Obligations increased \$9,117,564 as a result of Serial Bonds issued related to the Capital Project.
- Other Liabilities decreased \$13,662,026 as a result of Bond Anticipation Notes being converted to Serial Bonds.

The District's financial position is the product of many factors.

By far, the largest component of the School District's net position (68%) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There are four restricted net asset balances: Reserve for ERS, Debt Service, Capital Reserve, and Other Purposes, which constitute 30% of total net position. The remaining balance is unrestricted net position of \$2,122,774 or 2%.

Changes in Net Position

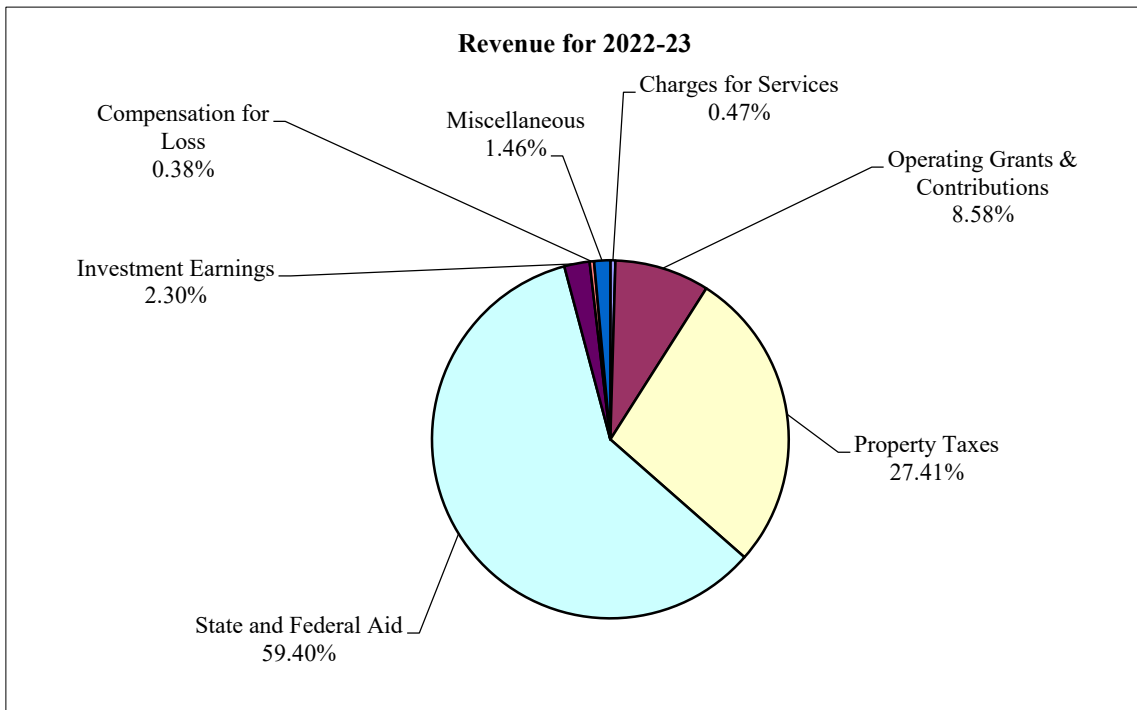
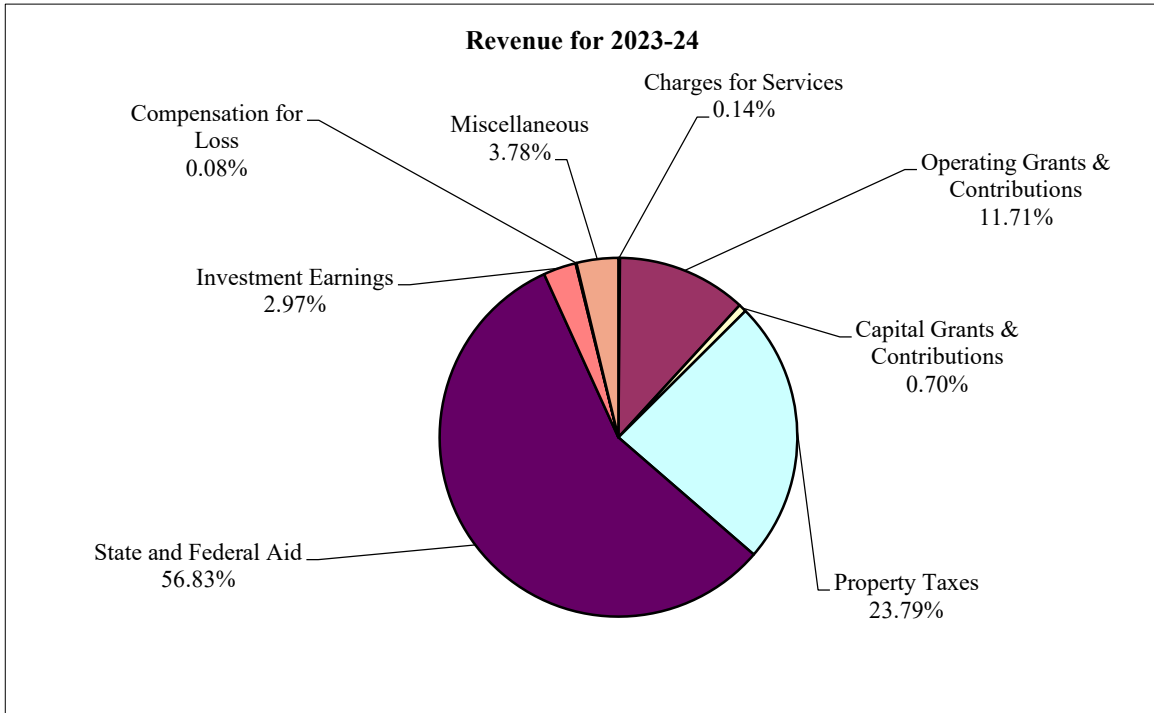
The District's total revenue increased 16% to \$59,039,316. State and federal aid 57% and property taxes 24% accounted for most of the District's revenue. The remaining 19% of the revenue comes from operating grants, capital grants, charges for services, investment earnings, compensation for loss, and miscellaneous revenues.

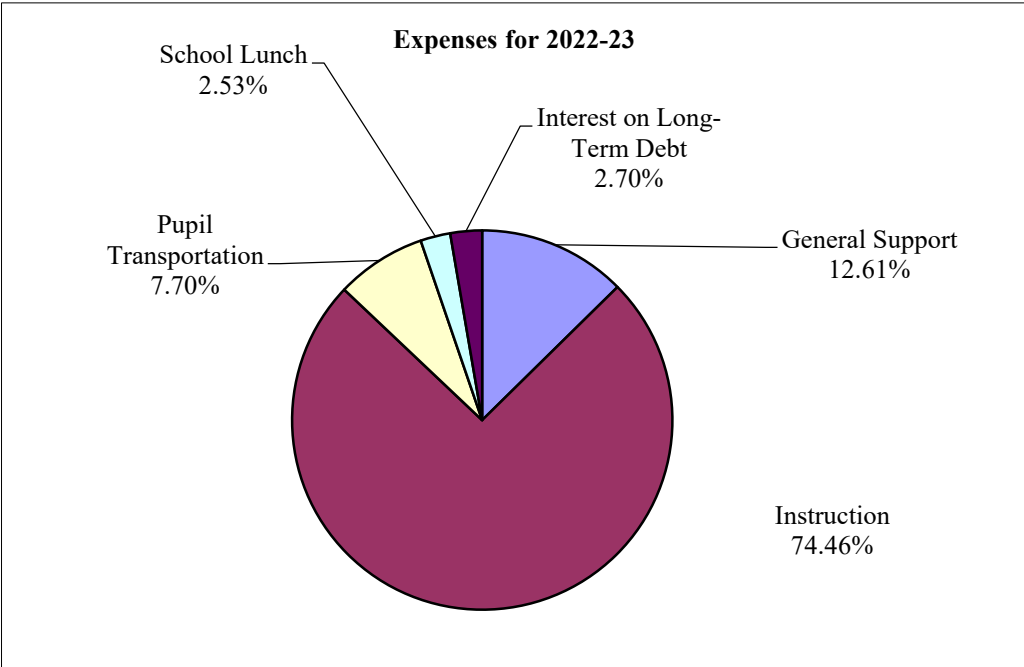
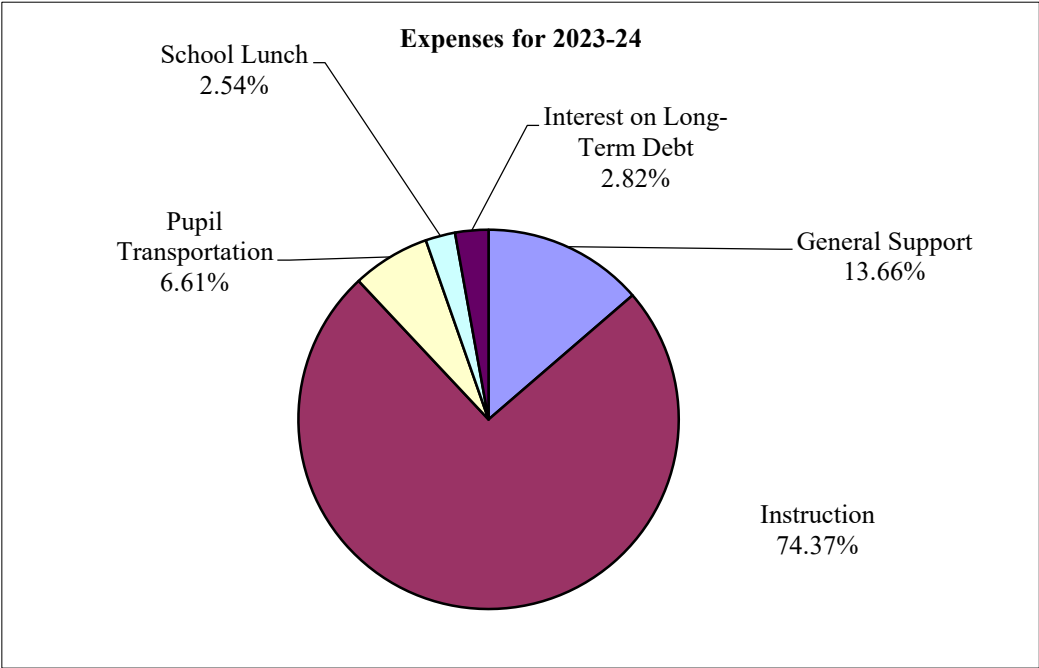
The total cost of all the programs and services increased 7% to \$49,652,448. The District's expenses are predominately related to education and caring for the students (Instruction) 74%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 14% of the total costs. See table below:

	Governmental Activities		Total Variance
	<u>2024</u>	<u>2023</u>	
<u>REVENUES:</u>			
<u>Program -</u>			
Charges for Service	\$ 79,959	\$ 239,504	\$ (159,545)
Operating Grants & Contributions	6,914,377	4,379,533	2,534,844
Capital Grants & Contributions	415,000	-	415,000
Total Program	\$ 7,409,336	\$ 4,619,037	\$ 2,790,299
<u>General -</u>			
Property Taxes	\$ 14,044,419	\$ 13,985,581	\$ 58,838
State and Federal Aid	33,554,151	30,314,435	3,239,716
Investment Earnings	1,754,879	1,171,712	583,167
Compensation for Loss	48,464	195,273	(146,809)
Miscellaneous	2,228,067	745,916	1,482,151
Total General	\$ 51,629,980	\$ 46,412,917	\$ 5,217,063
TOTAL REVENUES	\$ 59,039,316	\$ 51,031,954	\$ 8,007,362
<u>EXPENSES:</u>			
General Support	\$ 6,784,187	\$ 5,860,186	\$ 924,001
Instruction	36,926,707	34,595,748	2,330,959
Pupil Transportation	3,280,727	3,579,999	(299,272)
School Lunch	1,261,277	1,177,380	83,897
Interest	1,399,550	1,256,668	142,882
TOTAL EXPENSES	\$ 49,652,448	\$ 46,469,981	\$ 3,182,467
CHANGE IN NET POSITION	\$ 9,386,868	\$ 4,561,973	
NET POSITION, BEGINNING OF YEAR	109,132,164	104,570,191	
NET POSITION, END OF YEAR	\$ 118,519,032	\$ 109,132,164	

Key Variances:

- Operating Grants & Contributions increased \$2,534,844 as a result of federal stimulus spending.
- State and Federal Aid increased \$3,239,716 as a result of formula aid increases.
- Instruction increased \$2,329,321 as a result of additional program related expenditures from the formula aid increases.





Financial Analysis of the School District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$40,594,531 which is more than last year's ending fund balance of \$21,194,167.

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$34,721,188. Fund balance for the General Fund increased by \$6,812,914 compared with the prior year. See table below:

<u>General Fund Balances:</u>	<u>2024</u>	<u>2023</u>	<u>Total Variance</u>
Nonspendable	\$ 1,271,898	\$ 1,271,898	\$ -
Restricted	28,672,831	22,304,453	6,368,378
Assigned	2,784,437	2,339,901	444,536
Unassigned	1,992,022	1,992,022	-
Total General Fund Balances	<u>\$ 34,721,188</u>	<u>\$ 27,908,274</u>	<u>\$ 6,812,914</u>

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget was \$1,879,563. This change is attributable to \$1,139,901 of carryover encumbrances from the 2022-2023 school year, \$584,500 for a voter approved bus purchase, and \$155,162 for insurance proceeds.

The key factors for budget variances in the general fund are listed below along with explanations for each.

Expenditures Items:	Budget Variance Original Vs Amended	Explanation for Budget Variance
General Support	\$760,896	Increase to cover security door upgrades
Instructional	(\$874,142)	Budget adjustment to cover security door upgrades
Debt Service-Principal	(\$1,903,939)	Decrease to transfer amount to cover bond and BAN interest
Debt Service-Interest	\$1,964,594	Increase to cover bond and BAN interest all combined and budgeted to the principal account

	Budget Variance Amended Vs Actual	
Revenues Items:		Explanation for Budget Variance
Use of Money and Property	\$1,636,329	Significant increase in interest earned due to higher than expected interest rates
Miscellaneous	\$1,877,528	Increase is due to refund of prior years expenditures reclassified to the CRRSA and ARP grants
Transfer In	(\$577,451)	Budgeted transfer from debt service not need due to other sources of revenue
Expenditures Items:	Budget Variance Amended Vs Actual	Explanation for Budget Variance
General Support	\$637,651	Budget was increase for costs of security door upgrades that were encumbered but unpaid at year end
Instructional	\$3,117,031	Instructional costs were lower than expected due to certain expenditures paid through the CRRSA and ARP Grants
Employee Benefits	\$1,568,852	Benefit costs were lower than expected due to certain expenditures paid through the CRRSA and ARP Grants

Capital Asset and Debt Administration

Capital Assets

By the end of the 2024 fiscal year, the District had invested \$107,320,622 in a broad range of capital assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets, net of accumulated depreciation, is reflected below:

	<u>2024</u>	<u>2023</u>
<u>Capital Assets:</u>		
Land	\$ 288,906	\$ 288,906
Work in Progress	46,478,512	43,127,772
Buildings and Improvements	58,254,102	60,101,111
Machinery and Equipment	2,299,102	2,004,578
Total Capital Assets	<u>\$ 107,320,622</u>	<u>\$ 105,522,367</u>
<u>Lease Assets:</u>		
Equipment	\$ 1,800,590	\$ 2,175,564
Total Lease Assets	<u>\$ 1,800,590</u>	<u>\$ 2,175,564</u>

More detailed information can be found in the notes to the financial statements.

Long-Term Debt

At year end, the District had \$37,388,866 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2024</u>	<u>2023</u>
Serial Bonds	\$ 24,335,000	\$ 15,300,000
Unamortized Bond Premium	2,300,806	846,191
Leases	117,501	147,468
Net Pension Liability	2,570,574	3,775,951
OPEB	7,322,633	7,097,930
Retainage	310,663	575,463
Compensated Absences	431,689	528,299
Total Long-Term Obligations	<u>\$ 37,388,866</u>	<u>\$ 28,271,302</u>

More detailed information can be found in the notes to the financial statements.

Factors Bearing on the District's Future

Factors to consider for the future of our district or increasing prices to everything from supplies, health care, and salaries. Other areas that we need to be always watching is the amount of pilots that we have and when those pilots come to an end, specifically Del Lago.

Contacting the School District's Financial Management

This financial report is designed to provide the District's citizens, taxpayers, customers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the following:

Waterloo Central School District
109 Washington Street
Waterloo, New York 13165

WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Net Position

June 30, 2024

	Governmental Activities
ASSETS	
Cash and cash equivalents	\$ 39,327,460
Accounts receivable	6,022,309
Inventories	28,856
Prepaid items	685,822
Capital Assets:	
Land	288,906
Work in progress	46,478,512
Other capital assets (net of depreciation)	62,353,794
TOTAL ASSETS	<u>\$ 155,185,659</u>
 DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows of resources	<u>\$ 9,098,186</u>
 LIABILITIES	
Accounts payable	\$ 259,141
Accrued liabilities	190,272
Unearned revenues	32,905
Due to other governments	176
Due to teachers' retirement system	1,533,963
Due to employees' retirement system	140,373
Bond anticipation notes payable	3,315,000
Other Liabilities	43,028
Long-Term Obligations:	
Due in one year	3,667,882
Due in more than one year	33,722,984
TOTAL LIABILITIES	<u>\$ 42,905,724</u>
 DEFERRED INFLOWS OF RESOURCES	
Deferred inflows of resources	<u>\$ 2,859,089</u>
 NET POSITION	
Net investment in capital assets	\$ 80,505,608
Restricted For:	
Debt service	4,319,176
Reserve for employee retirement system	4,307,959
Capital reserves	18,959,442
Other purposes	8,304,073
Unrestricted	2,122,774
TOTAL NET POSITION	<u>\$ 118,519,032</u>

(See accompanying notes to financial statements)

WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Activities

For The Year Ended June 30, 2024

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>			<u>Net (Expense)</u>
		<u>Charges for</u>	<u>Operating</u>	<u>Capital</u>	<u>Revenue and</u>
		<u>Services</u>	<u>Grants and</u>	<u>Grants and</u>	<u>Changes in</u>
			<u>Contributions</u>	<u>Contributions</u>	<u>Net Position</u>
					<u>Governmental</u>
					<u>Activities</u>
<u>Primary Government</u> -					
General support	\$ 6,784,187	\$ 35	\$ -	\$ -	\$ (6,784,152)
Instruction	36,926,707	7,720	5,822,166	415,000	(30,681,821)
Pupil transportation	3,280,727	-	-	-	(3,280,727)
School lunch	1,261,277	72,204	1,092,211	-	(96,862)
Interest	1,399,550	-	-	-	(1,399,550)
Total Primary Government	\$ 49,652,448	\$ 79,959	\$ 6,914,377	\$ 415,000	\$ (42,243,112)
General Revenues:					
Property taxes					\$ 14,044,419
State and federal aid					33,554,151
Investment earnings					1,754,879
Compensation for loss					48,464
Miscellaneous					2,228,067
Total General Revenues					\$ 51,629,980
Changes in Net Position					\$ 9,386,868
Net Position, Beginning of Year					109,132,164
Net Position, End of Year					\$ 118,519,032

WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK

Balance Sheet

Governmental Funds

June 30, 2024

	General Fund	Special Aid Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 29,659,643	\$ 474,418	\$ 4,976,654	\$ 4,216,745	\$ 39,327,460
Receivables	3,714,235	2,239,165	-	68,909	6,022,309
Inventories	-	-	-	28,856	28,856
Due from other funds	2,906,706	173,410	-	616,395	3,696,511
Prepaid items	685,822	-	-	-	685,822
TOTAL ASSETS	\$ 36,966,406	\$ 2,886,993	\$ 4,976,654	\$ 4,930,905	\$ 49,760,958
LIABILITIES AND FUND BALANCES					
<u>Liabilities</u> -					
Accounts payable	\$ 232,344	\$ 9,463	\$ 17,334	\$ -	\$ 259,141
Accrued liabilities	100,543	16,753	-	4,853	122,149
Notes payable - bond anticipation notes	-	-	3,315,000	-	3,315,000
Due to other funds	173,430	2,847,825	615,907	59,349	3,696,511
Due to other governments	56	-	-	120	176
Due to TRS	1,533,963	-	-	-	1,533,963
Due to ERS	140,373	-	-	-	140,373
Other liabilities	43,028	-	-	-	43,028
Compensated absences	21,481	-	-	1,700	23,181
Unearned revenue	-	12,952	-	19,953	32,905
TOTAL LIABILITIES	\$ 2,245,218	\$ 2,886,993	\$ 3,948,241	\$ 85,975	\$ 9,166,427
<u>Fund Balances</u> -					
Nonspendable	\$ 1,271,898	\$ -	\$ -	\$ 28,856	\$ 1,300,754
Restricted	28,672,831	-	2,849,615	4,368,204	35,890,650
Assigned	2,784,437	-	-	447,870	3,232,307
Unassigned	1,992,022	-	(1,821,202)	-	170,820
TOTAL FUND BALANCE	\$ 34,721,188	\$ -	\$ 1,028,413	\$ 4,844,930	\$ 40,594,531
TOTAL LIABILITIES AND FUND BALANCES	\$ 36,966,406	\$ 2,886,993	\$ 4,976,654	\$ 4,930,905	

Amounts reported for governmental activities in the

Statement of Net Position are different because:

Capital assets/right to use assets used in governmental activities are not financial resources and therefore are not reported in the funds.

