

SERIAL BONDS

Rating: See “Rating” herein

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”), as amended. Bond Counsel is also of the opinion that the interest on the Bonds is not treated as an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals. We observe that interest on the Bonds will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See “TAX EXEMPTION” herein.

The Bonds will be designated by the District as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.

CITY SCHOOL DISTRICT OF THE CITY OF LOCKPORT NIAGARA COUNTY, NEW YORK

(the “District”)

\$9,180,000

SCHOOL DISTRICT SERIAL BONDS, 2023

(the “Bonds”)

Date of Issue: April 26, 2023

Date of Maturity: April 15, 2025-2039

The Bonds 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 of and interest on the Bonds and, unless paid from other sources, the Bonds 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 (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York [the “Tax Levy Limitation Law”]; see “TAX INFORMATION-Tax Levy Limitation Law,” herein).

The Bonds will be issued as registered bonds registered to the Depository Trust Company (“DTC” or the “Securities Depository”).

The Bonds will be issued through DTC and registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

The Bonds are dated their date of delivery and will bear interest from that date at the annual rate or rates as specified by the purchaser of the Bonds, payable on April 15, 2024, October 15, 2024 and semi-annually hereafter on April 15 and October 15 in each year until maturity. The Bonds will mature on April 15, 2025 and on April 15 in each year thereafter, as shown on the inside cover page hereof. The Bonds will be subject to optional redemption (See “THE BONDS – Optional Redemption”) herein.

Interest on the Bonds will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. It is anticipated that the Bonds will be available for delivery on or about April 26, 2023.

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 THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER AS MORE FULLY DESCRIBED IN THE NOTICE OF BOND SALE WITH RESPECT TO THE BONDS. UNLESS THE BONDS ARE PURCHASED FOR THE BUYER’S OWN ACCOUNT AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE CERTAIN CONTINUING DISCLOSURE PURSUANT TO THE RULE SEE “DISCLOSURE UNDERTAKING,” HEREIN.

Dated: March 31, 2023

The Bonds will mature on April 15 in each year, as set forth below.

<u>Year</u>	<u>Amount***</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP*</u>	<u>Year</u>	<u>Amount***</u>	<u>Interest</u> <u>Rate</u>	<u>Yield</u>	<u>CUSIP*</u>
2025	\$ 495,000				2033**	\$ 620,000			
2026	505,000				2034**	640,000			
2027	520,000				2035**	660,000			
2028	535,000				2036**	685,000			
2029	555,000				2037**	710,000			
2030	570,000				2038**	735,000			
2031	585,000				2039**	760,000			
2032**	605,000								

* CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Bonds. The District is not responsible for the selection or uses of these CUSIP numbers and no representation is made as to their correctness on the Bonds or as indicated above.

** The Bonds maturing on or after April 15, 2032 are subject to optional redemption prior to maturity. (See “THE BONDS-Optional Redemption” herein.)

*** The aggregate principal amount of the Bonds and the principal maturities thereof are subject to adjustment, following their sale, pursuant to the terms of the accompanying Notice of Bond Sale, to achieve substantially level or declining annual debt service, and to permit the District to comply with applicable provisions of the Code.

**CITY SCHOOL DISTRICT OF THE CITY OF LOCKPORT
NIAGARA COUNTY, NEW YORK**

**Board of Education
2022-2023**

Leslie Tobin
President

John Linderman Vice President
Michael Ferraro..... Secretary
Tracy Caruso..... Board Member
Renee Cheatham Board Member
Heather Hare Board Member
Dr. Martha Kershaw..... Board Member
Sterling Pierce, Jr. Board Member
Kristina Schutt Board Member

Dr. Mathis A. Calvin III..... Superintendent of Schools
Deborah CoderAsst. Superintendent for Finance and Management Services
Nicole Ganz District Treasurer

BOND COUNSEL

**HODGSON RUSS LLP
Buffalo, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(716) 662-3910**

No dealer, broker, salesman or other person has been authorized by the District or the Municipal Advisor to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such 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 Bonds 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 from the District from sources which are believed to be reliable, but it is not to be 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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**OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF
CITY SCHOOL DISTRICT OF THE CITY OF LOCKPORT
NIAGARA COUNTY, NEW YORK**

**\$9,180,000
SCHOOL DISTRICT SERIAL BONDS, 2023
(the “Bonds”)**

This Official Statement (the "Official Statement"), which includes the cover page and appendices hereto, presents certain information relating to the City School District of the City of Lockport, Niagara County, New York (the “District,” “County” and "State," respectively), in connection with the sale of the District’s \$9,180,000 School District Serial Bonds, 2023 (the “Bonds”).

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 Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management’s beliefs as well as assumptions made by, and information currently available to, the District’s management and staff. **This Official Statement should be read with the understanding that the ongoing COVID-19 global pandemic has continued to create, since its inception in the spring of 2020, prevailing economic conditions (at the global, national, State and local levels) that remain uncertain, have been generally negative, and are subject to the potential for rapid change as new variants emerge and as governments and other organizations respond. These conditions are expected to continue for an indefinite period of time. Significant federal and state relief measures that have been enacted since the onset of the pandemic have served to support the operations and finances of the District, but such measures were temporary in nature and are not likely to be extended or renewed, at least to such a large extent. Accordingly, the District’s overall economic situation and outlook (and all of the specific District-related information contained herein) should be carefully reviewed, evaluated and understood in the full light of this unprecedented world-wide and continuing event, the effects of which are extremely difficult to predict and quantify going forward. See “COVID-19,” herein.**

THE BONDS

Description of the Bonds

The Bonds will be issued as registered bonds registered to the Depository Trust Company (“DTC” or the “Securities Depository”).

The Bonds will be issued through DTC and registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Bonds. Individual purchasers will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Bonds will not receive certificates representing their ownership interest in the Bonds. Payments of principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds.

The Bonds are dated their date of delivery and will bear interest from that date at the annual rate or rates as specified by the purchaser of the Bonds, payable on April 15, 2024, October 15, 2024 and semi-annually hereafter on April 15 and October 15 in each year until maturity. The Bonds will mature on April 15, 2025

and on April 15 in each year thereafter, as shown on the inside cover page hereof. The Bonds are subject to optional redemption as described herein (See “THE BONDS – Optional Redemption” herein).

The record date for payment of the principal of and interest on the Bonds will be the last business day of the calendar month immediately preceding each interest payment date.

Authority for and Purpose of the Bonds

The Bonds are issued pursuant to the Constitution and Laws of the State, including the Local Finance Law and the Education Law, and pursuant to a bond resolution that was duly adopted by the Board of Education of the District (the “Board”) on March 24, 2021, and subsequently approved by the qualified voters of the District on December 18, 2021, authorizing the issuance of serial bonds in an amount not to exceed \$19,774,000 for the District to undertake and finance a Capital Improvements Project consisting of the reconstruction and renovation, in part, and the construction of improvements and upgrades to, various District buildings and facilities (and the sites thereof). The proceeds of the Bonds will provide original financing in the amount of \$9,180,000.

Optional Redemption

The Bonds maturing on or before April 15, 2031 will not be subject to redemption prior to maturity. The Bonds maturing on or after April 15, 2032 will be subject to redemption prior to maturity, at the option of the District, on April 15, 2031 or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected at random within a maturity), at par (100%), plus accrued interest to the date of redemption.

The District may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the District shall determine to be in the best interest of the District at the time of such redemption. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected at random (by lot or in any other customary manner of selection as determined by the President of the Board of Education of the District).

