

OFFICIAL STATEMENT

NEW & RENEWAL

BOND ANTICIPATION NOTES

In the opinion of Bond Counsel under existing statute, regulations and court decisions interest on the Notes is excluded from gross income for Federal income tax purposes, and, under the existing statutes, interest on the Notes is exempt from New York State and New York City personal income taxes. In the opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal alternative minimum tax; however, for tax years beginning after December 31, 2022, 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. See "Tax Exemption" herein.

The District will not designate the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

CHAUTAUQUA LAKE CENTRAL SCHOOL DISTRICT CHAUTAUQUA COUNTY, NEW YORK

\$15,535,000

BOND ANTICIPATION NOTES, 2022B (the "Notes")

Dated Date: December 15, 2022

Maturity Dates: December 15, 2023

The Notes are general obligations of the Chautauqua Lake Central School District, in Chautauqua County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, without limitation as to rate or amount. (See "Tax Levy Limitation Law" herein).

The Notes will be issued as registered notes, and at the option of the purchaser, may be registered to The Depository Trust Company ("DTC" or the "Securities Depository") or may be registered in the name of the purchaser(s).

If the Notes will be issued as registered Notes, the Notes will be registered in the name of Cede & Co., as nominee of the DTC, New York, New York. DTC will act as securities depository for the Notes. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Notes. Payment of the principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial Owners of the Notes as described herein. See "Book-Entry Only System" herein.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder(s). In such case, the Notes will be issued in registered form in denominations of \$5,000, or multiples thereof, as may be determined by such successful bidder(s).

The Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the final approving opinion of Timothy R. McGill, Esq., Fairport, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the offices of DTC in New York, New York or at such place as may be agreed upon with the Purchaser on or about December 15, 2022.

The Notes are dated December 15, 2022 and will bear interest from that date until December 15, 2023, the maturity date. The Notes are NOT subject to redemption prior to maturity.

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

Dated: November 22, 2022

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information 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 since the date hereof.

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APPENDIX B – FINANCIAL SUMMARY

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**CHAUTAUQUA LAKE SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK**

BOARD OF EDUCATION

Amy Webb
PRESIDENT

Michael Ludwig..... Vice President
Travis Bensink..... Board Member
Andrea Munsee-Wellman..... Board Member
Melissa Putney..... Board Member
Kenneth Shearer..... Board Member
Zach Stahlsmith..... Board Member

Dr. Joshua Liddell..... Superintendent of Schools
Jackson Graham Business Administrator

BOND COUNSEL

**Timothy R. McGill, Esq.
Fairport, New York**

MUNICIPAL ADVISOR

CAPITAL MARKETS ADVISORS, LLC

**Orchard Park, New York ♦ New York, New York ♦ Great Neck, New York
Elmira, New York ♦ Hopewell Junction, New York**

OFFICIAL STATEMENT

**CHAUTAUQUA LAKE CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK**

Relating to

**\$15,535,000 BOND ANTICIPATION NOTES, 2022B
(the "Notes")**

This Official Statement (the "Official Statement"), which includes the cover page, inside cover page, and appendices hereto, presents certain information relating to the Chautauqua Lake Central School District, in Chautauqua County, in the State of New York (the "District," "County" and "State," respectively), in connection with the sale of \$15,535,000 Bond Anticipation Notes, 2022B (the "Notes").

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 form of the Notes and such proceedings.

The School District is unable to identify and state herein all of the direct or indirect effects, if any, of the COVID-19 pandemic on the School District or on the fair market value, at any time, of the Bonds.

THE NOTES

Description

The Notes are dated December 15, 2022 and will bear interest from that date until maturity on December 15, 2023 at the annual rate or rates specified by the purchaser. The Notes will not be subject to redemption prior to maturity.

If the Notes will be issued as registered Notes, the Notes will be registered in the name of Cede & Co., as nominee of the DTC, New York, New York. DTC will act as securities depository for the Notes. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Notes. Payment of the principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial Owners of the Notes as described herein. See "Book-Entry Only System" herein.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company(ies) located and authorized to do business in the State of New York as may be selected by the successful bidder(s). In such case, the Notes will be issued in registered form in denominations of \$5,000, or multiples thereof, as may be determined by such successful bidder(s).

Authority for and Purpose of Issue

The Notes are issued pursuant to the Constitution and Laws of the State, including the Local Finance Law, the Education Law and bond resolution duly adopted by the Board of Education of the District on December 16, 2020, authorizing the District to issue bonds or bond anticipation notes in an amount not to exceed \$16,150,000 for a capital improvement project. A portion of the proceeds of the Notes along with \$290,000 in budgetary appropriations will redeem and renew \$13,705,000 of the bond anticipation Notes maturing December 16, 2022. A portion of the Notes will provide original financing in the amount of \$2,120,000.

Nature of Obligation

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

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. For the payment of such principal and interest the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount. (See “Tax Levy Limitation Law” herein.)

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 the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor.

Book-Entry Only System

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

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each bond (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the 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 the 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. Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the County as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, 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 or the District, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the 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, bond certificates are required to be printed and delivered.

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

THE INFORMATION IN THIS SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT BELIEVES TO BE RELIABLE, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF.

Source: The Depository Trust Company

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Upon the delivery of the Notes, the Purchaser will be furnished with the following items: (i) a Certificate of the President of the Board of Education to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does 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, and further stating that there has been no adverse material change in the financial condition of the District since the date of this Official Statement to the date of issuance of the Notes; and having attached thereto a copy of this Official Statement; and (ii) a Closing Certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the

proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the District nor the title of the signer to his office is being contested, and (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded, and (iii) an Arbitrage Certificate executed by the President of the Board of Education, as described under "Tax Matters" herein.

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND SCHOOL DISTRICTS OF THE STATE

The financial 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, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act 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 at 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 the State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in this year or future years, the District may be affected by a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available, therefore. Further, the availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the novel coronavirus ("COVID-19") outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available, therefore. (See "State Aid" and "Recent Events Affecting New York School Districts" in APPENDIX A hereto).