109,121,212

Interest is accrued on outstanding bonds in the statement of net position but not in the funds.

(68,123)

The following long-term obligations are not due and payable in the current period and therefore are not reported in the governmental funds:

Serial bonds payable	(24,335,000)
Leases	(117,501)
Retainage	(310,663)
OPEB	(7,324,633)
Compensated absences	(408,508)
Unamortized bond premium	(2,300,806)
Deferred outflow - pension	7,246,028
Deferred outflow - OPEB	1,852,158
Net pension liability	(2,570,574)
Deferred inflow - advanced refunding	(169,653)
Deferred inflow - pension	(1,531,897)
Deferred inflow - OPEB	(1,157,539)

Net Position of Governmental Activities

\$ 118,519,032

WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For The Year Ended June 30, 2024

	General Fund	Special Aid Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Real property taxes and tax items	\$ 14,044,419	\$ -	\$ -	\$ -	\$ 14,044,419
Charges for services	7,755	-	-	-	7,755
Use of money and property	1,686,329	-	-	68,550	1,754,879
Sale of property and compensation for loss	48,374	-	-	-	48,374
Miscellaneous	2,055,212	9,126	-	29,968	2,094,306
State sources	33,405,906	1,362,386	415,000	181,001	35,364,293
Federal sources	148,245	4,459,780	-	911,210	5,519,235
Sales	-	-	-	72,204	72,204
TOTAL REVENUES	\$ 51,396,240	\$ 5,831,292	\$ 415,000	\$ 1,262,933	\$ 58,905,465
EXPENDITURES					
General support	\$ 5,510,387	\$ -	\$ -	\$ 254,707	\$ 5,765,094
Instruction	21,546,308	4,774,738	-	-	26,321,046
Pupil transportation	1,860,019	117,434	660,354	-	2,637,807
Employee benefits	7,632,669	1,112,530	-	165,755	8,910,954
Debt service - principal	5,164,967	-	-	1,265,000	6,429,967
Debt service - interest	1,964,592	-	-	-	1,964,592
Cost of sales	-	-	-	942,885	942,885
Other expenses	-	-	-	5,775	5,775
Capital outlay	-	-	3,615,539	-	3,615,539
TOTAL EXPENDITURES	\$ 43,678,942	\$ 6,004,702	\$ 4,275,893	\$ 2,634,122	\$ 56,593,659
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 7,717,298	\$ (173,410)	\$ (3,860,893)	\$ (1,371,189)	\$ 2,311,806
OTHER FINANCING SOURCES (USES)					
Transfers - in	\$ -	\$ 173,410	\$ 730,974	\$ 615,000	\$ 1,519,384
Transfers - out	(904,384)	-	(615,000)	-	(1,519,384)
Proceeds from obligations	-	-	13,735,000	-	13,735,000
BAN's redeemed from appropriations	-	-	1,700,000	-	1,700,000
Premium on obligations issued	-	-	-	1,653,558	1,653,558
TOTAL OTHER FINANCING SOURCES (USES)	\$ (904,384)	\$ 173,410	\$ 15,550,974	\$ 2,268,558	\$ 17,088,558
NET CHANGE IN FUND BALANCE	\$ 6,812,914	\$ -	\$ 11,690,081	\$ 897,369	\$ 19,400,364
FUND BALANCE, BEGINNING OF YEAR	27,908,274	-	(10,661,668)	3,947,561	21,194,167
FUND BALANCE, END OF YEAR	\$ 34,721,188	\$ -	\$ 1,028,413	\$ 4,844,930	\$ 40,594,531

(See accompanying notes to financial statements)

WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of Governmental Funds Statement of Revenues, Expenditures, and Changes in
Fund Balances of Governmental Funds to Statement of Activities
For The Year Ended June 30, 2024

NET CHANGE IN FUND BALANCES -
TOTAL GOVERNMENTAL FUNDS

\$ 19,400,364

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

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

Capital Outlay	\$ 3,615,539	
Additions to Assets, Net	591,960	
Depreciation and Amortization	<u>(2,784,218)</u>	
		1,423,281

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

Debt Repayments	\$ 6,429,967	
Proceeds from Bond Issuance	(13,735,000)	
Proceeds from BAN Redemption	(1,700,000)	
Unamortized Bond Premium	<u>(1,454,615)</u>	
		(10,459,648)

In the Statement of Activities, interest is accrued on outstanding bonds, whereas in governmental funds, an interest expenditure is reported when due. 358,706

The retainage liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. 264,800

The net OPEB liability does not require the use of current financial resources and, therefore, is not reported as an expenditure in the governmental funds. (483,262)

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

Teachers' Retirement System	(992,145)
Employees' Retirement System	(337,812)

Portion of deferred (inflow) / outflow recognized in long term debt 141,243

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

Compensated Absences	<u>71,341</u>
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CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 9,386,868

WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK

Statement of Fiduciary Net Position

June 30, 2024

	Custodial Funds
ASSETS	
Cash and cash equivalents	\$ 76,414
TOTAL ASSETS	\$ 76,414
NET POSITION	
Restricted for individuals, organizations and other governments	\$ 76,414
TOTAL NET POSITION	\$ 76,414

Statement of Changes in Fiduciary Net Position

For The Year Ended June 30, 2024

	Custodial Funds
ADDITIONS	
Library taxes	\$ 296,732
Student activity	138,098
TOTAL ADDITIONS	\$ 434,830
DEDUCTIONS	
Student activity	\$ 155,352
Library taxes	296,732
TOTAL DEDUCTIONS	\$ 452,084
CHANGE IN NET POSITION	\$ (17,254)
NET POSITION, BEGINNING OF YEAR	93,668
NET POSITION, END OF YEAR	\$ 76,414

WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK

Notes To The Basic Financial Statements

June 30, 2024

I. Summary of Significant Accounting Policies

The financial statements of the Waterloo Central School District, New York (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

A. Reporting Entity

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

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units* and GASB Statement 61, *The Financial Reporting Entity*. 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 District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief review of certain entities included in the District's reporting entity.

1. Extraclassroom Activity Funds

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

B. Joint Venture

The District is a component of the Ontario, Seneca, Yates, Cayuga and Wayne Board of Cooperative Educational Services (BOCES). The 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.

(I.) (Continued)

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 school district's share of administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed \$8,957,375 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$2,449,420.

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

C. Basis of Presentation

1. Districtwide Statements

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

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

2. Fund Statements

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

(I.) (Continued)

The District reports the following governmental funds:

a. **Major Governmental Funds**

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

Capital Projects Fund - Used to account for the financial resources used for acquisition, construction, or major repair of capital facilities.

Special Aid Fund - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

b. **Nonmajor Governmental Funds** - The other funds which are not considered major are aggregated and reported as nonmajor governmental funds as follows:

Debt Service Fund - This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.

School Lunch Fund - Used to account for transactions of the District's lunch, breakfast and milk programs.

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

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

Custodial Funds - These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds

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

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

(I.) (Continued)

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

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

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

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on August 7, 2023. Taxes are collected during the period September 1 to November 30, 2023.

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

F. Restricted Resources

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

G. Interfund Transactions

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

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

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

(I.) (Continued)

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

H. 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, deferred outflows of resources, liabilities, and deferred inflows of resources and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash and Cash Equivalents

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

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

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

J. Receivables

Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventory and Prepaid Items

Inventories of food and/or supplies for school lunch 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 are considered immaterial in amount.

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

(I.) (Continued)

A non-spendable fund balance for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

L. Capital Assets

In the District-wide financial statements, capital assets are accounted for at historical cost or estimated historical cost if actual is unavailable, except for donated capital assets which are recorded at their acquisition value at the date of donation.

Depreciation of all exhaustible capital assets is recorded as an allocated expense in the Statement of Activities, with accumulated depreciation reflected in the Statement of Net Position. Depreciation is provided over the assets' estimated useful lives using the straight-line method of depreciation. The range of estimated useful lives and capitalization threshold by type of assets is as follows:

<u>Class</u>	<u>Capitalization Threshold</u>	<u>Depreciation Method</u>	<u>Estimated Useful Life</u>
Buildings	\$ 50,000	SL	15-50 Years
Machinery and Equipment	\$ 5,000	SL	5-25 Years

The investment in infrastructure type assets have not been segregated for reporting purposes since all costs associated with capital projects are consolidated and reported as additions to buildings and improvements.

M. Right To Use Assets

The District-wide financial statements, right-to-use-assets are reported within the major class of the underlying asset and valued at the future minimum lease payment. Amortization is between 5 and 10 years based on the contract terms and/or estimated replacement of the assets.

N. Unearned Revenue

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

O. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expenses/expenditure) until then.

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.

(I.) (Continued)

P. Vested Employee Benefits

1. Compensated Absences

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

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

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

Consistent with GASB Statement 16, Accounting for Compensated Absences, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. 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. These amounts are expensed on a pay-as-you-go basis.