Written notice of any such redemption (the “Notice”) shall be given to the registered owner(s) of the Bonds to be redeemed not more than sixty (60) days nor less than thirty (30) days prior to the date set for such redemption. Such Notice will be provided in accordance with the prevailing Depository Trust Company (“DTC”) redemption notification procedure (currently, transmission of the Notice by e-mail to redemptionnotification@dtcc.com, with the date of such email transmission being deemed the date that the Notice was given). In the event that such procedure is modified by DTC, the Notice will be provided in accordance with any new DTC procedure or, in the absence of any DTC procedure, by mailing the Notice by first class mail to the registered owner(s) thereof. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in the Notice, become due and payable, together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

Nature of Obligation

The Bonds, when duly issued and paid for, will constitute a contract between the District and the holder(s) thereof.

The Bonds 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 (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); see “TAX INFORMATION-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 Bonds, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. On June 24, 2011, the Tax Levy Limitation Law was adopted in the State. The Tax Levy Limitation Law established certain limitations on the power of local governments and school districts to increase the property tax levy beyond certain prescribed limits (without following certain prescribed procedures). The Tax Levy Limitation Law had its first application with respect to the District's budget for fiscal year 2012-13. The Tax Levy Limitation Law does make certain allowances for the exclusion of tax levy increases associated with capital expenses by school districts. See "TAX INFORMATION-Tax Levy Limitation Law," herein. Also, certain special protective procedures and remedies available to holders of school district debt remain in place and are not affected by the Tax Levy Limitation Law. See "DISTRICT INDEBTEDNESS—Remedies Upon Default," herein.

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered bonds 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 Bonds 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the Bonds 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC 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 Bonds 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.

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF

OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

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

Source: The Depository Trust Company.

COVID-19

The outbreak of COVID-19, a serious respiratory disease caused by a novel strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020.

Economic Impacts

The outbreak of COVID-19 has drastically affected travel, commerce and financial markets globally. While several vaccines have been developed and are now being deployed world-wide, the full and continuing impact of the pandemic is difficult to predict due to uncertainties regarding its ultimate duration and severity.

Uncertainty regarding the short, medium and long-term effects of the COVID-19 pandemic initially caused extreme volatility across all financial markets, including the primary and secondary markets for municipal bonds. In the United States, Congress and the Federal Reserve took immediate significant steps to backstop those markets and to provide much-needed liquidity, and the markets then generally stabilized. Still, given these conditions, it is possible that the process of trading the Bonds in the secondary market could be affected in ways that are difficult to predict.

Federal Response

The federal government has passed several pieces of legislation in response to the COVID-19 pandemic including the \$2.3 trillion Coronavirus Aid, Relief, and Economic Security (“CARES”) Act of 2020 and the \$1.9 trillion American Rescue Plan Act (“ARP” or the “ARP Act”) of 2021, both of which provide funding for pandemic-related expenses and attempt to address financial stability and liquidity issues through a variety of stimulus measures.

Stimulus Efforts for State and Local Governments: The CARES Act included a \$150 billion Coronavirus Relief Fund, which provided funds to states, tribal governments and local governments with populations exceeding 500,000 (local governments with smaller populations could receive monies from the amount allocated to their state). This money was intended for programs that were necessary expenditures incurred due to the public health emergency resulting from the pandemic. This money was not intended to be used to directly account for revenue shortfalls due to the COVID-19 pandemic, but it could indirectly assist with revenue shortfalls in cases where the expenses that were covered by this fund would otherwise create a further budget shortfall.

The CARES Act also included an Education Stabilization Fund, which provided \$30.75 billion for K-12 and higher education systems. There were three main forms of relief: \$13.2 billion for K-12 schools that was administered on a state-by-state basis, \$14 billion for public and private colleges and universities, and \$3 billion in emergency relief that governors could distribute to schools, colleges and universities that were particularly affected by COVID-19 and the ensuing crisis.

The ARP Act included an additional \$350 billion for states, tribal governments and local governments. Notably, in addition to the uses allowed under the CARES Act, ARP funds can be used to replace revenues lost due to COVID-19 and to make necessary investments in water, sewer or broadband infrastructure. These broader categories allow such governments much more flexibility in utilizing the funds.

The ARP Act also included a total of \$170.3 billion in funding for education, including more than \$122.8 billion for the Elementary and Secondary School Emergency Relief Fund (“ESSER”). The largest portion of such ESSER funds was to be distributed to school districts based on their relative share of Title I funding, but additional moneys were also allocated to help schools address learning time lost by students, after-school and summer enrichment programs, and administration costs.

Municipal Liquidity Facility: The Federal Reserve established a “Municipal Liquidity Facility” (“MLF”) in 2020 that offered up to \$500 billion in direct federal lending to certain larger issuers, which were in turn able to use their own loan proceeds to make loans to included smaller governmental units that would not otherwise qualify for this program. The MLF expired on December 31, 2020. Most municipal issuers did not have to resort to the MLF because rates have been conducive to issuing debt through the conventional municipal bond market; however, it is notable that the MLF existed as a market backstop if needed.

State Response

Executive Orders: Pursuant to emergency powers granted by the State Legislature, former Governor Cuomo and current Governor Hochul have released a number of executive orders in response to the COVID-19 pandemic.

Pursuant to State Executive Order 202.4, every school in the State was directed to close no later than March 18, 2020. While schools were originally ordered closed until April 1, the time period was later extended to May 15, and then through the end of the school year. School districts must normally maintain 180-day in-class attendance for State aid; however, this requirement was waived to the extent attributable to COVID-19 related closures during the 2019-20 school year. Additionally, pursuant to State Executive Orders Nos. 202.13 and 202.26, the school district elections and budget votes that normally would have been held in-person on May 19, 2020 were postponed and conducted by absentee ballot, with such ballots being counted on June 16, 2020.

While initially “non-essential” employees were mandated to work from home, starting on May 15, 2020, regions of the State that met certain criteria were allowed to begin reopening.

As COVID-19 cases began to rise again in the fall of 2020, the State shifted to a strategy based on identifying areas with higher positivity rates and implementing successively higher restrictions in such areas. When COVID-19 cases dropped again, affected areas could be removed from the list. As of March 22, 2021, all remaining location-based restrictions were lifted.

Due to the spread of Delta and Omicron variants in the fall and winter of 2021, the State implemented a mask mandate; however, as of February 9, 2022 such State-wide mandate has been lifted.

Since increased supplies of COVID-19 vaccine have become available, the State has encouraged residents to get vaccinated and, currently, all New Yorkers five years of age or older are eligible to receive a vaccine.

Up-to-date information on the State’s COVID-19 response can be found at <https://forward.ny.gov>. Reference to website implies no warranty of accuracy of information therein.

State Budget: The City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State’s 2019-2020 fiscal year, and continuing during the State’s 2020-2021 and 2021-2022 fiscal years.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June, 2020 the State Division of the Budget (“DOB”) began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State’s 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year was more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts benefitted from a \$1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive in full, by the 2023-2024 fiscal year, the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments also received a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal (VLT) facilities received a full restoration of \$10.3 million in proposed VLT aid cuts.

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

Although both the 2021-2022 and 2022-2023 State budgets contained additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

Legislation Allowing Financial Flexibility for Municipalities and School Districts: On August 24, 2020, former Governor Cuomo signed legislation allowing municipalities and school districts additional financial flexibility in response to the COVID-19 pandemic. Whereas municipalities and school districts in the State typically may only pursue short-term financing for five years, under certain circumstances the new legislation allows note financing for up to an additional two years prior to converting to long-term bonds.

The new legislation also allows municipalities and school districts additional flexibility related to the use of reserve funds or inter-fund transfers for costs associated with COVID-19. The typical mandatory or permissive referendum requirements for the expenditure of funds from a capital reserve fund have been waived for capital costs attributable to the COVID-19 pandemic. Moneys from a capital reserve fund can also be temporarily advanced for operating costs or other costs attributable to the COVID-19 pandemic, so long as such moneys are repaid within five fiscal years, with interest. Additionally, while inter-fund transfers must typically be repaid by the end of the fiscal year in which the transfer is made, inter-fund advances for costs attributable to the COVID-19 pandemic do not need to be repaid until the close of the following fiscal year.