An outbreak of disease or similar public health threat, such as COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Currently, the spread of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread globally, including to the United States, and has been declared a pandemic by the World Health Organization. The outbreak of the disease has affected travel, commerce and financial markets globally and is widely expected to affect economic growth worldwide. The current outbreak has caused the Federal government to declare a national state of emergency. The State has also declared a state of emergency and the Governor has taken steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses. The outbreak of COVID-19 and the dramatic steps taken by the State to address it are expected to negatively impact the State's economy and financial condition. The full impact of COVID-19 upon the State is not expected to be known for some time. Similarly, the degree of the impact to the District's operations and finances is extremely difficult to predict due to the dynamic nature of the COVID-19 outbreak, including uncertainties relating to its (i) duration, and (ii) severity, as well as with regard to what actions may be taken by governmental and other health care authorities, including the State, to contain or mitigate its impact. The continued spread of the outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. The District is monitoring the situation and will take such proactive measures as may be required to maintain its operations and meet its obligations. (See "State Aid" and "Recent Events Affecting New York School Districts" in APPENDIX A hereto).

Should the District fail to receive monies expected from the State in the amounts and at the times expected, the District is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

TAX MATTERS

In the opinion of Timothy R. McGill, Esq. (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is excluded from adjusted gross income for purposes of personal income taxes imposed by the State of New York and The City of New York. Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the Federal alternative tax; however, for tax years beginning after December 31, 2022, 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. Bond Counsel expresses no opinion regarding other federal income tax consequences caused by the receipt or accrual of interest on the Notes.

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

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

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

In particular, no opinion is expressed, or may be inferred, with respect to the direct or indirect effect of the COVID-19 pandemic and the federal, state and local government and private industry responses thereto (i) on the financial condition of the School District, or (ii) on the market price and fair market value of the Notes at initial issuance or at any time thereafter.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Timothy R. McGill, Esq., Bond Counsel.

In particular, no opinion is expressed, or may be inferred, with respect to the direct or indirect effect of the COVID-19 pandemic and the federal, state and local government and private industry responses thereto (i)

on the financial condition of the School District, or (ii) on the market price and fair market value of the Bonds at initial issuance or at any time thereafter.

DISCLOSURE UNDERTAKING

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "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 Note is outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Note:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) 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 Note
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note, if material
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the County, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the County, any of which reflect financial difficulties.

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

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

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

court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

All notices provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB. There is no obligated person under the Rule other than the School District.

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 may be considered material with respect to the Note; 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 Note 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 Note (including holders of beneficial interests in the Note). The right of holders of the Note to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the 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 Note nor entitle any holder of the Note 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.

Prior Disclosure History

For the past five years, the District has compiled, in all material respects, with its continuing disclosure undertakings to provide audited annual financial statements and statements of annual financial information.

RATING

The District is awaiting a rating on the Notes from Standard and Poor's Corporation.

Standard and Poor's Corporation has currently assigned a rating of “A+” to the uninsured outstanding bonded indebtedness of the District.

Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following addresses: Standard & Poor's Corporation, 55 Water Street, New York, New York 10041. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any of the rating may have an adverse effect on the market price of the Notes.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as Municipal Advisor to the District in connection with the sale of the Notes.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from the District's Business Administrator, Mr. Jackson Graham, 100 North Erie Street, Mayville, NY 14757, phone: (716) 753-5800, email: jgraham@clake.org, or from the District's Financial Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the District and the original purchasers or holders of any of the Notes.

This 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.

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.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. 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. Capital Markets Advisors 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 Capital Markets Advisors assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors 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. Capital Markets Advisors and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement has been duly executed and delivered by the President of the Board of Education.

CHAUTAUQUA LAKE CENTRAL SCHOOL DISTRICT

By: /s/ Amy Webb
Amy Webb
President of the Board of Education

Dated: November 22, 2022

APPENDIX A

THE DISTRICT

General Information

The Chautauqua Lake Central School District was formed on July 1, 1996 when the former Mayville Central School District and Chautauqua Central School District merged. The District is located in the Towns of Chautauqua, Ellery, North Harmony, Portland, Stockton and Westfield all within Chautauqua County. The District covers approximately 105 square miles and has an estimated population of 5,000.

The District is located in the extreme southwestern corner of New York State. The City of Buffalo lies approximately 70 miles to the northeast, while the City of Jamestown lies approximately 20 miles to the southeast. The School District is predominately rural/residential in character with some commercial facilities and agricultural production.

Major highways serving the District include State Highways 394 and 17 (I-86), which connect the School District with Interstate Highway 90. Bus and rail service are available in the City of Jamestown, while air transportation is available in Jamestown and Buffalo.

The Village of Mayville provides public water to a limited area, while outlying areas use private wells. Sewer is provided by the North Chautauqua Sewer District and private septic systems. Electricity is provided by National Grid Power Corporation and natural gas by National Fuel Gas Distribution Company. Alltel and C & E Telephone provide telephone service. The County Sheriff's Department and the New York State Police provide police protection. Various volunteer companies provide fire protection and ambulance service.

The District provides public education for grades Pre-K-12. Opportunities for higher education are available at the many colleges and universities in the Buffalo and Jamestown areas.

Commercial and financial services are located in the Village of Mayville, the county seat of Chautauqua County, as well as in nearby Jamestown and Dunkirk. Banking services are provided by M&T Bank, Community Bank N.A., and KeyBank, N.A.

Cultural facilities are available at the Chautauqua Institution, which attracts approximately 10,000 seasonal residents to the area. Recreational opportunities abound along the shoreline of Chautauqua Lake.

District Organization

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

The legislative power of the District is vested in the Board of Education (the "Board"). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board. Board members are generally elected for a term of three years.

In early July of each year, the Board meets for the purposes of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Business Manager/Clerk and District Treasurer.

The major administrative officers of the District, whose duty it is to implement the policies of the Board and who are appointed by the Board, include the Superintendent of Schools, the District Business Administrator and the District Treasurer.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Business Administrator and the District Treasurer.

Budgetary Procedure

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. Under current law, the budget is submitted to voter referendum on the third Tuesday of May each year. Summaries of the District's adopted budgets for the current and previous fiscal year may be found in Appendix B, herein.

The voters approved the District's 2022-23 budget on May 17, 2022.