Q. Other Benefits

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

In addition to providing pension benefits, the District provides post-employment health coverage to retired employees in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits may be shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

R. Short-Term Debt

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

(I.) (Continued)

S. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the district-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds are reported as a liability in the 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.

T. Equity Classifications

1. District-Wide Statements

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

- a. Net Investment in Capital Assets - consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.
- b. Restricted Net Position - reports net position when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

On the Statement of Net Position, the following balances represent the restricted for other purposes:

	<u>Total</u>
Workers' Compensation	\$ 1,037,783
Capital Projects	2,849,615
Unemployment Costs	1,277,928
Retirement Contribution - TRS	882,755
Insurance	432,475
Tax Certiorari	415,856
Repair	564,362
Scholarships	49,028
Liability	391,695
Employee Benefit Accrued Liability	402,576
Total Net Position - Restricted for Other Purposes	<u>\$ 8,304,073</u>

- c. Unrestricted Net Position - reports the balance of net position that does not meet the definition of the above two classifications.

(I.) (Continued)

2. **Fund Statements**

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

- a. **Nonspendable Fund Balance** – Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes:

	<u>Total</u>
Inventory in School Lunch	\$ 28,856
Prepaid Items	685,822
Noncurrent Receivables	586,076
Total Nonspendable Fund Balance	<u>\$ 1,300,754</u>

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

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

Name of Reserve	Maximum Funding	Total Funding Provided	Total Year to Date Balance
2017 Building Capital Reserve	\$ 15,000,000	\$ 15,000,000	\$ 9,120,720
2021 Bus/Vehicle Cap Reserve	\$ 4,000,000	\$ 4,000,000	\$ 3,570,160
2022 Building Capital Reserve	\$ 15,000,000	\$ 6,155,156	\$ 6,268,562

Reserve for Debt Service - According to General Municipal Law §6-1, the Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of the sale. Also, earnings on project monies invested together with unused proceeds are reported here.

Employee Benefit Accrued Liability Reserve - According to General Municipal Law §6-p, must be used for the payment of accrued employee benefits due to 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.

(I.) (Continued)

Liability Reserve - According to General Municipal Law §1709(8)(c), must be used to pay for property loss and liability claims incurred. Separate funds for property loss and liability claims are required, and this reserve may not in total exceed 3% of the annual budget or \$15,000, whichever is greater.

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.

Retirement Contribution Reserve - According to General Municipal Law §6-r, must be used financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

Teachers' Retirement Reserve - General Municipal Law §6-r was amended to include a Teachers' Retirement Reserve (TRS) sub-fund. The reserve has an annual funding limit of 2% of the prior year TRS salaries and a maximum cumulative total balance of 10% of the previous year's TRS salary.

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

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

(I.) (Continued)

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 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.

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

Encumbrances - Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund and School Lunch Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

Restricted fund balances include the following:

	<u>Total</u>
<u>General Fund -</u>	
Workers' Compensation	\$ 1,037,783
Unemployment Costs	1,277,928
Retirement Contribution - ERS	4,307,959
Retirement Contribution - TRS	882,755
Insurance	432,475
Tax Certiorari	415,856
Repair	564,362
Liability	391,695
Capital Reserves	18,959,442
Employee Benefit Accrued Liability	402,576
<u>Capital Projects Fund -</u>	
2015 Capital Project	2,849,615
<u>Misc Spec Rev Fund -</u>	
Scholarships	49,028
<u>Debt Service Fund -</u>	
Debt Service	4,319,176
Total Restricted Fund Balance	<u>\$ 35,890,650</u>

(I.) (Continued)

The District appropriated and/or budgeted funds from the following reserves for the 2024-25 budget:

	<u>Total</u>
Unemployment Costs	\$ 59,000
Workers Compensation	50,000
ERS	330,000
Debt	1,122,429
Total	<u>\$ 1,561,429</u>

On May 21, 2024 the voters of the District approved the use of \$608,936 from the capital reserve for the purchase of buses.

c. **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 District has no committed fund balances as of June 30, 2024.

d. **Assigned Fund Balance** – Includes amounts that are constrained by the District’s intent to be used for specific purposes but are neither restricted nor committed. All encumbrances of the General Fund are classified as assigned fund balance. Encumbrances represent purchase commitments made by the District’s purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

Management has determined significant encumbrances for the General Fund to be \$65,000, \$9,000 in the Capital Projects Fund, \$8,000 in the Special Aid Fund, and \$9,000 in the nonmajor funds.

General Fund -

General Support	\$ 1,041,329
Instruction	\$ 238,496

Capital Projects Fund -

Bus Purchases	\$ 571,360
Capital Improvements	\$ 1,055,462

Special Aid Fund -

Instruction	\$ 14,047
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Assigned fund balances include the following:

	<u>Total</u>
General Fund - Encumbrances	\$ 1,284,437
General Fund - Appropriated for Taxes	1,500,000
School Lunch Fund - Year End Equity	447,870
Total Assigned Fund Balance	<u>\$ 3,232,307</u>

(I.) (Continued)

- e. **Unassigned Fund Balance** –Includes all other general fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the school district.

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

3. **Order of Use of Fund Balance**

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

U. **New Accounting Standards**

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2024, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 99, *Omnibus 2022 (financial guarantees and derivative instruments)*.

GASB has issued Statement No. 100, *Accounting Changes and Error Corrections – an Amendment of GASB Statement No. 62*.

V. **Future Changes in Accounting Standards**

GASB has issued Statement No. 101, *Compensated Absences*, which will be effective for fiscal years beginning after December 15, 2023.

GASB has issued Statement No. 102, *Certain risk Disclosures*, which will be effective for fiscal years beginning after June 15, 2024.

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, which will be effective for fiscal years beginning after June 15, 2025.

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

II. Changes to or within the Financial Reporting Entity

For the year ended June 30, 2024, the District's presentation of the Special Aid Fund in the fund statements changed from non-major to major. The District's fund balance for the year ended June 30, 2024 was not impacted by this change.

III. Stewardship, Compliance and Accountability

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

A. Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund.

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

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. 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 restriction, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. The following supplemental appropriation occurred during the year: \$584,500 for the purchase of buses and \$155,162 in insurance proceeds for the purchase of a new bus.

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.

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

B. 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.

(III.) (Continued)

C. **Deficit Unassigned Fund Balance – Capital Projects Fund**

The Capital Projects Fund had a deficit unassigned fund balance of \$1,821,202 at June 30, 2024, which is a result of expenses incurred by the 2020 Capital Renovations project before receiving financing.

IV. **Cash and Cash Equivalents**

Credit Risk – In compliance with the State Law, District investments are limited to obligations of the United States of America, obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America, obligations of the State, time deposit accounts and certificates of deposit issued by a bank or trust company located in, and authorized to do business in, the State, and obligations used by other municipalities and authorities within the State.

Concentration of Credit Risk – To promote competition in rates and service costs, and to limit the risk of institutional failure, District deposits and investments are placed with multiple institutions. The District's investment policy limits the amounts that may be deposited with any one financial institution.

Interest Rate Risk – The District has an investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from rising interest rates.

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

Uncollateralized	\$	-
Collateralized with Securities held by the Pledging Financial Institution		12,219,029
Collateralized within Trust Department or Agent		3,525,319
Total	\$	<u>15,744,348</u>

Restricted cash represents cash where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end included \$35,890,650 within the governmental funds and \$76,414 in the fiduciary funds.

V. **Investment Pool**

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents.

Total investments of the cooperative as of year-end are \$25,385,394, which consisted of \$4,168,282 in repurchase agreements, \$17,394,072 in U.S. Treasury Securities, \$497,554 in FDIC insured deposits, and \$3,325,486 in collateralized bank deposits, with various interest rates and due dates.

(V.) (Continued)

The following amounts are included as unrestricted and restricted cash:

<u>Fund</u>	<u>Bank Amount</u>	<u>Carrying Amount</u>	<u>Type of Investment</u>
General	\$ 25,376,826	\$ 25,376,826	CLASS
Misc. Special Revenue	\$ 8,568	\$ 8,568	CLASS

VI. Receivables

Receivables at June 30, 2024 for individual major funds and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

<u>Description</u>	<u>Governmental Activities</u>			
	<u>General Fund</u>	<u>Special Aid Fund</u>	<u>Non-Major Funds</u>	<u>Total</u>
Accounts Receivable	\$ -	\$ -	\$ 495	\$ 495
Due From State and Federal	1,719,999	2,239,165	68,414	4,027,578
Due From Other Governments	1,994,236	-	-	1,994,236
Total Receivables	\$ 3,714,235	\$ 2,239,165	\$ 68,909	\$ 6,022,309

District management has deemed the amounts to be fully collectible.

VII. Interfund Receivables, Payables, Revenues and Expenditures

Interfund Receivables, Payables, Revenues and Expenditures at June 30, 2024 were as follows:

	<u>Interfund</u>			
	<u>Receivables</u>	<u>Payables</u>	<u>Revenues</u>	<u>Expenditures</u>
General Fund	\$ 2,906,706	\$ 173,430	\$ -	\$ 904,384
Capital Projects Fund	-	615,907	730,974	615,000
Special Aid Fund	173,410	2,847,825	173,410	-
Non-Major Funds	616,395	59,349	615,000	-
Total	\$ 3,696,511	\$ 3,696,511	\$ 1,519,384	\$ 1,519,384

Interfund receivables and payables between governmental activities are eliminated on the Statement of Net Position. The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are not necessarily expected to be repaid within one year.

Transfers are used to finance certain special aid programs, support capital project expenditures, and debt service expenditures.