Local Impacts

During the course of the pandemic, the District has seen increased expenditures for personal protective equipment, partitions for all classrooms, cleaning staff and additional technology for students and teachers; much of this spending has been covered by the federal dollars that have made their way to the District under the relief legislation discussed above.

While the continuing and future impacts of COVID-19 on the global, federal, State and local economies cannot be predicted with any certainty, the ongoing pandemic could have a significant adverse effect on the District's finances.

Although the District has not yet experienced any lasting adverse financial effects, it is continuing to monitor this situation and, in the absence of any future relief legislation, will attempt to mitigate any such adverse effects through program cuts or staffing reductions, as may be needed.

MARKET FACTORS

The financial condition of the District as well as the market for the Bonds 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 Bonds. 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 Bonds, could be adversely affected.

Disease outbreaks or similar public health threats could have an adverse impact on the District's financial condition and operating results. The outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, was declared a pandemic by the World Health Organization on March 11, 2020. See "COVID-19" herein for a further discussion of the impacts of the COVID-19 pandemic.

Inflation Reduction Act of 2022

On August 16, 2022, President Biden signed into law the Inflation Reduction Act of 2022 (H.R. 5376). For tax years beginning after 2022, the legislation will impose a minimum tax of 15 percent on the "adjusted financial statement income" of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with at least \$1 billion in average annual earnings, and certain foreign-parented multinational corporations with at least \$100 million in average annual earnings, determine over a three-year period. For this purpose, adjusted financial statement income tax is not reduced for interest earned on tax-exempt obligations. Prospective holders of the Notes that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Notes.

The District is dependent to a substantial degree on financial assistance from the State in the form of State aid. No delay in payment of State aid for the remainder of the District's current fiscal year is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in this year or future years, the District may be affected by such a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Bonds is excluded from gross income of the holders thereof for federal income tax

purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance of the Bonds. We observe that interest on the Bonds will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Such opinion will state that interest on the Bonds is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including the City of New York).

In rendering the foregoing opinion, Hodgson Russ LLP will note that the exclusion of the interest on the Bonds from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code Sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the “Tax Requirements”). In the opinion of Hodgson Russ LLP, the tax certificate that will be executed and delivered by the District in connection with the issuance of the Bonds (the “Certificate”) establishes requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Bonds remains excluded from gross income for federal income tax purposes, include, but are not limited to:

- (1) The requirement that the proceeds of the Bonds be used in a manner so that the Bonds are not obligations which meet the definition of a “private activity bond” within the meaning of Code Section 141;
- (2) The requirements contained in Code Section 148 relating to arbitrage bonds; and
- (3) The requirements that payment of principal or interest on the Bonds not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

In the Certificate, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Bonds to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Bonds to be included in gross income for federal income tax purposes from the date of issuance of the Bonds. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Bonds.

Prospective purchasers of the Bonds should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Bonds may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Bonds. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Bonds under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service (“IRS”) Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Bonds from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Bonds may affect the tax status of interest on the Bonds. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Bonds or the tax consequences of ownership of the Bonds. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the District will furnish certificates, dated the date of delivery of the Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds, and that there is no controversy or litigation of any nature now pending or threatened by or against the District wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the District or adversely affect the power of the District to levy, collect, and enforce the collection of taxes or other revenues for the payment of its Bonds, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of Bond Counsel. Such opinion will be available at the time of delivery of the Bonds and will be to the effect that the Bonds are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit, and all the real property within the District is subject to the levy of special *ad valorem* real property taxes to pay the Bonds and interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of the State). Such opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to the Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) such law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District which has been or may have been furnished or disclosed to purchasers of the Bonds, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

Upon the delivery of the Bonds, the purchaser will be furnished with the following items: (i) a certificate of the President of the Board 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 Bonds, 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 Bonds; and having attached thereto a copy of this Official Statement; (ii) a certificate signed by an officer of the District evidencing payment for the Bonds; (iii) a closing certificate evidencing the due execution of the Bonds, 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 Bonds 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 Bonds were authorized or affecting the validity of the Bonds thereunder, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded; and (iv) a tax certificate executed by the President of the Board, as described under "TAX EXEMPTION" herein.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Bonds are purchased for the purchaser's own account, as principal for investment and not for resale, the District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as "APPENDIX D." A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Bonds as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

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

CONTINUING DISCLOSURE COMPLIANCE

The District has established procedures designed to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through EMMA.

RATING

Moody's has assigned an underlying rating of "Aa3" to the uninsured outstanding bonded indebtedness of the District, including the Bonds.

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: Moody's Investors Service, Inc., 250 Greenwich Street, New York, New York 10007. 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 Bonds.

MISCELLANEOUS

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

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

“projection”, “forecast”, “goal”, or similar words are intended to identify forward-looking statements.

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

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

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

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

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC has acted as registered Municipal Advisor to the District in connection with the offer and sale of the Bonds. 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 Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from Ms. Deborah Coder, Asst. Superintendent for Finance and Management Services, (716) 478-4828; Email: dcoder@lockportschools.net; Address: 130 Beattie Avenue, Lockport, New York 14094 or from the District's Municipal 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 Bonds.

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, LLC 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, LLC assumes any liability or responsibility for errors or omissions on such website.

Further, Capital Markets Advisors, LLC 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, LLC and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

**City School District of the City of Lockport
Niagara County, New York**

By: /s/ Leslie Tobin
Leslie Tobin
President of the Board of Education

DATED: March 31, 2023

APPENDIX A

THE DISTRICT

General Information

The District, located about 20 miles northeast of the City of Buffalo and 15 miles east of the City of Niagara Falls, has an estimated population of 37,071 and an area of approximately 32 square miles. It includes all of the City of Lockport (the “City”), most of the Town of Lockport (the “Town”) and small portions of the Towns of Cambria and Pendleton.

Lockport's location on the Niagara Frontier has favored its development as an industrial area. Its diversified industries include General Motors Components Holding, New York State Electric and Gas Corp and Lockport Energy Associates. Other industries produce chemicals, machine shop products, plastics, textiles, food and paper products.

The NYS Barge Canal, airlines operating from the Buffalo Niagara International Airport and the Niagara Falls Airport, and highway routes 31, 78, 104 and 263 serve the area.

District Organization

The Board, which is the policy-making body of the District, consists of nine members with overlapping three-year terms so that as nearly an equal number as possible is elected to the board each year. The President, Vice President, and Secretary are selected by the Board members.

The 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 Assistant Superintendent for Finance and Management Services, the Assistant Superintendent for Personnel, the Executive Director of Educational Services Education 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 Assistant Superintendent for Finance and Management Services and the District Treasurer.

District Facilities

The District owns or operates nine schools; statistics relating to each are shown below.

Table 1
School Statistics

<u>Name of School</u>	<u>Grades</u>	<u>Date of Construction</u>
Roy B. Kelley Elementary School	K-4	1959
Anna Merritt Elementary School	K-4	1959
John E. Pound Early Childhood School	Pre K	1930
George M. Southard Elementary School	K-4	1965
Charles A. Upson Elementary School	K-4	1955
Emmet Belknap Intermediate School	5-6	1924
North Park Junior High School	7-8	1939
Lockport High School	9-12	1954
Lockport High School West at Charlotte Cross	9-12	1930

Source: District Officials.

Employees

The District provides services to full and part-time employees represented by the following organizations.