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and financial statements prepared in accordance with generally accepted accounting principals are available for public inspection upon request. A copy of the District's most recent audited financial statement is contained in Appendix C herein.

School Enrollment Trends

The following table presents actual and projected school enrollment trends for the District.

TABLE 1
School Enrollment Trends

<u>Fiscal Year</u>	<u>Actual Enrollment</u>	<u>Fiscal Year</u>	<u>Projected Enrollment</u>
2020-21	890	2023-24	855
2021-22	857	2024-25	850
2022-23	859	2025-26	850

Source: District Officials.

District Facilities

The District operates the following facilities; statistics relating to each are shown below.

TABLE 2
District Facilities

<u>Names</u>	<u>Grades</u>	<u>Building Capacity</u>
Secondary School	7-12	994
Elementary School	Pre K - 6	<u>1,134</u>
	Total:	<u>2,128</u>

Employees

The District provides services through both full-time and part-time employees, all of whom are represented by the following units of organized labor.

TABLE 3
Employees

<u>Number of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
104	Chautauqua Lake CSD Teachers Association	6/30/27
52	Chautauqua Lake CSD Support Staff	6/30/27

Source: District Officials.

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the School District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York and Local Employees’ Retirement System (“ERS”).

Teachers and certified administrators are members of the New York State Teachers’ Retirement System (“TRS”). Payments to the Retirement System are deducted from the School District’s State aid payments.

Both the ERS and the TRS (together, the “Retirement Systems”) are non-contributing with respect to members hired prior to July 27, 1976. The Retirement Systems are non-contributory with respect to members working ten or more years. All members working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs.

The following table details the actual contributions to ERS and TRS for the past three audited fiscal years and the current budgeted year:

	<u>TRS</u>	<u>ERS</u>
2023 <i>Budget</i>	\$860,984	\$281,723
2022	680,199	364,884
2021	666,816	324,285
2020	628,388	318,383

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 the 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.

Due to recent poor performance of the investment portfolio of the State Retirement System (“SRS”), New York State Comptroller Thomas DiNapoli has announced that the employer contribution rates for required pension contributions to the SRS in 2011 and subsequent years will increase. To help mitigate the impact of such increases, legislation has been enacted that permits local governments and school district to amortize a portion of such contributions. Under such new legislation, local governments and school district that choose to amortize will be required to set aside and reserve funds with the SRS for certain future rate increases. The District is currently not amortizing their pension contributions.

Under the new system, a contribution for a given fiscal year will be based on the valuation of the pension fund on the prior April 1 of the calendar year proceeding 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.

On December 10, 2009, the Governor signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than \$35 billion in long-term savings to State taxpayers over the next thirty years. The legislation creates 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 of which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38 percent for any civilian who retires prior to age 62.
- Requiring employees to continue contributing three percent of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from five years to 10 years.
- 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 percent of non-overtime wages.

Members of the NYS Teachers Retirement System will have a separate Tier V benefit structure that will achieve equivalent savings as other civilian public employees. It includes:

- Raising the minimum age an individual can retire without penalty from 55 to 57 years.
- Contributing 3.5 percent of their annual wages to pension costs rather than 3.0 percent and continuing this increased contribution so long as they accumulate additional pension credits.
- Increasing the two percent multiplier threshold for final pension calculations from 20 to 25 years.

In accordance with constitutional requirements, these new pension reforms would apply only to public employees hired in the future.

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, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. Under the previous method, the District was unsure of how much it paid to the system until after its budget was implemented. Under the current method the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the District will be able to more accurately include the cost of the contribution into its budget. The reform legislation also (i) required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible and (ii) moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004.

The New York State ERS rate for the 2021-22 ERS rate was 16.2%. The 2022-23 ERS decreased to 11.6%. The 2023-24 ERS is estimated to be 13.1% The 2021-22 TRS rate was 9.8%. The 2022-23 TRS rate is 10.3%.

Due to poor performance of the investment portfolio of the State Retirement System, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rates for required pension contributions to the SRS will continue to increase. To help mitigate the impact of their ERS increases, legislation has been enacted that permits local governments and school district to amortize a portion of such contributions. Under such legislation, local governments and school district that choose to amortize a portion of their ERS contributions will be required to set aside and reserve funds with the SRS for certain future rate increases.

In Spring 2013, the State and TRS approved a Stable Contribution Option ("SCO") that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). ERS followed suit and modified its existing SCO, which was adopted in 2010. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. The plan, which was approved in Governor Cuomo's 2014-15 budget would

let districts contribute 14.13% of employee costs toward pensions. The District has not opted into the pension smoothing plan.

The TRS SCO deferral plan is available to school districts for the next 7 years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan.

The plan, which was approved in Governor Cuomo’s 2017-18 budget would let districts contribute 14.13% of employee costs toward pensions. The District has not opted into the pension smoothing plan.

Other Post-Employment Benefits

It should also be noted that the District provides post-retirement 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 will require governmental entities, such as the District, to account for post-retirement healthcare benefits as it accounts for vested pension benefits.

GASB 75 and OPEB.

For the fiscal year ended June 30, 2020 the District implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. The implementation of this statement requires District’s to report Other Post-Employment Benefits (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 other postemployment benefit obligation. However, under GASB 45 Districts could amortize the OPEB liability over a period of years.

The actuarial assumptions used in the July 1, 2022 valuation represent a long-term expectation of future OPEB outcomes.

Changes in the Total OPEB Liability

Service Cost	\$38,136
Interest	19,578
Differences between expected and actual experience	(21,878)
Changes in assumptions	15,621
Benefit payments	<u>(62,649)</u>
Net changes	(11,192)
Net OPEB liability - beginning of the year	<u>728,981</u>
Net OPEB obligation – end of year	<u>\$717,789</u>

Source: 2022 Audited Financial Statements.

Investment Policy/Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the “GML”), the District is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit,

in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) 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; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those bonds issued by the District; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Board of Education had adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30, 2019 is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Real Property Taxes

The District derives a major portion of its revenues from a tax on real property (see “Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund” in Appendix B, herein). Property taxes accounted for 55.6% of total general fund revenues for the fiscal year ended June 30, 2022, while State aid accounted for 37.7%.