VIII. Capital Assets and Lease Assets

A. Capital Assets

Capital asset balances and activity were as follows:

<u>Type</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
<u>Governmental Activities:</u>				
<u>Capital Assets that are not Depreciated -</u>				
Land	\$ 288,906	\$ -	\$ -	\$ 288,906
Work in progress	43,127,772	3,350,740	-	46,478,512
<i>Total Nondepreciable</i>	<u>\$ 43,416,678</u>	<u>\$ 3,350,740</u>	<u>\$ -</u>	<u>\$ 46,767,418</u>
<u>Capital Assets that are Depreciated -</u>				
Buildings and Improvements	\$ 96,998,781	\$ -	\$ -	\$ 96,998,781
Machinery and equipment	5,323,669	769,023	345,877	5,746,815
<i>Total Depreciated Assets</i>	<u>\$ 102,322,450</u>	<u>\$ 769,023</u>	<u>\$ 345,877</u>	<u>\$ 102,745,596</u>
<u>Less Accumulated Depreciation -</u>				
Buildings and Improvements	\$ 36,897,670	\$ 1,847,009	\$ -	\$ 38,744,679
Machinery and equipment	3,319,091	474,499	345,877	3,447,713
<i>Total Accumulated Depreciation</i>	<u>\$ 40,216,761</u>	<u>\$ 2,321,508</u>	<u>\$ 345,877</u>	<u>\$ 42,192,392</u>
<i>Total Capital Assets Depreciated, Net of Accumulated Depreciation</i>	<u>\$ 62,105,689</u>	<u>\$ (1,552,485)</u>	<u>\$ -</u>	<u>\$ 60,553,204</u>
Total Capital Assets	<u>\$ 105,522,367</u>	<u>\$ 1,798,255</u>	<u>\$ -</u>	<u>\$ 107,320,622</u>

B. Lease Assets

A summary of the lease and subscription IT asset activity during the year ended June 30, 2024 is as follows:

<u>Type</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
<u>Lease Assets:</u>				
Equipment	\$ 3,745,412	\$ 87,736	\$ 42,653	\$ 3,790,495
<i>Total Lease Assets</i>	<u>\$ 3,745,412</u>	<u>\$ 87,736</u>	<u>\$ 42,653</u>	<u>\$ 3,790,495</u>
<u>Less Accumulated Amortization -</u>				
Equipment	\$ 1,569,848	\$ 462,710	\$ 42,653	\$ 1,989,905
<i>Total Accumulated Amortization</i>	<u>\$ 1,569,848</u>	<u>\$ 462,710</u>	<u>\$ 42,653</u>	<u>\$ 1,989,905</u>
<i>Total Lease Assets, Net</i>	<u>\$ 2,175,564</u>	<u>\$ (374,974)</u>	<u>\$ -</u>	<u>\$ 1,800,590</u>

C. Other capital assets (net of depreciation and amortization):

Depreciated Capital Assets (net)	\$ 60,553,204
Amortized Lease Assets (net)	1,800,590
Total Other Capital Assets (net)	<u>\$ 62,353,794</u>

(VIII.) (Continued)

D. Depreciation and amortization expense for the period was charged to functions/programs as follows:

<u>Governmental Activities:</u>	<u>Depreciation</u>	<u>Amortization</u>	<u>Total</u>
General Government Support	\$ 123,057	\$ -	\$ 123,057
Instruction	1,538,473	462,710	2,001,183
Pupil Transportation	467,993	-	467,993
School Lunch	191,985	-	191,985
Total Depreciation and Amortization Expense	<u>\$ 2,321,508</u>	<u>\$ 462,710</u>	<u>\$ 2,784,218</u>

IX. **Short-Term Debt**

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

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>
BAN-Construction	7/28/2023	3.75%	\$ 10,000,000	\$ -	\$ 10,000,000	\$ -
BAN-Construction	7/28/2023	4.00%	5,000,000	-	5,000,000	-
BAN-Construction	6/28/2024	4.50%		3,750,000	3,750,000	-
BAN-Construction	6/27/2025	4.50%		3,315,000		3,315,000
Total Short-Term Debt			<u>\$ 15,000,000</u>	<u>\$ 7,065,000</u>	<u>\$ 18,750,000</u>	<u>\$ 3,315,000</u>

A summary of the short-term interest expense for the year is as follows:

Interest Paid	\$ 1,215,781
Less: Interest Accrued in the Prior Year	(395,833)
Plus: Interest Accrued in the Current Year	1,243
Total Short-Term Interest Expense	<u>\$ 821,191</u>

X. **Long-Term Debt Obligations**

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

	<u>Balance 7/1/2023</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance 6/30/2024</u>	<u>Due Within One Year</u>
<u>Governmental Activities:</u>					
<u>Bonds and Notes Payable -</u>					
Serial Bonds	\$ 15,300,000	\$ 13,735,000	\$ 4,700,000	\$ 24,335,000	\$ 3,130,000
Unamortized Bond Premium	846,191	1,519,707	65,092	2,300,806	173,643
Leases	147,468	-	29,967	117,501	30,395
Total Bonds and Notes Payable	<u>\$ 16,293,659</u>	<u>\$ 15,254,707</u>	<u>\$ 4,795,059</u>	<u>\$ 26,753,307</u>	<u>\$ 3,334,038</u>
<u>Other Liabilities -</u>					
Net Pension Liability	\$ 3,775,951	\$ -	\$ 1,205,377	\$ 2,570,574	\$ -
OPEB	7,097,930	224,703	-	7,322,633	-
Retainage	575,463	-	264,800	310,663	310,663
Compensated Absences	528,299		96,610	431,689	23,181
Total Other Liabilities	<u>\$ 11,977,643</u>	<u>\$ 224,703</u>	<u>\$ 1,566,787</u>	<u>\$ 10,635,559</u>	<u>\$ 333,844</u>
Total Long-Term Obligations	<u>\$ 28,271,302</u>	<u>\$ 15,479,410</u>	<u>\$ 6,361,846</u>	<u>\$ 37,388,866</u>	<u>\$ 3,667,882</u>

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences.

(X.) (Continued)

Existing serial and statutory bond obligations:

<u>Description</u>	<u>Original Amount</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Amount Outstanding 6/30/2024</u>
Serial Bonds -					
Refunding Bond	\$ 23,210,000	2014	2025	2.0%-5.0%	\$ 1,660,000
Refunding Bond	\$ 4,935,000	2015	2025	2.000%-2.375%	175,000
Construction	\$ 10,030,000	2022	2036	5.00%	8,765,000
Construction	\$ 13,735,000	2024	2038	5.00%	13,735,000
Total Serial Bonds					\$ 24,335,000
Leases -					
Lease - Postage Equipment	\$ 17,877	2022	2027	Various	\$ 10,778
Lease - Copier	\$ 3,317	2021	2026	Various	1,187
Lease - Copier	\$ 7,623	2022	2026	Various	3,112
Lease - Copier	\$ 141,839	2023	2028	Various	102,424
Total Leases					\$ 117,501

The following is a summary of debt service requirements:

<u>Year</u>	<u>Serial Bonds</u>		<u>Leases</u>	
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2025	\$ 3,130,000	\$ 1,408,643	\$ 30,395	\$ 3,585
2026	1,555,000	1,060,250	31,307	2,775
2027	1,635,000	982,500	30,324	1,664
2028	1,710,000	900,750	25,475	529
2029	1,800,000	815,250	-	-
2030-34	9,080,000	2,670,250	-	-
2035-38	5,425,000	643,000	-	-
Total	\$ 24,335,000	\$ 8,480,643	\$ 117,501	\$ 8,553

Interest on long-term debt for June 30, 2024 was composed of:

Interest Paid	\$ 748,811
Less: Interest Accrued in the Prior Year	(30,996)
Less: Amortization of Deferred Inflows	(169,653)
Less: Amortization of Bond Premium	(65,092)
Plus: Interest Accrued in the Current Year	66,880
Plus: Amortization of Deferred Outflows	28,409
Total Long-Term Interest Expense	\$ 578,359

XI. Deferred Inflows/Outflows of Resources

The following is a summary of the deferred inflows/outflows of resources:

	<u>Deferred Outflows</u>	<u>Deferred Inflows</u>
Pension	\$ 7,246,028	\$ 1,531,897
Bonds	-	169,653
OPEB	1,852,158	1,157,539
Total	<u>\$ 9,098,186</u>	<u>\$ 2,859,089</u>

XII. Pension Plans

A. General Information

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

B. Provisions and Administration

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

ERS 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. NYSRSSL govern obligations of employers and employees to contribute, and benefits to employees. 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 District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. ERS issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained by writing to NYSERS, Office of the State Comptroller, 110 State Street, Albany, New York 12244 or by referring to the ERS Comprehensive Annual Report, which can be found at www.osc.state.ny.us/retire/publications/index.php.

(XII.) (Continued)

C. **Funding Policies**

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier 6 vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year

The District's share of the required contributions, based on covered payroll paid for the District's year ended June 30, 2024:

<u>Contributions</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ 464,724	\$ 1,533,963

D. **Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources related to Pensions**

At June 30, 2024, the District reported the following asset/(liability) for its proportionate share of the net pension asset /(liability) for each of the Systems. The net pension asset/(liability) was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS. The total pension asset/(liability) used to calculate the net pension asset/(liability) was determined by an actuarial valuation. The District's proportion of the net pension asset/(liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Net pension assets/(liability)	\$ (1,730,507)	\$ (840,067)
District's portion of the Plan's total net pension asset/(liability)	0.0118%	0.0735%

For the year ended June 30, 2024, the District recognized pension expenses of \$797,680 for ERS and \$2,363,889 for TRS. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

(XII.) (Continued)

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$ 557,395	\$ 2,036,939	\$ 47,186	\$ 5,034
Changes of assumptions	654,266	1,808,640	-	394,183
Net difference between projected and actual earnings on pension plan investments	-	429,426	845,343	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	132,269	114,545	-	234,772
Subtotal	\$ 1,343,930	\$ 4,389,550	\$ 897,908	\$ 633,989
District's contributions subsequent to the measurement date	140,373	1,372,175	-	-
Grand Total	\$ 1,484,303	\$ 5,761,725	\$ 897,908	\$ 633,989

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

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2024	\$ -	\$ 313,435
2025	(275,262)	(476,440)
2026	364,598	3,353,929
2027	525,330	230,482
2028	(168,644)	198,013
Thereafter	-	136,142
Total	\$ 446,022	\$ 3,755,561

E. Actuarial Assumptions

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

(XII.) (Continued)

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Actuarial valuation date	April 1, 2023	June 30, 2022
Interest rate	5.90%	6.95%
Salary scale	4.50%	5.18%-1.95%
Decrement tables	April 1, 2016- March 31, 2020 System's Experience	July 1, 2015- June 30, 2020 System's Experience
Inflation rate	2.90%	2.40%
COLA's	1.50%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2022. For TRS, annuitant mortality rates are based on plan member experience adjustments for mortality improvements based on Society of Actuaries Scale MP-2022.