Table 2
Employees

<u>Number Of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
22	Lockport Administrators and Supervisors Association	06/30/2025
176	Lockport School Employees Association	06/30/2026
516	Lockport Education Association	06/30/2026

Source: District Officials

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the 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" and collectively with the ERS, the "Retirement Systems"). Payments to the Retirement Systems are deducted from the District's State aid payments.

Both the New York State and Local Employees' Retirement System and the New York State Teachers' Retirement System 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. ERS & TRS members hired after December 31, 2010 must contribute 3% and 3.5%, respectively, for the length of their careers.

The following table details the District's contractually required contributions to the ERS for the preceding three audited fiscal years, and the budgeted amount for the fiscal year ending March 31, 2023 (for ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31):

<u>Year</u>	<u>ERS</u>
2023 <i>Budgeted</i>	\$1,230,297
2022	1,057,463
2021	953,116
2020	930,430

Source: Audited Financial Statements & District Officials

The following table details the District's expected contributions to the TRS for the fiscal year that ended June 30, 2023, and the actual required contributions for the preceding three audited fiscal years:

<u>Fiscal Year</u> <u>End 6/30</u>	<u>TRS</u>
2023 <i>Budgeted</i>	\$3,914,735
2022	4,035,546
2021	3,665,528
2020	3,346,258

Source: Audited Financial Statements & District Officials

On December 10, 2009, former Governor Patterson 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 created a new Tier V pension level, the then-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.

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 three years to five years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

In accordance with constitutional requirements, these new pension reforms would apply only to public employees hired after particular dates specified for Tier V and Tier VI, respectively.

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 2022-23 TRS rate is 10.3%. The 2023-24 ERS is estimated to be 13.1%.

Previously, due to poor performance of the investment portfolio of the State Retirement System, New York State Comptroller Thomas DiNapoli 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 districts 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 2016-17 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 seven years after enactment. Under the TRS SCO plan, payment of the deferred amount would 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.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs have been rising substantially, and may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

Effective July 1, 2016, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement requires the District to recognize the total OPEB liability and related deferred outflows and deferred inflows of resources. The cumulative effect of implementing this required change in accounting principle resulted in a restatement of beginning net position as detailed in Note 8 to the financial statements. This statement addresses accounting and financial reporting for other postemployment benefits offered by the District and requires various note disclosures and required supplementary information.

The District is in compliance with the requirements of GASB 75, and a summary of the actuarial valuation is included in the District’s June 30, 2022 Financial Audit attached herein. The following table summarizes the District’s annual OPEB statements for the year ended June 30, 2022:

Changes in the Total OPEB Liability	Total OPEB Liability
Balance as of June 30, 2021	<u>\$24,970,959</u>
Changes for the year:	
Service cost	696,988
Interest	567,599
Differences between expected and actual experience	971,579
Changes of assumptions or other inputs	(1,724,919)
Benefit payments	<u>(663,604)</u>
Net changes	<u>(152,357)</u>
Balance as of June 30, 2022	<u>\$24,818,602</u>

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.

In accordance with the District's investment policy, moneys may also be temporarily invested 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, 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 monies held in certain reserve funds established by the District pursuant to law, 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 monies 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 has 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

Revenues

The District derives a major portion of its revenues from a tax on real property. In the most recent audited year, property taxes accounted for 39.9% of total general fund revenues for the fiscal year ended June 30, 2022, while State aid accounted for 57.4%.

Property Taxes

The following table sets forth information regarding real property tax revenues during the last five audited fiscal years and the amounts budgeted for the current fiscal year.

Table 3
Property Taxes

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2018	\$92,248,860	\$38,272,822	41.5%
2019	94,340,867	38,904,506	41.2%
2020	96,366,567	39,584,409	41.1%
2021	100,943,483	40,815,898	40.4%
2022	104,168,415	41,546,666	39.9%
2023 <i>Budgeted</i>	108,136,499	41,500,286	38.4%

⁽¹⁾ *General Fund.*

Source: *Audited Financial Statements of the District and the Budgets for the current fiscal years*

State Aid

The District also receives a major 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 counter balancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The following table sets forth State aid revenues during the last five audited fiscal years and the amounts budgeted for the current fiscal year.

Table 4
State Aid

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>State Aid</u>	<u>State Aid to Revenues</u>
2018	\$92,248,860	\$52,032,615	56.4%
2019	94,340,867	53,393,273	56.6%
2020	96,366,567	54,657,345	56.7%
2021	100,943,483	55,422,426	54.9%
2022	104,168,415	59,751,026	57.4%
2023 Budgeted	108,136,499	63,151,085	58.4%

⁽¹⁾ General Fund.

Source: Audited Financial Statements of the District and the Budgets for the current fiscal years

In addition to the amount of State Aid budgeted by the District in its 2022-23 fiscal year, the State has made payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR (see "STAR-School Tax Exemption") Program.

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity ("CFE") v. State of New York* mandating that the current 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 *CFE* case was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights ("NYSER") v. State of New York*. The *NYSER* lawsuit asserted that the State failed to comply with the original decision in the Court of Appeals in *CFE* case, and asked the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the "foundation aid" formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiff's causes of action were properly dismissed except for two causes of action regarding accountability mechanisms and sufficient state funding for a "sound basic education" limited solely to the New York City and Syracuse school districts.

While certain 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 Bonds, nor the ability of the District to levy taxes on the taxable real property in the District to pay the Bonds 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 \$7.53 million annually. As a result, the District has been forced to reduce programs, services, and staff accordingly. Beginning in the 2013-14 fiscal year, the State made modest restorations to the GEA. In the 2014-15 fiscal year, the GEA was reduced by \$1.68 million, dropping the total GEA to \$5.84 million. In the 2015-16 fiscal year,

it has been further reduced by \$3.77 million, yielding a remaining GEA of \$2.07 million. 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 \$4,274,391.

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 therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget.

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 2020-21 fiscal year. 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.

Recent Events Affecting New York State School Districts

School district fiscal year (2016-17): The State budget included an increase of \$991 million in State aid for school districts over the 2015-16 budget, \$863 million of which consisted of traditional operating aid. In addition to the \$408 million of expense-based aid, the budget included a \$266 million increase in Foundation Aid and \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. Community Schools Aid funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The budget also featured the elimination of the Gap Elimination Adjustment ("GEA") that had been instituted in the State's 2010-11 to 2012-13 fiscal years to address State funding shortfalls due to the ongoing effects of a recession. Under the GEA legislation, a portion of the funding shortfall was divided among all school districts across the State, resulting in a reduction in school district general aid funds.

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 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 (2018-19): The State budget provisions relating to school districts were adopted on March 30, 2018. The 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 (2020-21): Due to the below-described decrease in State revenues as a result of the COVID-19 pandemic, the State budget included an increase of only \$95 million in State Aid (0.035% increase from the prior budget year), and Foundation Aid remained at essentially the same level as it was during the 2019-2020 fiscal year. While the budget actually included a decrease in State Aid (referred to as a "Pandemic Adjustment"), the decrease in State aid 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.

School district fiscal year (2021-22): The State budget includes large-scale increases in State aid to school districts, including a \$105 million expansion of full-day prekindergarten that will provide funding to 200 school districts that didn't previously receive State funding for such full-day prekindergarten programs. In contrast to the 2020-21 budget, this budget provides that additional federal aid would supplement, not supplant, State funding. Most notably, Foundation Aid is increased by \$1.4 billion (7.6%), and the State has committed to 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 City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year and continuing during the State's 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June 2020 the State Division of the Budget (“DOB”) began withholding 20 percent of most local aid payments, although such aid was restored in full later in that same fiscal year.