The following table sets forth total general fund revenues and real property tax revenues during the last five audited fiscal years and the amount budgeted for the prior and current fiscal years.

TABLE 4
Property Taxes

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Total</u> <u>Revenues</u>	<u>Real Property</u> <u>Taxes</u> ⁽¹⁾	<u>Real Property</u> <u>Tax Revenues to</u> <u>Revenues</u>
2018	\$21,692,235	\$11,537,845	53.2%
2019	21,817,066	11,813,748	54.1%
2020	22,416,093	12,046,896	53.7%
2021	22,689,400	12,348,578	54.4%
2022	22,533,011	12,528,081	55.6%
2023 <i>(Budgeted)</i>	22,555,665	12,543,535	55.6%

(1) General Fund only.

Source: Audited Financial Statements and Adopted Budget of the District.

State Aid

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

The following table sets forth total general fund revenues and State aid revenues during the last five audited fiscal years and the amount budgeted for the prior and current fiscal year.

TABLE 5
State Aid

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Total</u> <u>Revenues</u>	<u>Total</u> <u>State Aid</u>	<u>Total Revenues</u> <u>Consisting of State Aid</u>
2018	\$21,692,235	\$8,145,848	37.6%
2019	21,817,066	8,112,981	37.2%
2020	22,416,093	8,662,527	38.6%
2021	22,689,400	8,266,787	36.4%
2022	22,533,011	8,502,553	37.7%
2023 (<i>Budgeted</i>)	22,555,665	8,419,610	37.3%

Source: Audited Financial Statements and Adopted Budget of the District.

The District also receives a portion of its revenues in the form of State aid. However, there is no assurance that the State appropriation for State aid to school districts will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which 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.

In addition to the amount of State Aid budgeted by the District, the State is expected to make payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR (see “STAR-School Tax Exemption”) Program. The District expects to receive timely receipt of STAR aid for the current fiscal year.

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity (“CFE”) 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.

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 (“NYSER”) v. State of New York*. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the “foundation aid” formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. It is not possible to predict the outcome of this litigation.

While the increases in State aid following this case have been targeted to high needs schools and other schools did share in the overall increase of State aid. The District is unable to predict whether this pattern of distribution will continue beyond that which is included in later legislation dealing with foundation aid. Increased State aid for New York City schools and other high needs schools may result in reductions in the future of State aid to certain school districts, including the District.

In any event, the outcome of this matter will not affect the validity of any obligations issued by the District, including the Notes, nor the ability of the District to levy taxes on the taxable real property in the District to pay the Notes and the interest thereon as the same shall become due and payable.

The Gap Elimination Adjustment (“GEA”) law was first introduced for the 2010-11 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under legislation, a portion of the funding shortfall at the state level is divided among all school districts throughout the State and reflected as a reduction in school district state aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. Since the program began, the GEA and Deficit Reduction Assessment reduction in State aid for the District has amounted to approximately \$644,985 annually. As a result, the District has been forced to reduce programs, services, and staff accordingly. Beginning in the 2014-15 fiscal year, the State made modest restorations to the GEA. In the 2014-15 fiscal year, the GEA was reduced by \$400,881, dropping the total GEA to \$244,104. In the 2015-16 fiscal year, it has been further reduced by \$179,929, yielding a remaining GEA of \$64,175. In the 2016-17 fiscal year, the GEA was eliminated.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is \$521,122.

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

No delay in payment of State aid for the District's 2022-23 fiscal year is presently anticipated, although no assurance can be given that there will not be a delay in payment thereof. Should the District fail to receive monies expected from the State in the amounts and at the times expected, the District is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

If the State should experience difficulty in borrowing funds in anticipation of the receipt of the State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in this year or future years, the District may be affected by a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

Other Revenues

In addition to property taxes and State Aid, the District receives other revenues from miscellaneous sources as shown in Appendix B.

Recent Events Affecting New York School Districts

School district fiscal year (2017-18): The State budget included an increase of \$1.1 billion in State Aid to school districts, including a \$700 million increase in Foundation Aid. The budget included School Aid spending of \$25.8 billion, an increase of 4.4% from the prior fiscal year.

School district fiscal year (2018-19): The State budget increased Education Aid by \$1 billion, including a \$619 million increase in Foundation Aid, without revision to the formula, bringing the new Education Aid total to \$26.7 billion or an increase of 3.9 percent.

School district fiscal year (2019-20): The budget increased Education aid by more than \$1 billion which included a \$618 million dollar increase in Foundation Aid. The new Education Aid total was \$27.9 billion — an increase of 3.8%. The budget directed a majority of such additional funding (over 70%) to the State's more economically disadvantaged school districts.

School district fiscal year (2020-2021): Due to the below-described decrease in State revenues as a result of the COVID-19 pandemic, the State budget includes an increase of only \$95 million in State Aid (0.035% increase from the prior budget year), and Foundation Aid remains the same as the 2019-2020 fiscal year. While the budget actually includes a decrease in State aid (referred to as a “Pandemic Adjustment”), the decrease in State aid will be fully offset by the State’s allocation of federal stimulus funds. Absent the federal stimulus funds, there would have been a \$1.127 billion decrease in State aid from the 2019-2020 year.

It should be noted that the City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State has suffered (and expects to continue to suffer) significant revenue shortfalls and unanticipated expenses. At the time that the State budget was being finalized in early April, the Budget Director estimated that, due to COVID-19, the State would suffer an anticipated budget gap of \$10-\$15 billion in the coming year.

To mitigate a potential budget gap, the State’s adopted budget for the fiscal year ending March 31, 2021 allows the State to reduce expenditures (including aid to local school districts and municipalities) if, during certain defined periods in 2020 (i.e., April 1 - April 30, May 1- June 30, and July 1 - December 31), tax receipts are lower than anticipated or disbursements from the State’s general fund are higher than anticipated. In such a scenario, the State Budget Director will develop a plan to make spending reductions. The State Budget Director’s plan would take effect automatically unless the Legislature passes its own plan within ten days. It is theoretically possible for such reductions to later be restored under certain circumstances.