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

Long Term Expected Rate of Return		
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
<u>Asset Type -</u>		
Domestic equity	4.00%	6.80%
International equity	6.65%	7.60%
Global equity	0.00%	7.20%
Private equity	7.25%	10.10%
Real estate	4.60%	6.30%
Opportunistic portfolios	5.25%	0.00%
Real assets	5.79%	0.00%
Global bonds	0.00%	1.60%
Cash	0.25%	0.30%
Private debt	0.00%	6.00%
Real estate debt	0.00%	3.20%
High-yield bonds	0.00%	4.40%
Domestic fixed income	0.00%	2.20%
Fixed income	1.50%	0.00%
Credit	5.40%	0.00%

The real rate of return is net of the long-term inflation assumption of 2.9% for ERS and 2.4% for TRS.

(XII.) (Continued)

F. Discount Rate

The discount rate used to calculate the total pension liability was 5.90% for ERS and 6.95% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

G. Sensitivity of the Net Pension Liability to the Discount Rate Assumption

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

	1% Decrease	Current	1% Increase
<u>ERS</u>	<u>(4.90%)</u>	<u>(5.90%)</u>	<u>(6.90%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (5,440,890)	\$ (1,730,507)	\$ 1,368,433

	1% Decrease	Current	1% Increase
<u>TRS</u>	<u>(5.95%)</u>	<u>(6.95%)</u>	<u>(7.95%)</u>
Employer's proportionate share of the net pension asset (liability)	\$ (12,794,648)	\$ (840,067)	\$ 9,214,253

H. Pension Plan Fiduciary Net Position

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

	(In Thousands)	
	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2024	June 30, 2023
Employers' total pension liability	\$ 240,696,851	\$ 138,365,121,961
Plan net position	225,972,801	137,221,536,942
Employers' net pension asset/(liability)	<u>\$ (14,724,050)</u>	<u>\$ (1,143,585,019)</u>
Ratio of plan net position to the employers' total pension asset/(liability)	93.88%	99.20%

(XII.) (Continued)

I. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to \$140,373.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to \$1,533,963.

XIII. Postemployment Benefits

A. General Information About the OPEB Plan

Plan Description – The District's defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	24
Active Employees	312
Total	336

B. Total OPEB Liability

The District's total OPEB liability of \$7,324,633 was measured as of June 30, 2024, and was determined by an actuarial valuation as of that date.

(XIII.) (Continued)

Actuarial Assumptions and Other Inputs – The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.40 percent
Salary Increases	2.40 percent, average, including inflation
Discount Rate	3.93 percent
Healthcare Cost Trend Rates	Initial rate of 6.80% decreasing to an ultimate rate of 3.80%
Retirees' Share of Benefit-Related Costs	Varies depending on contract

The discount rate was based on the Bond Buyer General Obligation 20-Bond Municipal Index.

Mortality rates were based on PubT-2010 Headcount-Weighted Mortality Table for Teaching Positions and PubG-2010 Headcount Weighted Mortality Table for Non-Teaching Positions, both generationally projected using MP-2021 ultimate scale.

C. **Changes in the Total OPEB Liability**

Balance at June 30, 2023	<u>\$ 7,097,930</u>
<u>Changes for the Year -</u>	
Service cost	\$ 386,952
Interest	268,564
Changes in assumptions or other inputs	(172,615)
Benefit payments	<u>(256,198)</u>
Net Changes	<u>\$ 226,703</u>
Balance at June 30, 2024	<u><u>\$ 7,324,633</u></u>

Changes of assumptions and other inputs reflect a change in discount rate from 3.65 percent in 2023 to 3.93 percent in 2024 and updated healthcare cost trend rates.

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 percent) or 1-percentage-point higher (4.93 percent) than the current discount rate:

	1% Decrease	Discount	1% Increase
	<u>(2.93)</u>	<u>Rate</u>	<u>(4.93%)</u>
Total OPEB Liability	\$ 7,955,856	\$ 7,324,633	\$ 6,735,252

(XIII.) (Continued)

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

	1% Decrease (5.80% Decreasing to 2.80%)	Healthcare Cost Trend Rates (6.80% Decreasing to 3.80%)	1% Increase (7.80% Decreasing to 4.80%)
Total OPEB Liability	\$ 6,537,850	\$ 7,324,633	\$ 8,259,176

D. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of \$739,460. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 681,099	\$ 266,192
Changes of assumptions	1,171,059	891,347
Total	\$ 1,852,158	\$ 1,157,539

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

<u>Year</u>	
2025	\$ 83,944
2026	83,944
2027	83,944
2028	83,944
2029	92,635
Thereafter	266,208
Total	\$ 694,619

XIV. Risk Management

A. General Information

The District is exposed to various risks of loss related to injuries to employees, theft, damages, 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.

(XIV.) (Continued)

B. Workers' Compensation

The District is a member of the Seneca County Workers' Compensation Self-Insurance Plan. Current membership of the Plan includes participants from various municipal entities. The Plan is administered by Seneca County and utilizes a third-party administrator who is responsible for processing claims, estimating liabilities and providing actuarial services. The Plan participants are charged an annual assessment which is allocated in light of comparative experience and relative exposure based on the estimated total liability of the participating members actuarially computed each year.

The Plan purchases, on an annual basis, stop-loss insurance to limit exposure for claims paid.

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) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims liabilities are charged or credited to expenses in the period in which they are made. During the year ended June 30, 2024, the District incurred premiums or contribution expenditures totaling \$235,374.

The Plan is audited on an annual basis and is available at Seneca County administrative offices.

C. Unemployment

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. The claim and judgment expenditures of this program for the 2023-24 fiscal year totaled \$15,916. The balance of the fund at June 30, 2024 was \$1,277,928 and is recorded in the General Fund as an Unemployment Insurance Reserve. In addition, as of June 30, 2024, no loss contingencies existed or were considered probable or estimable for incurred but not reported claims payable.

XV. Commitments and Contingencies

A. Litigation

There is no litigation pending against the District as of the date of this report.

B. Grants

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

XVI. Tax Abatement

The County of Seneca IDA, and the District enter into various property tax abatement programs for the purpose of Economic Development. As a result, the District property tax revenue was reduced \$2,169,033. The District received payment in lieu of tax (PILOT) payments totaling \$1,248,758 to help offset the property tax reduction.

Required Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in District's Total OPEB Liability and Related Ratio
For The Year Ended June 30, 2024

	TOTAL OPEB LIABILITY						
	<u>2024</u>	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 386,952	\$ 264,974	\$ 259,452	\$ 227,737	\$ 196,368	\$ 274,057	\$ 263,638
Interest	268,564	168,891	109,074	107,896	150,846	153,952	145,876
Changes in benefit terms	-	434,757	-	178,919	-	(2,841)	-
Differences between expected and actual experiences	-	819,258	-	(412,048)	-	27,064	62,488
Changes of assumptions or other inputs	(172,615)	1,033,965	(422,044)	236,641	413,897	(974,482)	-
Benefit payments	<u>(256,198)</u>	<u>(257,464)</u>	<u>(205,265)</u>	<u>(201,405)</u>	<u>(238,034)</u>	<u>(206,268)</u>	<u>(220,152)</u>
Net Change in Total OPEB Liability	\$ 226,703	\$ 2,464,381	\$ (258,783)	\$ 137,740	\$ 523,077	\$ (728,518)	\$ 251,850
Total OPEB Liability - Beginning	\$ 7,097,930	\$ 4,633,549	\$ 4,892,332	\$ 4,754,592	\$ 4,231,515	\$ 4,960,033	\$ 4,708,183
Total OPEB Liability - Ending	<u>\$ 7,324,633</u>	<u>\$ 7,097,930</u>	<u>\$ 4,633,549</u>	<u>\$ 4,892,332</u>	<u>\$ 4,754,592</u>	<u>\$ 4,231,515</u>	<u>\$ 4,960,033</u>
Covered Employee Payroll	\$ 15,854,291	\$ 15,854,291	\$ 13,741,392	\$ 13,741,392	\$ 12,764,218	\$ 12,764,218	\$ 13,172,594
Total OPEB Liability as a Percentage of Covered							
Employee Payroll	46.20%	44.77%	33.72%	35.60%	37.25%	33.15%	37.65%

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

Required Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability
For The Year Ended June 30, 2024

NYSERS Pension Plan										
	<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>
Proportion of the net pension liability (assets)	0.0117529%	0.0108696%	0.0100837%	0.0093963%	0.0092486%	0.0090788%	0.008877%	0.009616%	0.009757%	0.010000%
Proportionate share of the net pension liability (assets)	\$ 1,730,507	\$ 2,330,878	\$ 824,301	\$ 9,356	\$ 2,449,071	\$ 643,259	\$ 286,512	\$ 903,501	\$ 1,566,089	\$ 334,143
Covered-employee payroll	\$ 3,965,661	\$ 3,452,845	\$ 3,045,183	\$ 3,046,197	\$ 2,851,949	\$ 2,743,140	\$ 2,730,166	\$ 2,729,187	\$ 2,651,012	\$ 2,723,345
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	43.637%	67.506%	27.069%	0.307%	85.874%	23.450%	10.494%	33.105%	59.075%	12.270%
Plan fiduciary net position as a percentage of the total pension liability	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%
NYSTRS Pension Plan										
	<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>
Proportion of the net pension liability (assets)	0.073459%	0.075308%	0.072113%	0.069470%	0.069922%	0.067845%	0.069319%	0.069632%	0.071386%	0.070000%
Proportionate share of the net pension liability (assets)	\$ 840,067	\$ 1,445,073	\$ (12,496,444)	\$ 1,919,652	\$ (1,816,575)	\$ (1,226,817)	\$ (526,892)	\$ 745,785	\$ (7,414,781)	\$ (7,991,999)
Covered-employee payroll	\$ 14,059,170	\$ 14,571,983	\$ 13,517,931	\$ 12,239,842	\$ 11,874,903	\$ 11,786,799	\$ 11,139,739	\$ 10,984,744	\$ 10,718,295	\$ 10,718,295
Proportionate share of the net pension liability (assets) as a percentage of its covered-employee payroll	5.975%	9.917%	-92.443%	15.684%	-15.298%	-10.408%	-4.730%	6.789%	-69.179%	-74.564%
Plan fiduciary net position as a percentage of the total pension liability	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