Many of the State’s 2020-21 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the \$1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation includes almost \$24 billion in funding for various levels of government in the State, including approximately \$12.5 billion for the State, \$6 billion for New York City, and \$4 billion to be divided among counties in the State; another \$12 billion was intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-22 fiscal year was more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts benefitted from a \$1.4 billion increase in Foundation Aid and will benefit from a three-year Foundation Aid full restoration phase-in that will allow all school districts to receive, by the 2023-24 State fiscal year, the increased level of Foundation Aid that was originally promised in 2007, along with a \$105 million expansion of full-day prekindergarten. Local governments received a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding. Further, municipalities that host Video Lottery Terminal (“VLT”) facilities received a full restoration of \$10.3 million in proposed VLT aid cuts.

Although the State’s 2021-22 and 2022-23 budgets contained additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. 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 the COVID-19 pandemic and its effects on the State.

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 State budget for the 2023-24 fiscal year provides \$72.94 million of State Aid to the District, a 7.703% increase from the District’s 2022-23 fiscal year.

The District presently anticipates a increase in its State Aid related to foundation aid for its 2023-2024 fiscal year in an amount of \$6,972,017.

It should also be noted that the District receives federal aid for certain programs. In its last audited fiscal year, the District received \$792,698 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 2023-24 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.

Budgetary Procedure

Pursuant to law, the Board annually prepares or causes to be prepared a three-part budget to meet plain language requirements for the ensuing fiscal year. The budget, effective for fiscal years beginning on or after July 1, 1998, must consist of three parts: program, administration and capital. During November and December, the tentative budget is developed and refined in consultation with school administrators. At the March and April meetings of the Board, the proposed budget is discussed and further refined. The tentative budget is adopted by the Board at its April meeting and submitted to referendum at the Annual Meeting held on the third Tuesday of May. Residents of the District who are qualified to vote may participate in the referendum. Prior to the Annual Meeting a public hearing on the proposal budget is held.

The District’s budget is subject to the provisions of Chapter 97 of the Laws of 2011, which impose a limitation on the amount of real property taxes at a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. See “Tax Levy Limitation Law” herein for further discussion regarding the budget vote, revote, contingency budget and the tax cap.

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

Independent Audit

The District retains independent certified public accountants to audit its financial statements. Appendix A to the Official Statement presents excerpts from the District’s most recent audited reports. In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State.

TAX INFORMATION

Real Property Tax Assessments and Rates

The following tables set forth the District’s real property tax levy, tax collection record and rates of tax per \$1,000 of full valuation.

Table 5
Tax Levy and Tax Collection Rates
(Fiscal Years Ending June 30)

	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Tax Levy	\$38,417,272	\$39,281,826	\$39,880,629	\$40,553,847	\$41,500,286
Amount Collected	\$36,396,893	\$37,035,155	\$33,563,298	\$34,459,429	NA
Returned for Collection	\$2,020,379	\$2,246,671	\$2,040,325	\$2,255,760	NA
% of Uncollected	5.26%	5.8%	5.12%	5.56%	NA

Table 6
Tax Rates

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Tax Rate (Full Value)	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
City of Lockport	\$26.86	\$27.93	\$28.71	\$28.58	\$17.47
Town of Lockport	23.24	22.52	\$20.87	\$21.70	\$17.42
Town of Cambria	23.50	23.97	\$23.73	\$23.54	\$25.09
Town of Pendleton	28.64	30.00	\$29.44	\$28.13	\$27.80

Table 7
Assessed and Full Valuations
Based on Regular Equalization Rates

Assessment Roll	2018	2019	2020	2021	2022
Fiscal Year	<u>2018-19</u>	<u>2019-20</u>	<u>2020-21</u>	<u>2021-22</u>	<u>2022-23</u>
Assessed Valuation:					
City of Lockport	\$701,189,832	\$ 699,831,663	\$696,246,461	\$696,330,898	\$1,169,569,460
Town of Lockport	807,151,740	841,847,488	915,751,865	916,959,327	1,163,654,582
Town of Cambria	10,851,550	11,247,742	11,242,751	11,299,550	11,571,408
Town of Pendleton	<u>18,733,668</u>	<u>16,510,463</u>	<u>16,582,423</u>	<u>16,677,257</u>	<u>16,753,824</u>
Total Assessed Valuation:	<u>\$1,537,926,790</u>	<u>\$1,569,437,356</u>	<u>\$1,639,823,500</u>	<u>\$1,641,267,032</u>	<u>\$2,361,549,274</u>
Equalization Rates:					
City of Lockport	87.00%	81.00%	73.00%	67.00%	100.00%
Town of Lockport	100.00%	100.00%	100.00%	88.00%	100.00%
Town of Cambria	100.00%	95.00%	89.00%	82.00%	70.00%
Town of Pendleton	80.00%	74.00%	70.00%	67.00%	62.00%
Full Valuation:					
City of Lockport	\$805,965,324	\$863,989,707	\$953,762,275	\$1,039,299,848	\$1,169,569,460
Town of Lockport	807,151,740	841,847,488	915,751,865	1,041,999,235	1,163,654,582
Town of Cambria	10,851,550	11,839,728	12,632,304	13,779,939	16,530,583
Town of Pendleton	<u>23,417,085</u>	<u>22,311,436</u>	<u>23,689,176</u>	<u>24,891,428</u>	<u>27,022,297</u>
Total Full Valuation:	<u>\$1,647,385,699</u>	<u>\$1,739,988,359</u>	<u>\$1,905,835,621</u>	<u>\$2,119,970,450</u>	<u>\$2,376,776,922</u>

Table 8
Assessed and Full Valuation
Based on Special Equalization Ratios

Roll Year	2017	2018	2019	2020	2021
Tax Year	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Assessed Valuation:					
City of Lockport	\$701,733,997	\$701,189,832	\$699,831,663	\$696,246,461	\$696,330,898
Town of Lockport	766,439,396	807,151,740	841,847,488	915,751,865	916,959,327
Town of Cambria	10,775,345	10,851,550	11,247,742	11,242,751	11,299,550
Town of Pendleton	<u>16,251,013</u>	<u>18,733,668</u>	<u>16,510,463</u>	<u>16,582,423</u>	<u>16,677,257</u>
Total Assessed Valuation	<u>\$1,495,199,751</u>	<u>\$1,537,926,790</u>	<u>\$1,569,437,356</u>	<u>\$1,639,823,500</u>	<u>\$1,641,267,032</u>
Equalization Ratios:					
City of Lockport	79.55%	72.03%	66.03%	63.43%	61.01%
Town of Lockport	88.82%	86.66%	79.34%	82.55%	79.06%
Town of Cambria	93.27%	87.17%	80.08%	76.62%	73.37%
Town of Pendleton	72.50%	68.68%	65.28%	62.50%	60.33%
Full Valuation:					
City of Lockport	\$877,825,866	\$968,761,857	\$996,343,484	\$1,021,788,173	\$1,141,338,958
Town of Lockport	859,140,675	927,334,260	962,331,376	997,442,397	1,159,827,127
Town of Cambria	11,520,737	12,414,541	13,406,129	13,929,812	15,400,777
Town of Pendleton	<u>22,344,305</u>	<u>27,189,649</u>	<u>24,842,707</u>	<u>25,893,852</u>	<u>27,643,390</u>
Total Full Valuation:	<u>\$1,770,831,582</u>	<u>\$1,935,700,306</u>	<u>\$1,996,923,696</u>	<u>\$2,059,054,234</u>	<u>\$2,344,210,252</u>

Sources: Office of Comptroller of the State of New York and District Officials

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that certain State 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."
(<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 April 13, 2022, OSC, Division of Local Government and School Accountability released an audit of the District to review whether the District officials produced goods and services in accordance with the District's procurement policy and applicable statutes. The audit found that District Officials did not demonstrate that certain goods and services were procured in accordance with the NYS General Municipal Law or the District's procurement policies. The OSC audit recommended that the District document the analysis when using the "piggybacking" exception to competition bidding to ensure the District awards contract in a manner consistent with GML, comply with the District's procurement policy that requires the use of request for proposals to solicit professional services, and to obtain the required number of written quotes as required by the District's procurement policy.