On April 25, 2020, the State Division of the Budget (the “DOB”) announced the release of the State’s Fiscal Year 2021 Enacted State Budget Financial Plan (the “Financial Plan”), which projected a \$13.3 billion (14%) shortfall in State revenues from the Executive Budget Forecast that was released in January and estimated a \$61 billion decline through Fiscal Year 2024 as a direct consequence of the COVID-19 pandemic. As a result, in the absence of Federal assistance, initial budget control actions outlined in the Financial Plan will reduce spending by \$10.1 billion from the Executive Budget. This represents a \$7.3 billion reduction in State spending from FY 2020 levels.

On August 13, 2020, the DOB released a first quarter update to the Financial Plan, with a revised projection of a \$14.5 billion shortfall, over \$1 billion more than was projected in April. The updated Financial Plan also noted that, in the absence of additional federal aid, the DOB began withholding 20 percent of most local aid payments in June, pursuant to the withholding authority granted in the fiscal year 2021 enacted budget. As of the date of this Official Statement, the DOB has not converted such withholds to permanent reductions, but the DOB has stated that such a conversion may be made depending on the size and timing of new federal aid, if any.

Negotiations for additional federal aid have stalled; therefore, the extent of future COVID-19-related direct federal financial relief, if any, to states, localities and school districts cannot be predicted. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

See “COVID-19,” herein, for further details on such pandemic and its effects on the State.

School district fiscal year (2022-23): The Governor’s Enacted budget provides \$31.5 billion in School Aid for the 2022-23 fiscal year, an increase of \$2.1 billion (7.2 percent) from \$29.1 billion 2021-22. Foundation Aid is increased by \$1.5 billion (7.7% increase). This is the second year of the Foundation Aid Formulation, a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State’s commitments from the Campaign for Fiscal Equity case from the early 2000s. The budget continues the expansion of full-day prekindergarten that will provide funding to 200 school districts with an increase of \$125 million from the 2022-23 fiscal year, and increase of 13%. The Budget also includes \$451 million increase in all other School Aid programs.

The Enacted Budget for the 2022-23 fiscal year provides \$8.53 million of State Aid to the District, a 0.31% decrease from the District’s 2021-22 school year.

The School District presently anticipates a decrease in its State Aid for its 2022-2023 fiscal year in an amount of \$26,475.

It should also be noted that the School District receives federal aid for certain programs. In its last audited fiscal year, the School District received \$28,451 in such direct federal aid. It is not possible to predict whether such aid will continue in the future, or if continued, whether it will be funded at present levels.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the District's 2022-23 fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

The State Comptroller's Fiscal Stress Monitoring System

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

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

The most current applicable report of the State Comptroller designates the District as "No Designation" (see <https://www.osc.state.ny.us/files/local-government/fiscal-monitoring/pdf/2021-school-summary-list.pdf>).

New York State Comptroller's Audit

Many school districts throughout the state can be subject to an audit of the New York State Office of the Comptroller ("OSC") pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law.

On May 27, 2016, OSC, Division of Local Government and School Accountability released an audit of the District to review the District's nonresident tuition billing procedures for the period July 1, 2013 through November 19, 2015. The audit found that the District under-billed the Ripley Central School District according to the contract, one non-resident student was not billed for tuition costs, and that District officials had not regularly review and monitor the tuition rate being charged in comparison to net costs per student and the State-calculated tuition rate. The audit recommended that the District regularly monitor the tuition rate being charged and clarify and update its policy related to determining the residency of students, including the requirements for allowing students to attend tuition-free.

The link to the most recent OSC report is as follows:

<https://www.osc.state.ny.us/files/local-government/audits/2017-12/lgsa-audit-school-2016-chautauqua-lake.pdf>

The OSC has not conducted any other audits of the District in the past five years.

TAX INFORMATION

Real Property Tax Assessments and Rates

TABLE 6

Real Property Tax Assessments and Rates

(Fiscal Years Ending June 30:)

Roll Year:	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Tax Year:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Town of Chautauqua					
Assessed Value	\$1,024,915,090	\$1,029,087,347	\$1,035,234,739	\$1,170,847,088	\$1,178,620,302
Equalization Rate (2)	100.00%	98.35%	92.80%	100.00%	99.00%
Full Value	1,024,915,090	1,046,352,158	1,115,554,676	1,170,847,088	1,190,525,558
Tax Rate (1)	9.3116	9.40166	9.614304	8.633068	8.436718
Town of Ellery					
Assessed Value	19,771,761	20,063,974	20,241,359	20,323,086	20,317,478
Equalization Rate (2)	93.50%	90.00%	90.00%	89.00%	78.60%
Full Value	21,146,268	22,293,304	22,490,399	22,834,928	25,849,209
Tax Rate (1)	9.9588	10.273925	9.613415	9.700076	9.00523
Town of North Harmony					
Assessed Value	197,799,737	198,136,551	199,297,024	200,705,523	202,483,258
Equalization Rate (2)	98.80%	93.75%	89.80%	86.50%	76.20%
Full Value	200,202,163	211,345,654	221,934,325	232,029,506	265,726,060
Tax Rate (1)	9.4246	9.862968	9.935494	9.980425	10.96109
Town of Portland					
Assessed Value	3,837,987	3,903,361	3,940,087	3,928,811	3,983,153
Equalization Rate (2)	55.00%	55.00%	51.00%	47.00%	45.00%
Full Value	6,978,158	7,097,020	7,725,661	8,359,172	8,851,451
Tax Rate (1)	16.9301	16.811877	17.494262	18.368229	18.560779
Town of Stockton					
Assessed Value	8,154,966	8,640,436	8,790,841	8,836,595	10,334,701
Equalization Rate (2)	100.00%	100.00%	100.00%	98.00%	100.00%
Full Value	8,154,966	8,640,436	8,790,841	9,016,934	10,334,701
Tax Rate (1)	9.3115	9.246532	8.922074	8.809253	8.352351
Town of Westfield					
Assessed Value					
Equalization Rate (2)	2,846,926	2,876,084	2,879,231	2,876,119	2,756,435
Full Value	76.00%	76.00%	73.00%	70.00%	66.00%
Tax Rate (1)	3,745,955	3,784,321	3,944,152	4,108,741	4,176,417
	12.2519	12.16649	12.222019	12.332954	12.655077
Total:					
Assessed Value	\$1,257,326,467	\$1,262,707,753	\$1,270,383,281	\$1,407,517,222	\$1,418,495,327
Full Value	\$1,265,142,601	\$1,299,512,893	\$1,380,440,054	\$1,447,196,370	\$1,505,463,395
Tax Levy	\$11,780,380	\$12,015,988	\$12,316,388	\$12,493,744	\$12,541,220

(1) Per \$1,000

(2) The equalization rates shown here were used to apportion the school tax levies and may not be the same as those required for debt limit purposes.