(See Independent Auditors' Report)

Required Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of District Contributions
For The Year Ended June 30, 2024

NYSERS Pension Plan										
	<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 contributions	\$ 464,724	\$ 358,156	\$ 443,350	\$ 409,707	\$ 382,425	\$ 378,850	\$ 389,883	\$ 399,451	\$ 450,051	\$ 491,286
Contributions in relation to the contractually required contribution	(464,724)	(358,156)	(443,350)	(409,707)	(382,425)	(378,850)	(389,883)	(399,451)	(450,051)	(491,286)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 3,965,661	\$ 3,452,845	\$ 3,045,183	\$ 3,046,197	\$ 2,851,949	\$ 2,743,140	\$ 2,730,166	\$ 2,729,157	\$ 2,723,345	\$ 2,723,345
Contributions as a percentage of covered-employee payroll	11.72%	10.37%	14.56%	13.45%	13.41%	13.81%	14.28%	14.64%	16.53%	18.04%
NYSTRS Pension Plan										
	<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 contributions	\$ 1,533,963	\$ 1,543,962	\$ 1,442,724	\$ 1,267,176	\$ 1,119,815	\$ 1,251,758	\$ 1,146,701	\$ 1,424,771	\$ 1,484,698	\$ 1,722,163
Contributions in relation to the contractually required contribution	(1,533,963)	(1,543,962)	(1,442,724)	(1,267,176)	(1,119,815)	(1,251,758)	(1,146,701)	(1,424,771)	(1,484,698)	(1,722,163)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered-employee payroll	\$ 14,059,170	\$ 14,571,983	\$ 13,517,931	\$ 12,239,842	\$ 11,874,903	\$ 11,786,799	\$ 11,139,739	\$ 10,984,744	\$ 10,752,648	\$ 10,718,295
Contributions as a percentage of covered-employee payroll	10.91%	10.60%	10.67%	10.35%	9.43%	10.62%	10.29%	12.97%	13.81%	16.07%

(See Independent Auditors' Report)

Required Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2024

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Current Year's Revenues</u>	<u>Over (Under) Revised Budget</u>
REVENUES				
Local Sources -				
Real property taxes	\$ 11,049,383	\$ 11,049,383	\$ 11,270,881	\$ 221,498
Real property tax items	3,039,649	3,039,649	2,773,538	(266,111)
Charges for services	2,000	2,000	7,755	5,755
Use of money and property	50,000	50,000	1,686,329	1,636,329
Sale of property and compensation for loss	-	155,162	48,374	(106,788)
Miscellaneous	177,684	177,684	2,055,212	1,877,528
State Sources -				
Basic formula	30,228,971	30,228,971	26,873,037	(3,355,934)
Lottery aid	-	-	3,937,715	3,937,715
BOCES	1,814,223	1,814,223	2,449,420	635,197
Textbooks	112,160	112,160	87,492	(24,668)
All Other Aid -				
Computer software	27,932	27,932	49,111	21,179
Library loan	9,369	9,369	9,131	(238)
Other aid	1,275,104	1,275,104	-	(1,275,104)
Federal Sources	109,621	109,621	148,245	38,624
TOTAL REVENUES	<u>\$ 47,896,096</u>	<u>\$ 48,051,258</u>	<u>\$ 51,396,240</u>	<u>\$ 3,344,982</u>
Other Sources -				
Transfer - in	\$ 577,451	\$ 577,451	\$ -	\$ (577,451)
TOTAL REVENUES AND OTHER SOURCES	<u>\$ 48,473,547</u>	<u>\$ 48,628,709</u>	<u>\$ 51,396,240</u>	<u>\$ 2,767,531</u>
Appropriated reserves	\$ 127,000	\$ 711,500		
Appropriated fund balance	\$ 1,200,000	\$ 1,200,000		
Prior year encumbrances	\$ 1,139,901	\$ 1,139,901		
TOTAL REVENUES AND APPROPRIATED RESERVES/ FUND BALANCE	<u><u>\$ 50,940,448</u></u>	<u><u>\$ 51,680,110</u></u>		

Required Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance -
Budget (Non-GAAP Basis) and Actual - General Fund
For The Year Ended June 30, 2024

	<u>Original</u> <u>Budget</u>	<u>Amended</u> <u>Budget</u>	<u>Current</u> <u>Year's</u> <u>Expenditures</u>	<u>Encumbrances</u>	<u>Unencumbered</u> <u>Balances</u>
EXPENDITURES					
General Support -					
Board of education	\$ 50,144	\$ 49,449	\$ 41,864	\$ -	\$ 7,585
Central administration	276,818	319,018	317,488	-	1,530
Finance	661,338	625,783	587,050	10,136	28,597
Staff	319,231	324,281	217,135	-	107,146
Central services	4,652,812	5,391,358	3,917,728	1,031,193	442,437
Special items	468,128	479,478	429,122	-	50,356
Instructional -					
Instruction, administration and improvement	1,423,668	1,360,808	1,058,964	63	301,781
Teaching - regular school	10,722,740	10,331,554	9,395,585	68,113	867,856
Programs for children with handicapping conditions	8,957,776	7,904,564	6,789,189	105,107	1,010,268
Occupational education	700,000	826,700	826,666	-	34
Teaching - special schools	120,700	120,700	31,339	-	89,361
Instructional media	1,642,751	2,211,041	1,847,921	15,231	347,889
Pupil services	2,208,342	2,146,468	1,596,644	49,982	499,842
Pupil Transportation	2,162,664	2,342,664	1,860,019	4,612	478,033
Community Services	2,000	2,000	-	-	2,000
Employee Benefits	9,342,430	9,201,521	7,632,669	-	1,568,852
Debt service - principal	7,068,906	5,164,967	5,164,967	-	-
Debt service - interest	-	1,964,594	1,964,592	-	2
TOTAL EXPENDITURES	<u>\$ 50,780,448</u>	<u>\$ 50,766,948</u>	<u>\$ 43,678,942</u>	<u>\$ 1,284,437</u>	<u>\$ 5,803,569</u>
Other Uses -					
Transfers - out	\$ 160,000	\$ 913,162	\$ 904,384	\$ -	\$ 8,778
TOTAL EXPENDITURES AND OTHER USES	<u>\$ 50,940,448</u>	<u>\$ 51,680,110</u>	<u>\$ 44,583,326</u>	<u>\$ 1,284,437</u>	<u>\$ 5,812,347</u>
NET CHANGE IN FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 6,812,914</u>		
FUND BALANCE, BEGINNING OF YEAR	<u>27,908,274</u>	<u>27,908,274</u>	<u>27,908,274</u>		
FUND BALANCE, END OF YEAR	<u><u>\$ 27,908,274</u></u>	<u><u>\$ 27,908,274</u></u>	<u><u>\$ 34,721,188</u></u>		

Note to Required Supplementary Information:

A reconciliation is not necessary since encumbrances are presented in a separate column on this schedule.

Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Change From Adopted Budget To Final Budget
And The Real Property Tax Limit
For The Year Ended June 30, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET:

Adopted budget	\$ 49,800,547
Prior year's encumbrances	<u>1,139,901</u>
Original Budget	\$ 50,940,448
Budget revisions -	
Voter approved bus purchase	584,500
Insurance proceeds	<u>155,162</u>
FINAL BUDGET	<u>\$ 51,680,110</u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION:

2024-25 voter approved expenditure budget	\$ 49,800,547
<u>Unrestricted fund balance:</u>	
Assigned fund balance	\$ 2,784,437
Unassigned fund balance	<u>1,992,022</u>
Total Unrestricted fund balance	<u>\$ 4,776,459</u>
<u>Less adjustments:</u>	
Appropriated fund balance	\$ 1,500,000
Encumbrances included in assigned fund balance	<u>1,284,437</u>
Total adjustments	<u>\$ 2,784,437</u>
General fund fund balance subject to Section 1318 of	
Real Property Tax Law	<u>1,992,022</u>
ACTUAL PERCENTAGE	<u>4.00%</u>

Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
CAPITAL PROJECTS FUND
Schedule of Project Expenditures
For The Year Ended June 30, 2024

<u>Project Title</u>	<u>Expenditures</u>					<u>Unexpended Balance</u>	<u>Methods of Financing</u>					<u>Fund Balance</u>
	<u>Original Appropriation</u>	<u>Revised Appropriation</u>	<u>Prior Years</u>	<u>Current Year</u>	<u>Total</u>		<u>Obligations</u>	<u>Local Sources</u>	<u>State Sources</u>	<u>Insurance Proceeds</u>	<u>Total</u>	
2015 Capital Improvements	\$ 23,939,201	\$ 23,939,201	\$ 23,670,333	\$ 615,000	\$ 24,285,333	\$ (346,132)	\$ 10,030,000	\$ 13,780,901	\$ 744,000	\$ -	\$ 24,554,901	\$ 269,568
2020 Capital Renovations	23,000,000	23,000,000	18,569,037	2,937,165	21,506,202	1,493,798	13,735,000	5,950,000	-	-	19,685,000	(1,821,202)
2023 Capital Project	17,900,000	17,900,000	312,940	678,373	991,313	16,908,687	-	3,000,000	-	-	3,000,000	2,008,687
2023 Bus Purchases	539,500	539,500	3,708	505,193	508,901	30,599	-	508,901	-	-	508,901	-
2024 Bus Purchase	584,500	584,500	-	-	-	584,500	-	571,360	-	-	571,360	571,360
2024 Bus Purchase (Insurance)	155,162	155,162	-	155,162	155,162	-	-	-	-	155,162	155,162	-
TOTAL	\$ 66,246,317	\$ 66,246,317	\$ 42,556,018	\$ 4,890,893	\$ 47,446,911	\$ 18,799,406	\$ 23,765,000	\$ 23,811,162	\$ 744,000	\$ 155,162	\$ 48,475,324	\$ 1,028,413

Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Balance Sheet - Nonmajor Governmental Funds
June 30, 2024