The link to the most recent OSC report is as follows:
<https://www.osc.state.ny.us/files/local-government/audits/2022/pdf/lockport-2022-198.pdf>

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

Tax Limit

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

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City). The discussion herein does not include school districts in New York City, Buffalo, Rochester, Syracuse, or Yonkers.

On June 25, 2015, Chapter 20 of the 2015 Laws of New York ("Chapter 20") amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. On April 12, 2019, the enacted budget legislation made the Tax Levy Limitation Law permanent.

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”).

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year’s tax levy. Certain adjustments are permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law.

Beginning with the 2012-2013 fiscal year, “small city” school districts (such as the District) have had to submit their proposed tax levies to the voters each year. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a budget by at least a 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation only require approval by at least a simple majority of those voting. In the event that a budget is defeated and not re-proposed, or in the event of two budget vote defeats in the same year, a school district may not levy taxes in an amount greater than the amount levied in the most recent year when a budget was approved.

There are exceptions for school districts to the tax levy limitation provided in the Tax Levy Limitation Law, 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. “Capital Local Expenditures” do 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 State Commissioner of Taxation and Finance has promulgated a regulation that will allow school districts, beginning in the year 2020-21 school year, to adjust the exclusion to reflect a school district’s share of capital expenditures related to projects funded through a board of cooperative education services (“BOCES”). 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 (except in a case when the District would be prohibited from raising the tax levy amount at all due budget vote results, as explained above).

Tax Collection Procedure

The District contracts with M&T Bank to act as its agent for the collection of District taxes. The taxes are accepted by the Lockbox. Taxes are received the first 30 days without penalty. A penalty of 2% is levied against taxes paid during the second 30 days. By November 15th unpaid taxes on property in the City are returned to the City Treasurer for collection.

A collection fee of 5% is added thereto in addition to the 2% penalty cited above. Taxes remaining unpaid through the following two fiscal years are returned to the District by the City.

On November 15, unpaid taxes on property located outside the City are returned to the County Treasurer for collection. A collection fee of 5% is added thereto in addition to the 2% penalty cited above. Taxes remaining unpaid are returned to the District by the County by April 1 of the District’s ensuing fiscal year.

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.

For the 2022-23 school levy year, homeowners subject to certain household income limitations are eligible for an enhanced exemption and basic exemption as follows:

	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>
City of Lockport*	\$84,090	\$33,680
Town of Lockport*	82,880	33,570
Town of Cambria	61,420	24,600
Town of Pendleton	50,180	20,100

*Date Certified: 7/13/22
Date Certified: 4/7/22

The enhanced or basic STAR exemption is the amount that an assessment is reduced prior to the levy of school taxes. For example, the owner of a house that is assessed at \$150,000, assuming an enhanced STAR exemption of \$50,000, would pay school taxes on a taxable assessment of \$100,000 (\$150,000 - \$50,000).

Since the 2011-12 school tax bills, there has been a 2% limit on STAR savings increases. The savings results from the Basic or Enhanced STAR exemptions are limited to a 2% increase over the prior year. When a school district initially calculates its tax bills, for each municipal segment it will compare the amount of STAR savings to the maximum. If the STAR savings exceeds the maximum, the school district will use the maximum when calculating tax bills for the segment.

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

<u>Municipality:</u>	<u>Basic Maximum Savings</u>	<u>Enhanced Maximum Savings</u>
City of Lockport	\$626	\$1,475
Town of Lockport	651	1,534
Town of Cambria	628	1,481
Town of Pendleton	591	1,392

Date Certified: 3/29/22

The District expects to receive 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 assessments of ten of the largest taxpayers of the District located in the City and Town on the 2022 roll used to levy 2022-23 taxes.

Table 9
Taxable Assessments

<u>Name</u>	<u>Type</u>	<u>Assessed Valuation</u>	<u>Percent of Total Assessed Valuation</u> ^(a)
NYSEG	Utility	\$79,444,761	4.84%
MHC Woodlands.	Mobile Home Park	70,075,900	4.27%
GM Components Holding	Industrial	28,990,100	1.77%
National Grid	Utility	25,161,326	1.53%
TP Center LLC	Foreign Limited Liability	17,370,000	1.06%
Village Mobile Home Park, LLC	Mobile Home Park	13,650,000	0.83%
Nebula Holdings/Pulsar/Tudor Heights Apts LLC	Property/Apartments	13,401,800	0.82%
Walmart Real Estate Business	Retail/Office	13,020,000	0.79%
Gator Transit Partners LTD	Retail	10,150,000	0.62%
5722 South Transit Road LLC	Retail	<u>9,414,100</u>	<u>0.57%</u>
		<u>\$280,677,987</u>	<u>17.10%</u>

(a) The District's total assessed value is \$1,641,267,032 for fiscal year 2022-23.

(b) of Benderson Development- encompasses several properties: Alico High Associates LLC, 93 NYRPT LLC, Lockden LLC, Post Falls Mgmt. Assoc LLC, and RB-3 Associates

DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

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

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 expiration of the period of probable usefulness of the object

or purpose as 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 and bond anticipation 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 "THE BONDS - 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. See, however, the discussion under "TAX INFORMATION--Tax Levy Limitation Law," herein.

Statutory Procedure

In general, the State Legislature has, by 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 Board, 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 Board, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes, including the Bonds. However, such finance board has delegated the power to sell the Bonds to the President of the Board as the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit

The District has the power to contract indebtedness for any District purpose so long as the principal amount thereof shall not exceed five per centum of the average full valuation of taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as 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.

Table 10
Computation of Debt Limit

<u>Tax Year</u>	<u>Full Valuation</u> ⁽¹⁾
2019	\$1,779,010,595
2020	1,944,595,197
2021	2,160,269,772
2022	2,248,195,771
2023	<u>2,344,210,252</u>
Total Five-Year Full Valuation	\$10,476,281,586
Average Five-Year Full Valuation	\$2,095,256,317
Debt Limit – 5% of Average Full Valuation	\$104,762,816

⁽¹⁾ The amounts shown as full valuation have been computed with the use of Special Equalization Ratios. Chapter 280 of the Laws of 1978 provides for the determination of special equalization ratios for city school districts which will normally have the effect of increasing the tax base of a city school district for purposes of computing debt limits of such city school districts. Regular state equalization rates are also established by the State Board and are used for all other purposes.

Statutory Debt Limit and Net Indebtedness

Table 11
Statutory Debt Limit and Net Indebtedness

(As of March 31, 2023)

Average Full Valuation of Taxable Real Property	\$2,095,256,317
Debt Limit (5% of Average Full Valuation)	\$104,762,816
Inclusions:	
Serial Bonds (Principal Only)	\$41,840,000
Bond Anticipation Notes	<u>0</u>
Total Gross Indebtedness	\$41,840,000
Exclusions:	
Bond Appropriations	\$1,220,000
Building Aid ⁽¹⁾	<u>0</u>
Less Exclusions:	<u>\$1,220,000</u>
Total Net Indebtedness	\$40,620,000
Net Contracting Margin	<u>\$64,142,816</u>
Percentage of Net Contracting Margin Exhausted	<u>38.77%</u>

- ⁽¹⁾ The District has received and expects to continue to receive State Aid on a portion of existing indebtedness contracted for school building purposes pursuant to Section 121.20 of the Local Finance Law. However, as a small city school district, the District is not eligible to apply for a building aid exclusion certificate from the Commissioner of Education, and the District may not exclude such portion from the gross indebtedness. State aid for qualifying building purposes is currently estimated by District officials at 88.0%.

Remedies Upon Default

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State and the purchasers and the holders and owners from time to time of 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.

Such 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 such section SFL.

Under current law, provision is made for contract creditors of the District (including holders of the Bonds) 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.

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 issued by municipalities and school districts, 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.

Table 12
Trend of District Indebtedness
Fiscal Year Ending June 30

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Serial Bonds	\$47,785,000	\$43,505,000	\$39,110,000	\$51,375,000	\$46,110,000
Bond Anticipation Notes	<u>0</u>	<u>4,900,000</u>	<u>20,035,000</u>	<u>0</u>	<u>0</u>
Total	<u>\$47,785,000</u>	<u>\$48,405,000</u>	<u>\$59,145,000</u>	<u>\$51,375,000</u>	<u>\$46,110,000</u>

Bond Anticipation Notes

The District does not have any bond anticipation notes outstanding.

Tax and Revenue Anticipation Notes

The District has not found it necessary to issue tax anticipation notes or revenue anticipation notes in recent years.

Other Obligations

On June 24, 2019, the District entered into a \$3,502,761 Installment Lease Finance agreement with Banc of America Public Capital Corp. to finance the cost of various energy conservation improvements. Semi-annual payments commenced on June 15, 2020, with the final payment scheduled to be made on June 15, 2034.

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 following table 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 13
Statement of Direct and Overlapping Indebtedness

<u>Overlapping Units</u>	<u>Total Net Indebtedness</u>	<u>As of:</u>	<u>Percentage Applicable</u>	<u>Applicable Net Indebtedness</u>
County of Niagara	\$22,942,987	06/21/2022	14.92%	\$3,423,094
City of Lockport	7,031,779	09/29/2022	100.00%	7,031,779
Town of Cambria	1,232,800	12/31/2021	2.44%	30,080
Town of Lockport	4,885,000	07/01/2022	66.43%	3,245,106
Town of Pendleton	305,496	12/31/2021	3.08%	<u>9,409</u>
Total Net Overlapping Debt				\$13,739,468
Net Direct Debt				<u>\$40,620,000</u>
Total Net Direct and Overlapping Debt				<u>\$54,359,468</u>

Source: State Comptroller's Special Report on Municipal Affairs

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

Table 14
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$40,620,000	\$1,096	1.73%
Net Direct and Overlapping Debt	\$54,359,468	\$1,466	2.32%

⁽¹⁾ The population of the District is estimated by District officials to be approximately 37,071.

⁽²⁾ The District's full value of taxable real property based on special equalization rates for fiscal year 2022-23 is \$2,344,210,252.

Authorized but Unissued Debt and Other Long-Term Obligations

On December 18, 2021, the qualified voters of the District approved a bond resolution authorizing the issuance of up to \$19,774,000 in serial bonds for the financing of a \$22,941,000 capital improvements project involving the partial reconstruction and renovation of, and the construction of certain improvements and upgrades to, various District buildings and facilities and the sites thereof. The District is issuing their first borrowing against this authorization with the issuance of the Bonds. Following the issuance of the Bonds, the District will have \$10,594,000 authorized and unissued.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness for the fiscal years ending June 30 (as of March 31, 2023).

Table 15
Bond Principal and Interest Maturity Table

<u>FYE June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2023	\$1,220,000	\$25,532	\$1,245,532
2024	5,015,000	1,288,539	6,303,539
2025	5,225,000	1,057,371	6,282,371
2026	5,475,000	814,922	6,289,922
2027	3,875,000	610,426	4,485,426
2028	4,000,000	474,532	4,474,532
2029	3,730,000	359,487	4,089,487
2030	2,725,000	249,469	2,974,469
2031	2,520,000	175,031	2,695,031
2032	2,035,000	132,616	2,167,616
2033	1,810,000	106,200	1,916,200
2034	1,375,000	70,450	1,445,450
2035	1,405,000	42,650	1,447,650
2036	<u>1,430,000</u>	<u>14,300</u>	<u>1,444,300</u>
Total:	<u>\$41,840,000</u>	<u>\$5,421,525</u>	<u>\$47,261,525</u>

Source: District Officials.

ECONOMIC AND DEMOGRAPHIC DATA

School Enrollment Trends

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

Table 16
School Enrollment Trends

<u>Fiscal Year</u>	<u>Actual Enrollment</u>	<u>Fiscal Year</u>	<u>Projected Enrollment</u>
2020-21	4,800	2023-24	4,234
2021-22	4,298	2024-25	4,206
2022-23	4,271	2025-26	4,289

Source: District Officials

Population

The District estimates its population to be approximately 37,071. The following table presents population trends for the County and the State based upon recent census data and is not necessarily representative of the District.

Table 17
Population Trend

	<u>2010</u>	<u>2020</u>	<u>% Change</u>
County	216,469	212,666	(1.8)%
State	19,378,102	20,201,249	4.3%

Source: U.S. Census Bureau

Employment and Unemployment

The following tables provide information concerning employment and unemployment in the City, County and State. Data provided for the County and State is not necessarily representative of the District.

Table 18
Civilian Labor Force

	(Thousands)				
	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
City	9.3	9.2	9.3	9.0	9.2
County	98.9	98.2	98.1	96.2	98.0
State	9,511.2	9,507.1	9,289.2	9,441.5	9,481.3

Source: New York State Department of Economic Development: Bureau of Economic and Demographic Information.

Unemployment rates are not compiled for the District, but are available for the County and the State. The following table is not necessarily representative of the District.

Table 19
Yearly Average Unemployment Rates

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>
2018	6.0%	5.2%	4.1%
2019	5.5%	4.8%	3.8%
2020	11.9%	10.4%	10.0%
2021	6.5%	5.7%	6.9%
2022	4.4%	3.9%	4.4%

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

Table 20
Monthly Unemployment Rates

<u>Month</u>	<u>City</u>	<u>County</u>	<u>State</u>
January 2022	6.0%	4.8%	5.3%
February	5.8%	5.0%	5.1%
March	5.4%	4.6%	4.7%
April	4.3%	3.8%	4.2%
May	3.7%	3.5%	4.1%
June	3.7%	3.6%	4.3%
July	4.7%	4.1%	4.8%
August	5.2%	4.2%	4.9%
September	3.7%	3.4%	3.9%
October	2.9%	2.7%	3.6%
November	3.6%	3.2%	3.7%
December	4.2%	3.5%	3.8%

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

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District after consultations with its attorneys, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

CITY SCHOOL DISTRICT OF THE CITY OF LOCKPORT
General Fund
Statement of Estimated Revenues and Budget Appropriations
Fiscal Year Ending June 30:

	Adopted Budget <u>2021-22</u>	Adopted Budget <u>2022-23</u>
Estimated Revenues:		
Real Property Tax	\$40,553,847	\$41,500,286
Real Property Tax Items	\$735,484	\$781,328
Charges for Services	\$229,800	\$178,800
Use of Money and Property	\$200,000	\$130,000
Sale of Property and Compensation for Loss	\$1,125,000	\$1,170,000
Miscellaneous	\$473,000	\$473,000
Interfund Revenues	\$49,000	\$202,000
State Aid	\$59,863,292	\$63,151,085
Federal Aid	\$550,000	\$550,000
	<u>\$103,779,423</u>	<u>\$108,136,499</u>
Use of Reserve Funds	\$3,713,545	\$3,164,818
Appropriated Fund Balance	<u>\$2,679,136</u>	<u>\$2,506,276</u>
Total Estimated Revenues and Fund Balance	<u><u>\$110,172,104</u></u>	<u><u>\$113,807,593</u></u>
Appropriations:		
General Support	\$10,094,480	\$10,274,595
Instruction	\$61,686,529	\$64,212,136
Pupil Safety and Transportation	\$7,697,311	\$7,993,374
Employee Benefits	\$22,909,573	\$23,635,636
Debt Service	\$7,453,084	\$7,323,452
Interfund Transfers	\$331,097	\$368,400
	<u>\$331,097</u>	<u>\$368,400</u>
Total Appropriations	<u><u>\$110,172,074</u></u>	<u><u>\$113,807,593</u></u>

Source: School District Officials

CITY SCHOOL DISTRICT OF THE CITY OF LOCKPORT
General Fund
Balance Sheets
Fiscal Year Ended June 30:

	<u>2021</u>	<u>2022</u>
<u>Assets:</u>		
Cash and cash equivalents	\$35,776,247	\$37,856,208
Accounts Receivable	243,639	184,180
Due from Other Governments	1,882,437	1,596,810
State and Federal Aid Receivable	4,100,189	2,428,217
Due From Other Funds	3,430,015	4,207,519
Property taxes receivable	744,876	571,504
Total Assets	46,177,403	46,844,438
 Total Assets:	 \$46,177,403	 \$46,844,438
 <u>Liabilities and Fund Balance:</u>		
Accounts Payable	\$1,924,062	\$1,283,946
Accured Liabilities	2,423,584	2,515,967
Due to Retirement Systems	4,076,332	4,461,786
Deferred Revenues	744,876	571,504
Total Liabilities	9,168,854	8,833,203
 <u>Fund Balance</u>		
Restricted	28,927,239	29,922,159
Assigned	3,674,427	3,536,772
Unassigned	4,406,883	4,552,304
Total Fund Balance	37,008,549	38,011,235
 Total Liabilities and Fund Balance	 \$46,177,403	 \$46,844,438

Source: Audited Financial Statements, although summary itself has not been audited.

CITY SCHOOL DISTRICT OF THE CITY OF LOCKPORT
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Year Ended June 30:

	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
Revenues:					
Real Property Taxes & Tax Items	\$38,272,822	\$38,904,506	\$39,584,409	\$40,815,898	\$41,546,666
Charges for Services	258,327	282,612	107,383	138,075	110,450
Use of Money & Property	157,982	262,683	226,490	84,286	97,639
Sale of Prop. & Comp. for Loss	56,596	50,707	23,421	20,760	31,790
Miscellaneous	1,091,868	836,417	1,283,526	2,426,660	1,838,146
State Aid	52,032,615	53,393,273	54,657,345	55,422,426	59,751,026
Federal Aid	378,650	610,669	483,993	2,035,378	792,698
Total Revenues	<u>92,248,860</u>	<u>94,340,867</u>	<u>96,366,567</u>	<u>100,943,483</u>	<u>104,168,415</u>
Expenditures:					
General Support	\$7,479,221	\$7,580,406	\$7,999,591	\$7,700,281	\$8,201,216
Instruction	50,832,711	52,819,615	55,928,014	57,114,959	58,564,783
Pupil Transportation	5,246,480	5,302,500	3,736,119	4,542,354	7,366,320
Employee Benefits	17,832,741	19,483,895	20,008,713	19,898,060	21,278,564
Debt Service	5,468,054	5,632,506	5,870,990	6,611,902	7,617,577
Total Expenditures	<u>86,859,207</u>	<u>90,818,922</u>	<u>93,543,427</u>	<u>95,867,556</u>	<u>103,028,460</u>
Excess Revenues over (Expenditures)	<u>5,389,653</u>	<u>3,521,945</u>	<u>2,823,140</u>	<u>5,075,927</u>	<u>1,139,955</u>
Interfund Transfers	(1,842,137)	(260,382)	(154,723)	(3,021,719)	(137,269)
Excess of Revenues					
Expenditures and Other Uses	3,547,516	3,261,563	2,668,417	2,054,208	1,002,686
Fund Balance - Beg. of Year	<u>25,476,845</u>	<u>29,024,361</u>	<u>32,285,924</u>	<u>34,954,341</u>	<u>37,008,549</u>
Fund Balance - End of Year	<u><u>\$29,024,361</u></u>	<u><u>\$32,285,924</u></u>	<u><u>\$34,954,341</u></u>	<u><u>\$37,008,549</u></u>	<u><u>\$38,011,235</u></u>

Source: Audited Financial Statements, although summary 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/P11631668-P11257051-P11682207.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. Lumsden McCormick, LLP 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.**

APPENDIX D

DISCLOSURE UNDERTAKING

This continuing disclosure undertaking (the “Disclosure Undertaking”) is executed and delivered by the City School District of the City of Lockport, Niagara County, New York (the “Issuer”) in connection with the issuance of its \$9,180,000 School District Serial Bonds, 2023 (such Bonds, including any interests therein, being collectively referred to herein as the “Security”). The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB):

- (i) no later than the following March 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2023, the Annual Financial Information relating to such fiscal year, unless Audited Financial Statements are prepared, in which case the Annual Financial Information will be provided on or prior to the following March 31 after the end of each fiscal year or within 60 days following receipt by the Issuer of Audited Financial Statements (whichever is later) (the “Report Date”), but in no event later than one year after the end of each fiscal year;
- (ii) if not provided as part of the Annual Financial Information, Audited Financial Statements within 60 days of their receipt, but in no event later than one year after the end of each fiscal year;
- (iii) in a timely manner (not in excess of ten business days after the occurrence of any such event), notice of any of the following events with respect to the Security:
 - (1) Principal and interest payment delinquencies;
 - (2) Non-payment related defaults, if material;
 - (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) Substitution of credit or liquidity providers, or their failure to perform;
 - (6) 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 Security, or other material events affecting the tax status of the Security;

- (7) Modifications to rights of Security Holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this Section 1, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, 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 obligated person.

- (13) The consummation of a merger, consolidation, or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, 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;
- (14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and
- (16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

- (iv) in a timely manner (not in excess of ten business days after the occurrence of such event), notice of a failure to provide by the date set forth in Section 1(a)(i) hereof any Annual Financial Information required by Section 3 hereof.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a)(ii) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions

“Annual Financial Information” means the information specified in Section 3 hereof.

“Audited Financial Statements” means the Issuer’s annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of New York.

“EMMA” means the Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States.

“GASB” means the Governmental Accounting Standards Board, or any successor thereto.

“MSRB” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

“Purchaser” means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this

Disclosure Undertaking, including any official interpretations thereof issued either before or after the effective date of this Disclosure Undertaking which are applicable to this Disclosure Undertaking.

“Security Holder” means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Annual Financial Information. (a) The required Annual Financial Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in Appendix A and Appendix B of the Issuer’s final official statement relating to the Security; which Annual Financial Information may, but it is not required to, include audited financial statements.

(b) All or any portion of the Annual Financial Information may be incorporated in the Annual Financial Information by cross reference to any other documents which are (i) available to the public on EMMA or (ii) filed with the Securities and Exchange Commission. If such a document is a final official statement, it must be available on EMMA.

(c) Annual Financial Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 6(f) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 5. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 6. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

(a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to adjust the Report Date if the Issuer changes its fiscal year; provided that such new date shall be within nine months after the end of the new fiscal year and provided further that the period between the final Report Date relating to the former fiscal year and the initial Report Date relating to the new fiscal year shall not exceed one year in duration;

(f) to modify the contents, presentation and format of the Annual Financial Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

(g) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 6 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 7. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 8. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 9. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer as of April 26, 2023.

CITY SCHOOL DISTRICT OF THE CITY OF LOCKPORT
NIAGARA COUNTY, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

 SPECIMEN
District Clerk