Source: School Officials

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. The District is not subject to constitutional real property taxing limitations. See, however, the discussion below — “Tax Levy Limitation Law,” herein.

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 which five are indirectly subject through their parent city’s tax levy limitation.)

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 now 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 expires on June 15, 2020. 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 would be permitted for taxable real property full valuation increases or 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 could 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 this is an exclusion from the tax levy limitation.

On February 19, 2013, the New York State United Teachers organization filed a lawsuit against the State challenging Chapter 97 of the Laws of 2011 as applied to school districts on multiple federal and state constitutional grounds.

Tax Collection Procedure

The real property taxes of the District are collected by the Town. Such taxes are due on September 6, and may be paid without penalty through October 6. The Town pays to the District the amounts collected on a periodic basis. The penalty on unpaid taxes is 2% from October 6 to October 31 and additional 1% for each month thereafter. On or about November 6, the District files a report of any uncollected District taxes with the County. The County thereafter on or before April pays to the District the full amount of its uncollected taxes. Thus, the full amount of the District’s real property tax levy is collected by the District in the fiscal year of the levy. The County has the power to issue and sell tax anticipation notes to fund the reimbursement of uncollected taxes due to the District.

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

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.

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>
Chautauqua	\$74,900	\$30,000
Ellery	66,660	26,700
North Harmony	64,790	25,950
Portland	35,200	14,100
Stockton*	89,100	35,690
Westfield	52,430	21,000

Date Certified 04/07/2022
**Date Certified 08/02/2022*

The enhanced or basic STAR exemption is the amount that an assessment will be reduced prior to the levy of school taxes. For example, if a home is assessed at \$150,000 and the enhanced STAR exemption for a municipality is \$50,000, the school taxes on the property would be paid on a taxable assessment of \$100,000 (\$150,000 - \$50,000 = \$100,000).

The maximum savings for each of the municipalities within the District for the 2022-23 are as follows:

<u>Towns of:</u>	<u>Basic Maximum Exemption</u>	<u>Enhanced Maximum Exemption</u>
Chautauqua	\$259	\$541
Ellery	262	555
North Harmony	269	566
Portland	277	565
Stockton	264	582
Westfield	270	553

Date Certified 03/29/22

The District received full reimbursement of such exempt taxes from the State during the current fiscal year.

Ten of the Largest Taxpayers

The following table presents the taxable valuations of the District’s ten largest taxpayers on the 2022 Assessment Roll of the District used to levy 2022-2023 taxes.

TABLE 7
Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Taxable Valuation</u> ⁰	<u>% of Taxable Assessed Valuation</u>
Joseph Kanfer Trust	Private	\$7,466,200	0.53%
Chautauqua Hotel Co Inc	Commercial	4,175,000	0.29%
Metzgar, Robert D	Private	3,490,000	0.25%
Kohl, Stewart A	Private	3,345,000	0.24%
Odland, Anne M	Private	2,980,000	0.21%
80 North Lake, LLC	Private	2,344,000	0.17%
Potts, Christine Odell	Private	2,311,000	0.16%
Bly Point LLC	Private	2,457,800	0.17%
Brueck, Felix M	Private	2,023,300	0.14%
Chaut. Regional Properties LLC	Hotel	<u>2,000,000</u>	<u>0.14%</u>
		<u>32,592,300</u>	<u>2.30%</u>

⁽¹⁾ Represents 2.30% of the Town’s 2022 Assessed Valuation of \$1,418,495,327 to levy 2022-23 taxes.

Source: District Officials

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

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 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 period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. 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, bond anticipation notes and capital notes.

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

Statutory Procedure

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

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. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 until the plans and specification for such project have been approved by the Commissioner of Education of the State.

The Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions. Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes previously received by the District.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has complied with such procedure with respect to the bond resolution under which the Notes are being issued.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell such bonds and notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined by such authority.

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is \$150,546,340. This is calculated by taking 10% of the current full value of the taxable real property of the District.

TABLE 8
Statutory Debt Limit and Net Indebtedness

(As of November 22, 2022)

<u>Town</u>	<u>Assessed Valuation</u>	<u>Equalization Rate</u>	<u>Full Valuation</u>
Chautauqua	\$1,178,620,302	99.00%	\$1,190,525,558
Ellery	20,317,478	78.60%	25,849,209
North Harmony	202,483,258	76.20%	265,726,060
Portland	3,983,153	45.00%	8,851,451
Stockton	10,334,701	100.00%	10,334,701
Westfield	2,756,435	66.00%	<u>4,176,417</u>
Total Full Valuation of Taxable Real Property			\$1,505,463,396
Debt Limit (10% of Full Valuation)			\$150,546,340
Outstanding Indebtedness (Principal Only):			
Bonds			\$9,820,000
Bond Anticipation Notes			<u>13,705,000</u>
Gross Indebtedness			\$23,525,000
Less: Exclusions ⁽¹⁾			<u>0</u>
Total Net Indebtedness			<u>\$23,525,000</u>
Net Debt-Contracting Margin			<u>\$127,021,340</u>
Percentage of Debt-Contracting Margin Exhausted			<u>15.63%</u>

⁽¹⁾ In prior years the District received State debt service building aid in a calculated amount of approximately 72.1% of its outstanding bonded indebtedness. Given the new "assumed amortization" of State building aid as provided in Chapter 383 of the Laws of 2001, no assurance can be given regarding the direct or indirect effect that "assumed amortization" will have on the net indebtedness of the District, or the timing or amount of such Building aid in connection with school facilities financed with the proceeds of the issuance of bonds or notes. See also "State Aid" herein.

Remedies Upon Default

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State of New York (the "State") and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, 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 or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note 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 or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes 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 and notes 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 the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes 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 and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes 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 or notes pursuant to said section SFL.

Under current law, provision is made for contract creditors (including the Noteholders) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation servicing 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 current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the District's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a Bondholders remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

In recent times, certain events and legislation affecting remedies on 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 municipalities of the State require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

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 such indebtedness."

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

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

Short-Term Note Indebtedness

Following the issuance of the notes, the District will have \$15,535,000 of outstanding bond anticipation notes that will mature on December 15, 2023.

Outstanding Long-Term Bond Indebtedness

The following table provides information relating to long-term bond indebtedness outstanding at year end for the last five fiscal years.

TABLE 9
Outstanding Long-Term Bond Indebtedness

<u>Fiscal Year Ending June 30:</u>	<u>Total Bonded Debt</u>
2018	\$9,300,000
2019	16,385,000
2020	14,275,000
2021	12,463,413
2022	10,384,831

Source: Audited Financial Statements of the District.

Trend of Capital Indebtedness

The following table sets forth the amount of direct capital indebtedness outstanding for each of the last five fiscal years as of June 30 of each respective year, excluding refunded debt.

TABLE 10
Direct Capital Indebtedness Outstanding
(For Fiscal Year Ending June 30:)

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Bonds	\$9,300,000	\$16,385,000	\$14,275,000	\$12,463,413	\$10,384,831
BANs	<u>9,835,000</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>13,705,000</u>
Total	<u>\$19,135,000</u>	<u>\$16,385,000</u>	<u>\$14,275,000</u>	<u>\$12,463,413</u>	<u>\$24,091,853</u>

Source: Audited Financial Statements of the District.

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The table on the following page presents the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

TABLE 11
Statement of Direct and Overlapping Indebtedness

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of</u>	<u>District Share</u>	<u>Amount Applicable To District</u>
Chautauqua County	\$60,667,313	06/30/22	17.48%	\$10,604,646
Chautauqua Town	3,385,222	12/31/21	98.63%	3,338,844
Ellery Town	134,496	12/31/21	3.82%	5,138
North Harmony Town	537,978	12/31/21	72.73%	391,271
Portland Town	2,559,940	12/31/21	3.32%	84,990
Stockton Town	0	12/31/21	7.33%	0
Westfield Town	939,000	12/31/21	1.19%	11,174
Mayville Village	5,292,000	05/31/21	100.00%	<u>5,292,000</u>
Total Net Overlapping Debt				\$19,728,064
Total Net Direct Debt				<u>\$23,525,000</u>
Net Direct and Overlapping Debt				<u>\$43,448,064</u>

Source: NYS Comptroller's Office

Debt Ratios

The following table presents certain debt ratios relating to the District’s direct and overlapping indebtedness.

TABLE 12
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$23,525,000	\$5,102	1.57%
Net Direct and Overlapping Debt	\$43,253,064	\$9,380	2.88%

⁽¹⁾ The population of the District is currently estimated by District Officials to be 4,611.

⁽²⁾ The District’s full value of taxable real property for 2022 roll year is \$1,501,519,823.

Authorized and Unissued Indebtedness

On December 15, 2020 the qualified voters of the District approved the District to issue bonds or bond anticipation notes in an amount not to exceed \$16,150,000 for a capital improvement project. The District has borrowed \$15,825,000 against this authorization.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District’s outstanding bonded indebtedness (as of November 22, 2022).

TABLE 13
Bond Principal and Interest Maturity Table

<u>Fiscal Year</u> <u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u> ⁽¹⁾	<u>Total</u> <u>Debt Service</u>
2023	\$1,765,000	\$423,560	\$2,188,560
2024	1,170,000	340,213	1,510,213
2025	1,215,000	285,213	1,500,213
2026	1,260,000	226,263	1,486,263
2027	1,145,000	165,163	1,310,163
2028	1,040,000	113,413	1,153,413
2029	615,000	70,913	685,913
2030	460,000	48,300	508,300
2031	460,000	34,500	494,500
2032	460,000	20,700	480,700
2033	<u>230,000</u>	<u>6,900</u>	<u>236,900</u>
Totals:	<u>\$9,820,000</u>	<u>\$1,735,138</u>	<u>\$11,555,138</u>

⁽¹⁾ Columns may be off slightly due to rounding.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The District estimates its population to be approximately 4,611. The following table presents population trends for the Town of Chautauqua (the “Town”), County and State, based upon recent census data. Data provided in the following table is not necessarily representative of the District.

TABLE 14
Population Trend

	<u>2010</u>	<u>2020</u>	<u>Percentage Change 10/20</u>
County	134,905	127,657	(5.6%)
State	19,378,102	20,201,249	4.2%

Source: US Census Bureau

Income

The following table presents median per capita income for the Town, County and State. Data provided in the following table is not necessarily representative of the District.

TABLE 15
Per Capita Income

	<u>2000</u>	<u>2010</u>	<u>2020</u>
County	16,840	21,033	27,061
State	23,402	30,948	40,898

Source: New York State Department of Commerce; New York State Department of Economic Development.

Employment and Unemployment

Employment and unemployment data are not compiled for the District or the Town. The following tables provide information concerning employment and unemployment in the County and State. Data provided in the following tables is not necessarily representative of the District.

TABLE 16
Labor Force
(Thousands)

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
County	56.5	55.9	55.5	53.8	52.8
State	9,838.2	9,842.3	9,880.2	9,575.0	9,441.5

Source: New York State Department Labor, Bureau of Labor Statistics

TABLE 17
Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2017	6.0%	4.6%
2018	5.0%	4.1%
2019	4.5%	3.8%
2020	8.9%	10.0%
2021	5.6%	6.9%

Source: New York State Department Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

TABLE 18
Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
October 2021	4.2%	5.3%
November	3.9%	4.9%
December	3.7%	4.5%
January 2022	4.7%	5.3%
February	4.9%	5.1%
March	4.5%	4.7%
April	3.6%	4.2%
May	3.4%	4.1%
June	3.7%	4.4%
July	4.1%	4.8%
August	4.2%	4.9%
September	3.5%	3.9%

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

Largest Employers

TABLE 19
Largest Employers

<u>Name</u>	<u>Type of Product or Service</u>	<u>Approximate Number of Employees</u>
Chautauqua Institute	Education / Recreational Facility	1,720
Chautauqua County	Municipal Government	673
Chautauqua Lake CSD	Public Education	205
Food Is Good	Retail – Grocery	100

Source: School District Officials.

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.

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

Chautauqua Lake Central School District
Statement of Budgeted Appropriations and Estimated Revenues
General Fund
Fiscal Year Ending June 30:

	Adopted	Budgeted
	<u>2021-2022</u>	<u>2022-2023</u>
<u>Estimated Revenues:</u>		
Real Property Taxes	\$12,493,744	\$12,543,535
Charges For Services	1,115,000	1,137,300
Use of Money & Property	130,000	132,040
Sale of Property & Compensation for Loss	40,000	40,800
Miscellaneous	261,843	267,080
State Aid	8,494,998	8,419,610
Federal Aid	15,000	15,300
Subtotal - Estimated Revenues	<u>22,550,585</u>	<u>22,555,665</u>
Appropriated Fund Balance	<u>1,050,000</u>	<u>1,030,000</u>
Total Est. Revenue and Appropriated Fund Balance	<u><u>\$23,600,585</u></u>	<u><u>\$23,585,665</u></u>
 <u>Estimated Appropriations:</u>		
General Support	\$3,085,919	\$3,182,762
Instruction	11,408,680	11,488,300
Public Safety and Transportation	1,317,119	1,239,121
Community Services	23,750	24,670
Employee Benefits	4,830,643	5,080,000
Interfund Transfers	<u>2,934,474</u>	<u>2,570,812</u>
Total Appropriations	<u><u>\$23,600,585</u></u>	<u><u>\$23,585,665</u></u>

Source: Adopted Budget of the District

Chautauqua Lake Central School District
Comparative Balance Sheet
General Fund
Fiscal Year Ending June 30:

	<u>2021</u>	<u>2022</u>
<u>Assets:</u>		
Receivables:		
Unrestricted	\$3,781,323	\$5,161,240
Restricted	3,233,048	3,983,643
Due from other funds	710,644	1,056,565
State and Federal Aid	361,232	284,854
Due from Other Governments	939,494	555,372
Prepaid Expenses	20,791	20,791
 Total	 \$9,046,532	 \$11,062,465
 <u>Liabilities:</u>		
Accounts Payable	\$117,012	\$493,181
Accrued Liabilities	195,985	203,770
Due to Other Funds	298,319	191,539
Due to Teachers' Retirement Systems	714,376	739,643
Due to Employees' Retirement Systems	84,824	68,433
Total Liabilities	1,410,516	1,696,566
 <u>Fund Equity</u>		
Non-Spendable Fund Balance	20,791	20,791
Restricted Fund Balance	3,233,048	3,983,643
Assigned Fund Balance	1,088,092	1,194,505
Unassigned Fund Balance	3,294,085	4,166,960
Total Fund Equity	7,636,016	9,365,899
 Total Liabilities and Fund Equity	 \$9,046,532	 \$11,062,465

Source: Audited Financial Statements of the District although this summary table itself has not been audited.

Chautauqua Lake Central School District
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Fiscal Year Ending June 30:

Revenues:	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Real Property Taxes and Tax Items	\$11,537,845	\$11,813,748	\$12,046,896	\$12,348,578	\$12,528,081
Use of Money and Property	129,581	191,032	189,919	155,865	150,028
Charges for Services	1,378,022	1,165,972	1,295,386	1,342,598	1,174,857
Sale of Property	263,364	283,088	404	18,740	28,761
Miscellaneous	216,925	234,635	190,543	184,765	120,280
State Sources	8,145,848	8,112,981	8,662,527	8,266,787	8,502,553
Federal Sources	20,650	15,610	30,418	372,067	28,451
Total Revenues	<u>\$21,692,235</u>	<u>\$21,817,066</u>	<u>\$22,416,093</u>	<u>\$22,689,400</u>	<u>\$22,533,011</u>
Expenditures:					
General Support	\$2,783,591	\$2,909,878	\$2,784,109	\$2,785,504	\$2,562,767
Instruction	10,282,210	10,013,882	10,138,431	10,086,365	10,356,618
Pupil Transportation	1,139,491	1,163,981	1,161,489	912,148	1,130,642
Community Service	23,181	20,993	16,142	5,162	19,408
Employee Benefits	4,136,876	4,257,721	3,924,654	3,931,908	4,238,093
Debt Service	0	0	0	0	1,249
Total Expenditures	<u>\$18,365,349</u>	<u>\$18,366,455</u>	<u>\$18,024,825</u>	<u>\$17,721,087</u>	<u>\$18,308,777</u>
Excess Revenues (Expenditures)	3,326,886	3,450,611	4,391,268	4,968,313	4,224,234
Other Sources and (Uses):					
Operating Transfers - Net	<u>(2,258,474)</u>	<u>(2,837,313)</u>	<u>(2,916,544)</u>	<u>(5,533,593)</u>	<u>(2,494,351)</u>
Excess Revenues (Expenditures) and other sources (uses)	1,068,412	613,298	1,474,724	(565,280)	1,729,883
Adjustments	0	0	(1)	0	0
Fund Balance - Beg. of Fiscal Year	<u>5,044,863</u>	<u>6,113,275</u>	<u>6,726,573</u>	<u>8,201,296</u>	<u>7,636,016</u>
Fund Balance - End of Fiscal Year	<u>\$6,113,275</u>	<u>\$6,726,573</u>	<u>\$8,201,296</u>	<u>\$7,636,016</u>	<u>\$9,365,899</u>

Source: Audited Financial Statements of the District although this summary table itself has not been audited.

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2022**

**Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:**

<https://emma.msrb.org/P21634248-P21258295-P21683859.pdf>

**The audited financial statements referenced above are hereby incorporated into the
attached Official Statement.**

*** Such Financial Statements and opinion are intended to be representative only as
of the date thereof. Buffamante Whipple Buttafaro, P.C. has not been requested by
the District to further review and/or update such Financial Statements or opinion in
connection with the preparation and dissemination of this Official Statement.**