	Special			Total
	Revenue Funds			Nonmajor
	School	Miscellaneous	Debt	Governmental
	Lunch	Special Revenue	Service	Funds
	<u>Fund</u>	<u>Fund</u>	<u>Fund</u>	<u>Funds</u>
ASSETS				
Cash and cash equivalents	\$ 464,448	\$ 49,028	\$ 3,703,269	\$ 4,216,745
Receivables	68,909	-	-	68,909
Inventories	28,856	-	-	28,856
Due from other funds	20	468	615,907	616,395
TOTAL ASSETS	<u>\$ 562,233</u>	<u>\$ 49,496</u>	<u>\$ 4,319,176</u>	<u>\$ 4,930,905</u>
LIABILITIES AND FUND BALANCES				
<u>Liabilities</u> -				
Accrued liabilities	\$ 4,853	\$ -	\$ -	\$ 4,853
Due to other funds	58,881	468	-	59,349
Due to other governments	120	-	-	120
Compensated Absences	1,700	-	-	1,700
Unearned revenue	19,953	-	-	19,953
TOTAL LIABILITIES	<u>\$ 85,507</u>	<u>\$ 468</u>	<u>\$ -</u>	<u>\$ 85,975</u>
<u>Fund Balances</u> -				
Nonspendable	\$ 28,856	\$ -	\$ -	\$ 28,856
Restricted	-	49,028	4,319,176	4,368,204
Assigned	447,870	-	-	447,870
TOTAL FUND BALANCE	<u>\$ 476,726</u>	<u>\$ 49,028</u>	<u>\$ 4,319,176</u>	<u>\$ 4,844,930</u>
TOTAL LIABILITIES AND				
FUND BALANCES	<u>\$ 562,233</u>	<u>\$ 49,496</u>	<u>\$ 4,319,176</u>	<u>\$ 4,930,905</u>

Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For The Year Ended June 30, 2024

	Special Revenue Funds		Debt	Total
	School Lunch Fund	Miscellaneous Special Revenue Fund	Service Fund	Nonmajor Governmental Funds
REVENUES				
Use of money and property	\$ 205	\$ 445	\$ 67,900	\$ 68,550
Miscellaneous	25,068	4,900	-	29,968
State sources	181,001	-	-	181,001
Federal sources	911,210	-	-	911,210
Sales	72,204	-	-	72,204
TOTAL REVENUES	\$ 1,189,688	\$ 5,345	\$ 67,900	\$ 1,262,933
EXPENDITURES				
General support	\$ -	\$ -	\$ 254,707	\$ 254,707
Employee benefits	165,755	-	-	165,755
Debt service - principal	-	-	1,265,000	1,265,000
Cost of sales	942,885	-	-	942,885
Other expenses	-	5,775	-	5,775
TOTAL EXPENDITURES	\$ 1,108,640	\$ 5,775	\$ 1,519,707	\$ 2,634,122
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	\$ 81,048	\$ (430)	\$ (1,451,807)	\$ (1,371,189)
OTHER FINANCING SOURCES (USES)				
Transfers - in	\$ -	\$ -	\$ 615,000	\$ 615,000
Premium on obligations issued	-	-	1,653,558	1,653,558
TOTAL OTHER FINANCING SOURCES (USES)	\$ -	\$ -	\$ 2,268,558	\$ 2,268,558
NET CHANGE IN FUND BALANCE	\$ 81,048	\$ (430)	\$ 816,751	\$ 897,369
FUND BALANCE, BEGINNING OF YEAR	395,678	49,458	3,502,425	3,947,561
FUND BALANCE, END OF YEAR	\$ 476,726	\$ 49,028	\$ 4,319,176	\$ 4,844,930

(See Independent Auditors' Report)

Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets/Right to Use Assets
For The Year Ended June 30, 2024

Capital assets/right to use assets, net		\$ 109,121,212
Add:		
Unspent bond proceeds		269,568
Deduct:		
Bond payable	\$ 24,335,000	
Lease liability	117,501	
Unamortized bond premium	2,300,806	
Assets purchased with short-term financing	1,821,202	
Retainage payable	<u>310,663</u>	
		<u>28,885,172</u>
Net Investment in Capital Assets/Right to Use Assets		<u><u>\$ 80,505,608</u></u>

Supplementary Information
WATERLOO CENTRAL SCHOOL DISTRICT, NEW YORK
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2024

<u>Grantor / Pass - Through Agency</u> <u>Federal Award Cluster / Program</u>	<u>Assistance</u> <u>Listing</u> <u>Number</u>	<u>Grantor</u> <u>Number</u>	<u>Pass-Through</u> <u>Agency</u> <u>Number</u>	<u>Total</u> <u>Expenditures</u>
<u>U.S. Department of Education:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Special Education Cluster IDEA -</u>				
Special Education - Grants to States (IDEA, Part B)	84.027	N/A	0032-24-0851	469,189
States (IDEA, Part B)-COVID-19	84.027X	N/A	5532-22-0851	3,840
ARP Special Education - Preschool				
Grants (IDEA Preschool)-COVID-19	84.173X	N/A	5533-22-0851	6,738
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-23-0851	338
Special Education - Preschool Grants (IDEA Preschool)	84.173	N/A	0033-24-0851	27,696
Total Special Education Cluster IDEA				\$ 507,801
<u>Education Stabilization Fund -</u>				
ARP - ESSER III-COVID-19	84.425U	N/A	5880-21-2825	\$ 2,248,093
ARP - SLR Summer Enrichment-COVID-19	84.425U	N/A	5882-21-2825	3,485
ARP - SLR Comprehensive Learning-COVID-19	84.425U	N/A	5883-21-2825	132,064
ARP - SLR Learning Loss-COVID-19	84.425U	N/A	5884-21-2825	829,042
ARP - Homeless Youth-COVID-19	84.425U	N/A	5218-21-2825	7,100
CRRSA - ESSER II-COVID-19	84.425D	N/A	5891-21-2825	162,664
Total Education Stabilization Fund				\$ 3,382,448
Title IIA - Supporting Effective Instruction State Grant	84.367	N/A	0147-24-2825	34,269
Title IV - Student Support and Enrichment Program	84.424	N/A	0204-23-2825	17,698
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-23-2825	13,254
Title I - Grants to Local Educational Agencies	84.010	N/A	0021-24-2825	494,520
Total U.S. Department of Education				\$ 4,449,990
<u>Federal Communications Commission:</u>				
<u>Passed Through Wayne Finger Lakes BOCES-</u>				
ARP - Emergency Connectivity Funds	32.009	N/A	439000000000	\$ 3,909
Total Federal Communications Commission				\$ 3,909
<u>U.S. Department of Agriculture:</u>				
<u>Passed Through NYS Education Department -</u>				
<u>Child Nutrition Cluster -</u>				
National School Lunch Program	10.555	N/A	561006060000	\$ 585,514
Supply Chain Assistance-COVID-19	10.555	N/A	561006060000	64,372
National School Lunch Program-Non-Cash				
Assistance (Commodities)	10.555	N/A	561006060000	71,275
National School Breakfast Program	10.553	N/A	561006060000	170,021
Summer Food Service Program	10.559	N/A	561006060000	14,246
Total Child Nutrition Cluster				\$ 905,428
Local Food for Schools Program	10.185	N/A	561006060000	5,782
ARPA - CN Equipment Assistance Grants	10579	N/A	5805-23-0084	5,881
Total U.S. Department of Agriculture				\$ 917,091
TOTAL EXPENDITURES OF FEDERAL AWARDS				\$ 5,370,990



BUSINESS
ADVISORS
AND CPAS

**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***

Independent Auditors' Report

To the Board of Education
Waterloo Central School District, New York

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 the Waterloo 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 District's basic financial statements, and have issued our report thereon dated October 11, 2024.

Report on Internal Control over Financial Reporting

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

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

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Waterloo 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 District's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Mengel, Metzger, Barw & Co. LLP

Rochester, New York
October 11, 2024

FORM OF BOND COUNSEL’S OPINION

LAW OFFICES

OF

Timothy R. McGill

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FAIRPORT, NEW YORK 14450

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Paralegal

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July 30, 2025

Board of Education of the
Waterloo Central School District
Seneca County, New York

Re: ***Waterloo Central School District, Seneca County, New York***
\$10,000,000 Bond Anticipation Notes, 2025

Dear Board Members:

I have examined a record of proceedings relating to the issuance of \$10,000,000 aggregate principal amount of Bond Anticipation Notes, 2025 of the Waterloo Central School District, a school district of the State of New York. The Notes are [registered to _____ / in book-entry-only form registered to “Cede & Co.,”] are dated July 30, 2025, are numbered 2025A-_____, bear interest at the rate of _____ per centum (____%) per annum payable at maturity, mature July 30, 2026, and are issued pursuant to the Local Finance Law of the State of New York and a bond resolution adopted February 27, 2023. The propositions approving the matters set forth in the bond resolutions were approved by the voters of the School District on February 7, 2023. The Notes are not subject to redemption prior to maturity. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In my opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors’ rights, the Notes are valid and legally binding obligations of the Waterloo Central School District, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the School District without limitation as to rate or amount.

The School District has covenanted to comply with any requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be met subsequent to the issuance of the Notes in order that interest thereon be and remain excludable from gross income under the Code. In my opinion, under the existing statute, regulations and court decisions, interest on the Notes is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code and will continue to be so excluded if the School District continuously complies with such covenant; and under the Code, interest on the Notes is not a specific preference item for purposes of the Federal alternative minimum tax; however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. I express no opinion regarding other Federal income tax consequences caused by the receipt or accrual of interest on the Notes. Further, in my opinion, interest on the Notes is exempt from New York State and New York City personal income taxes under existing statutes.

Board of Education of the
Waterloo Central School District
July 30, 2025

Page 2

In rendering the opinions expressed herein, I have assumed the accuracy and truthfulness of all public records, documents and proceedings examined by me 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 I also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings, and such certifications. The scope of my engagement in relation to the issuance of the Note 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 School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of and interest on the Notes as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the School District in relation to the Notes for factual information which, in the judgment of the School District, could materially affect the ability of the School District to pay such principal and interest. While I have participated in the preparation of such Official Statement, I have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, I express no opinion as to whether the School District, in connection with the sale of the Notes, has made any untrue statement of a material fact or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Very truly yours,

Timothy R. McGill, Esq.

TRM: