

PRELIMINARY OFFICIAL STATEMENT DATED MAY 9, 2024

**NEW ISSUE
BOND ANTICIPATION NOTES**

See “RATING” herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. (See “Tax Matters” herein).

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

**KATONAH-LEWISBORO UNION FREE SCHOOL DISTRICT
WESTCHESTER COUNTY, NEW YORK**

**\$25,000,000
BOND ANTICIPATION NOTES – 2024
(the “Notes”)**

Date of Issue: June 4, 2024

Maturity Date: June 4, 2025

The Notes are general obligations of the Katonah-Lewisboro Union Free School District, in Westchester County, New York (the “District”), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount.

The Notes are dated their Date of Issue and bear interest from that date until the Maturity Date, at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

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

If the Notes are issued in registered form in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidders.

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Capital Markets Advisors, LLC has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is expected that delivery of the Notes in book-entry form will be made on the Date of Issue listed above.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE DISTRICT FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE “RULE”). FOR A DESCRIPTION OF THE DISTRICT’S UNDERTAKING TO PROVIDE NOTICES OF EVENTS FOR THE NOTES AS DESCRIBED IN THE RULE, SEE “DISCLOSURE UNDERTAKING” HEREIN.

Dated: May __, 2024

This Preliminary Official Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of these securities, in any jurisdiction in which such offer, solicitation, or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction.

**KATONAH-LEWISBORO UNION FREE SCHOOL DISTRICT
WESTCHESTER COUNTY, NEW YORK**

2023-24 Board of Education

JULIA HADLOCK President
ELANA SHNEYER Vice President
MARJORIE SCHIFF Trustee
RORY BURKE Trustee
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LISA HERLIHY Assistant Superintendent for Business
KIM PARKS District Treasurer
KIM MONZON District Clerk

BOND COUNSEL

**HAWKINS DELAFIELD & WOOD LLP
New York, New York**

MUNICIPAL ADVISOR

**CAPITAL MARKETS ADVISORS, LLC
Great Neck and Orchard Park, New York
(516) 570-0340**

No dealer, broker, salesman or other person has been authorized by the District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereon.

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OFFICIAL STATEMENT

KATONAH-LEWISBORO UNION FREE SCHOOL DISTRICT WESTCHESTER COUNTY, NEW YORK

Relating To

\$25,000,000

BOND ANTICIPATION NOTES – 2024

(the “Notes”)

This Official Statement, including the cover page, inside cover page and appendix hereto, presents certain information relating to the Katonah-Lewisboro Union Free School District in the County of Westchester, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$25,000,000 Bond Anticipation Notes – 2024 (the “Notes”).

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

THE NOTES

Description

The Notes will be dated and will mature, without option of prior redemption, as reflected on the cover page hereof.

The District will act as Paying Agent for any Notes issued in book-entry form and the purchaser will serve as paying agent for the Notes registered in the name of the purchaser(s). Paying agent fees, if any, for non-book-entry notes will be paid by the purchaser(s). The District’s contact information is Ms. Lisa Herlihy, Assistant Superintendent for Business, telephone number: (914) 763-7043; email: lherlihy@klschools.org.

Authority for and Purpose of the Notes

The Notes shall be issued pursuant to the Constitution and the Laws of the State and a bond resolution duly adopted by the District’s Board of Education on November 17, 2022, authorizing the issuance of \$49,500,000 bonds to finance the construction of improvements and alterations to all District school buildings (the “Project”). The proceeds from the sale of the Notes, will be used to provide original financing to the Project.

Optional Redemption

The Notes will not be subject to optional redemption prior to maturity.

Nature of Obligation

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District without limitation as to rate or amount.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the

District to levy taxes on real estate therefore. However, Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. As the Notes are being issued to finance voter approved capital expenditures, the Notes qualify for such exclusion to the annual tax levy limitation. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "*The Tax Levy Limit Law*" herein.)

Upon default in the payment of principal of or interest on the Notes or certain other obligations of the District, the State Comptroller is required, under the conditions and to the extent prescribed by Section 99-b of the State Finance Law, to withhold state aid and assistance to the District and apply the amount thereof so withheld to the payment of defaulted principal and interest with respect to said Notes and said other obligations.

REMEDIES UPON DEFAULT

Neither the Notes, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Notes should the District default in the payment of principal of or interest on the Notes, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Notes upon the occurrence of any such default. The Notes are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Notes at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract 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 serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Notes, the owners of such Notes could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Notes as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Notes and the proceedings with respect thereto all of which are included in the contract with the owners of the Notes. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Notes may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Noteholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal*

Assistance Corporation for the City of New York, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes.

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

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

SECTION 99-B OF THE STATE FINANCE LAW

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 the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

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

No Past Due Debt

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

Bankruptcy

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

DESCRIPTION OF BOOK-ENTRY SYSTEM

In the event the Notes are issued in book-entry form, the Depository Trust Company ("DTC"), Jersey City, New Jersey, will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing

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

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the 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 Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the 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 redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company

RISK FACTORS

There are certain potential risks associated with an investment in the Notes, and investors should be thoroughly familiar with this Official Statement, including its appendices, in order to make an informed investment decision. Investors should consider, in particular, the following factors:

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. Accordingly, a decline in the District's credit rating could adversely affect the market value of the Notes.

In addition, if and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any Notes. The price or principal value of the Notes is dependent on the prevailing level of interest rates. If interest rates should increase, the price of a bond or note may decline causing the bond or noteholder to potentially incur a capital loss if such bond or note is sold prior to its maturity.

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

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

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid.

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

CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial. The District invests in cyber insurance policies to help with business interruption and credit monitoring if compromised.

LITIGATION

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

There are several impartial hearings pending in which parents are seeking an order requiring the District to pay tuition at private schools where the parents have provisionally placed their children. In such cases, if all parents were to be successful in obtaining tuition reimbursement from the District, the School Attorney projects a total maximum exposure of in excess of \$2.0 million. The District is rigorously contesting any liability for these cases.

Tax Certiorari Claims. Various property owners have filed certiorari claims under Article 7 of the Real Property Tax Law. These taxpayers assert that their property values, as presently determined, are excessive and request assessment reductions and, in most actions, a refund of property taxes previously paid. Tax claims are continuous in nature and may not be settled for several years or more. It is not unusual for taxpayers to have multiple pending claims affecting a number of years.

It is not possible to provide an estimate of the District's ultimate financial exposure but historically tax certiorari settlements have resulted in assessment reductions and related tax refunds for amounts less than the original claim. Although tax refunds are generally paid from the operating budget, the District has issued debt to finance large tax refund payments. In addition, the District has established a tax certiorari reserve, which had a balance of \$2,170,956 at June 30, 2023.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Notes is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Notes is included in the "adjusted financial statement income" of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. The Tax Certificate of the District (the "Tax Certificate"), which will be delivered concurrently with the delivery of the Notes will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and

statements of reasonable expectations made by the District in connection with the Notes, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Notes is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion as to any other federal, state or local tax consequences arising with respect to the Notes, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Notes.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Notes, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the federal government. Noncompliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral federal income tax matters with respect to the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Note. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the federal tax consequences of owning and disposing of the Notes.

Prospective owners of the Notes should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Notes may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Note (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Notes. In general, the issue price for each maturity of the Notes is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Note having OID (a “Discount Obligation”), OID that has accrued and is properly allocable to the owners of the Discount

Obligation under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Notes.

In general, under Section 1288 of the Code, OID on a Discount Obligation accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Obligation. An owner's adjusted basis in a Discount Obligation is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Obligation. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Obligation even though there will not be a corresponding cash payment.

Owners of Discount Obligations should consult their own tax advisors with respect to the treatment of original issue discount for federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Obligations.

Note Premium

In general, if an owner acquires a Note for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Note after the acquisition date (excluding certain "qualified stated interest" that is unconditionally payable at least annually at prescribed rates), that premium constitutes "note premium" on that Note (a "Premium Note"). In general, under Section 171 of the Code, an owner of a Premium Note must amortize the note premium over the remaining term of the Premium Note, based on the owner's yield over the remaining term of the Premium Note, determined based on constant yield principles (in certain cases involving a Premium Note callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Note). An owner of a Premium Note must amortize the note premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner's regular method of accounting against the note premium allocable to that period. In the case of a tax-exempt Premium Note, if the note premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Note may realize a taxable gain upon disposition of the Premium Note even though it is sold or redeemed for an amount less than or equal to the owner's original acquisition cost. Owners of any Premium Notes should consult their own tax advisors regarding the treatment of note premium for federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of note premium on, sale, exchange, or other disposition of Premium Notes.

Information Reporting and Backup Withholding

Information reporting requirements will apply to interest on tax-exempt obligations, including the Notes. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, "Request for Taxpayer Identification Number and Certification," or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to "backup withholding," which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a "payor" generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Note through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Notes from gross income for federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner's federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Notes under federal or state law or otherwise prevent beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Notes.

Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as Appendix C.

DISCLOSURE UNDERTAKING

In order to assist the purchaser(s) in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12") with respect to the Notes, the District will execute an Undertaking to Provide Notices of Events, the form of which is attached hereto as Appendix D.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Great Neck, New York, (the "Municipal Advisor") is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent financial advisor to the District in connection with this transaction.

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. 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 not a law firm and does not provide legal advice with respect to this or any debt offerings of the District. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

RATING

The District has applied to Moody's Investors Service ("Moody's") for a rating on the Notes. Such rating is pending at this time.

The District's current underlying credit rating from Moody's is "Aa1."

Such rating reflects only the view of Moody's, and an explanation of the significance of such ratings may be obtained only from Moody's at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, New York 10007. There can be no assurance that such ratings will continue for any specified period of time or that such ratings will not be revised or withdrawn, if in the judgment of Moody's

circumstances so warrant. Any such change or withdrawal of such ratings may have an adverse effect on the market price of such bonds and notes or the availability of a secondary market for those bonds and notes.

ADDITIONAL INFORMATION

Periodic public reports relating to the financial condition of the District, its operations and the balances, receipts and disbursements of the various funds of the District are available for the public inspection at the business office of the District.

Additional information may be obtained from the District’s Municipal Advisor, Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, (516) 570-0340 or from the Assistant Superintendent for Business, Ms. Lisa Herlihy, telephone number: (914) 763-7043; email: lherlihy@klschools.org.

The District will act as Paying Agent with respect to the Notes. The Assistant Superintendent for Business noted above should be used as the Paying Agent contact.

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

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.

The statements contained in this Official Statement and the appendices hereto that are not purely historical are forward-looking statements. Such forward-looking statements can be identified, in some cases, by terminology such as “may,” “will,” “should,” “expects,” “intends,” “plans,” “anticipates,” “believes,” “estimates,” “predicts,” “potential,” “illustrate,” “example,” and “continue,” or the singular, plural, negative or other derivations of these or other comparable terms. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available to such parties on the date of this Official Statement, and the District assumes no obligation to update any such forward-looking statements. The forward-looking statements included herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including, but not limited to, risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in various important factors. Accordingly, actual results may vary from the projections, forecasts and estimates contained in this Official Statement and such variations may be material.

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

KATONAH-LEWISBORO UNION FREE SCHOOL DISTRICT

By: _____
Julia Hadlock
President of the Board of Education

DATED: May __, 2024

APPENDIX A
THE DISTRICT

THE DISTRICT

General Information

The District encompasses an area of approximately 60 square miles and is located in the northeastern portion of Westchester County approximately 35 miles north of New York City. Connecticut borders the District to the east. The District is comprised of the Town of Lewisboro (wholly within the District) and includes approximately one-third of the Town of Bedford and small portions of the Towns of Pound Ridge and North Salem.

The District is primarily residential in character. Most residential development consists of single-family homes, but townhouse complexes and estates are also located within the area. Commercial facilities mainly include professional buildings and suburban shopping centers.

Residents work throughout the County or in Manhattan where they hold positions in industry or finance or are engaged in the professions.

Rail service is available by the Metro North Railroad. Highways serving the District include the Interstate 684, State Routes 22 and 35 and the Saw Mill Parkway. The area is also covered by an extensive network of county and town roads. In addition, public bus transportation is available in the area. Commercial airline service is available at the Westchester County airport. In addition, District residents may also use LaGuardia, Kennedy, Newark and Stewart Airports, all of which can be reached within one hour by car.

District Organization

The District is an independent entity governed by an elected Board of Education comprised of seven members. District operations are subject to the provisions of the State Education Law affecting school districts; other statutes applicable to the District include the General Municipal Law, the Local Finance Law and the Real Property Tax Law.

Members of the Board of Education are chosen on a rotating basis by qualified voters at the annual election of the District held on the third Tuesday of May each year. The term of office for each board member is 3 years and the number of terms that may be served is unrestricted. A president is selected by the board from its members and also serves as the chief fiscal officer of the District. The Board of Education is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

The Board of Education appoints the Superintendent of Schools who serves at the pleasure of the Board. Such Superintendent is the chief executive officer of the District and the education system. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board of Education. Also, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Assistant Superintendent for Business, School Business Administrator and the District Treasurer.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the Chief Fiscal Officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Assistant Superintendent for Business and the District Clerk.

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and are available for public inspection upon request.

See the Audited Financial Statements as of and for the year ended June 30, 2023, "Notes to Financial Statements – Note 1," herein.

Budgetary Procedure

Annually, pursuant to the Education Law, the District's Board of Education prepares or causes to be prepared a budget for the ensuing fiscal year. The budget must consist of three parts: program, administration, and capital. During November and

December, the tentative budget is developed and refined in consultation with school principals and department supervisors. At the February and March meetings of the Board of Education the proposed budget is discussed and further refined. The tentative budget is adopted by the Board at a special March 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 proposed budget is held.

The District’s budget is subject to the provisions of Chapter 97 of the Laws of 2011, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See “The Tax Levy Limit Law,” herein.)

The voters of the District adopted the budget for the 2023-24 fiscal year on May 16, 2023. The voters of the District adopted the budget for the 2022-23 year on May 17, 2022. See Appendix B for both summaries.

School Enrollment Trends

The following table represents the District’s enrollment history for the five most recent completed fiscal years and as projected for the 2025 through 2029 fiscal years.

Fiscal Years Ended June 30:	District Enrollment ⁽¹⁾
2020 (Actual)	2,889
2021 (Actual)	2,897
2022 (Actual)	2,893
2023 (Actual)	2,788
2024 (Actual)	2,792
2025 (Projected)	2,855
2026 (Projected)	2,848
2027 (Projected)	2,870
2028 (Projected)	2,836
2029 (Projected)	2,843

(1) Elementary through High School (K-12).

Source: District Officials.

District Facilities

The District presently operates three of the four elementary schools, a middle school, and a high school.

Name	Grades	State Rated Capacity	Date of Original Construction	Additions
John Jay Senior High School	9-12	1,268	1956	1960,1976,1988,1999, 2005
John Jay Middle School	6-8	1,294	1966	1971,1998,2005
Katonah Elementary School	K-5	517	1939	1973,1999,2005
Lewisboro Elementary School ⁽¹⁾	K-5	528	1940	1960,1990,1999,2005
Increase Miller Elementary School	K-5	648	1963	1967,1990,1997,2005
Meadow Pond Elementary School	K-5	553	1965	1999,2002,2005
 Total School Capacity		 <u>4,808</u>		

(1) The District closed this building after the 2013-14 fiscal year. The District will retain ownership of the property but the space will not be occupied by students. Effective April 1, 2017 the Town of Lewisboro will rent approximately 13,000 square feet of space in this building.

Source: District Officials.

(The remainder of this page has been intentionally left blank.)

District Employees

As of April 2024, the District employed a staff of 609 employees, including 593 full and 16 part time employees. Information on collective bargaining units and labor contracts is shown below.

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
224	Katonah-Lewisboro Support Staff Association	6-30-26
312	Katonah-Lewisboro District Teachers Association	6-30-25
20	Katonah-Lewisboro Administrators & Supervisors Association	6-30-25
20	Not Represented	N/A

Source: District Officials.

Employee Benefits

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). Employer pension payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service 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 State and Local Employee's Retirement System (“ERS”). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. All members of the respective systems hired on or after July 1, 1976 contribute a portion of their gross annual salary toward the cost of retirement programs. In the case of Tier 5 and Tier 6 employees, there is no provision for these employee contributions to cease after a certain period of service.

Pursuant to current law, employee contribution rates are progressive and require employee contributions of between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits. The retirement age was also increased to 63 and includes provisions allowing early retirement with penalties. The pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; vesting occurs after 5 years; the time period for calculation of final average salary is five years; and the amount of overtime to be used to determine an employee's pension. A voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more, is now available.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required 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 payment possible. The annual employer pension payment is due on February 1 of each year.

Legislation has been enacted from time to time that authorizes school districts to amortize or defer a portion of its annual employer pension payments. The District has not amortized any of its employer pension payments pursuant to such legislation and expects to continue to pay all payments in full when due.

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

Retirement Billing Procedures

TRS. TRS contributions are paid as a reduction in State aid payments due September 15, October 15 and November 15 of the succeeding fiscal year. Any deficiency or excess in TRS contributions are settled on a current basis during the month of January.

ERS. The District's contributions to ERS and TRS are due on or before February 1. Such contributions are based on salary estimates for the State fiscal year ending on March 31 of the next calendar year.

The amounts contributed to ERS and TRS for the fiscal years ended June 30, 2019 through 2023, the amount budgeted for 2024 and the amount proposed for 2025 are as follows:

Fiscal Year Ended June 30	ERS	TRS
2019	\$1,881,250	\$4,736,853
2020	1,717,186	3,956,743
2021	1,829,333	4,220,177
2022	1,867,900	4,394,669
2023	1,364,368	4,748,950
2024 (Budget)	1,909,349	4,858,530
2025 (Proposed Budget)		

Source: The audited financial statements, the adopted 2023-24 budget and proposed 2024-25 budget of the District.

See Audited Financial Statement for the year ended June 30, 2023, “Notes to Financial Statements,” Note 3.

Other Post Employment Benefits

The District implemented GASB Statement No. 75 (“GASB 75”) of the Governmental Accounting Standards Board (“GASB”), which replaces GASB Statement No. 45 as of fiscal year ended June 30, 2018. GASB 75 requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other non-pension benefits, known as other post-employment benefits (“OPEB”). GASB 75 generally requires that employers account for and report the annual cost of OPEB and the outstanding obligations and commitments related to OPEB similarly to GASB Statement No. 68 reporting requirements for pensions.

GASB 75 requires state and local governments to measure a defined benefit OPEB plan as the portion of the present value of projected benefit payments to be provided to current active and inactive employees, attributable to past periods of service in order to calculate the total OPEB liability. Total OPEB liability generally is required to be determined through an actuarial valuation using a measurement date that is no earlier than the end of the employer’s prior fiscal year and no later than the end of the employer’s current fiscal year.

GASB 75 requires that most changes in the OPEB liability be included in OPEB expense in the period of the changes. Based on the results of an actuarial valuation, certain changes in the OPEB liability are required to be included in OPEB expense over current and future years.

The District’s total OPEB liability as of June 30, 2023 was \$241,374,564 using a discount rate of 3.86% and actuarial assumptions and other inputs as described in the District’s June 30, 2023 audited financial statements.

Should the District be required to fund the total OPEB liability, it could have a material adverse impact upon the District’s finances and could force the District to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the District to partially fund its OPEB liability.

At this time, New York State has not developed guidelines for the creation and use of irrevocable trusts for the funding of OPEB. As a result, the District will continue funding this expenditure on a pay-as-you-go basis.

Legislation has been introduced to create an optional investment pool to help the State and local governments fund retiree health insurance and OPEB. The proposed legislation would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State’s OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the proposed legislation, there would be no limits on how much a local government can deposit into the trust. The District cannot predict whether such legislation will be enacted into law in the foreseeable future.

Investment Policy

Pursuant to Section 39 of the State's General Municipal Law, the District has an investment policy applicable to the investment of all moneys and financial resources of the District. The responsibility for the investment program has been delegated by the Board of Education to the Assistant Superintendent who was required to establish written operating procedures consistent with the District's investment policy guidelines. According to the investment policy of the District, all investments must conform to

the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

Authorized Investments. The District has designated two banks or trust companies which are located and authorized to conduct business in the State to receive deposits of money.

In addition to bank deposits, the District is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the District include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the District (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the District but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The District may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the District, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State.

Collateral Requirements. All District deposits in excess of the applicable insurance coverage provide by the Federal Deposit Insurance Act must be secured in accordance with the provisions of and subject to the limitations of Section 10 of the General Municipal Law of the State. Such collateral must consist of the “eligible securities,” “eligible surety bonds” or “eligible letter of credit” as described in the law.

Eligible securities pledged to secure deposits must be held by the depository or third party bank or trust company pursuant to written security and custodial agreements. The District's security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection such deposits in the event of a default. Securities not registered or inscribed in the name of the District must be delivered, in a form suitable for transfer or with an assignment in blank, to the District or its designated custodial bank. The custodial agreements used by the District provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability. The custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

An eligible irrevocable letter of credit may be issued, in favor of the District, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with commercial paper or other unsecured or short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or a bank that is in compliance with applicable Federal minimum risk-based capital requirements.

An eligible surety bond must be underwritten by an insurance company authorized to do business in the State which has claims paying ability rated in the highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the District in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30, 2023 is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

COVID-19 Stimulus and Uses

On March 11, 2021, the federal government signed into law The American Rescue Plan (ARP) that addresses issues related to the ongoing COVID-19 pandemic. The ARP Act also creates new programs to address continuing pandemic-related crisis and fund recovery efforts. It provides significant funding to local governments and school districts in NYS. -The funds must all be spent by September 30, 2024.

Specifically, eligible uses of the aid include: (i) revenue replacement for the provision of government services to the extent the reduction in revenue is due to the COVID-19 public health emergency relative to revenues collected in the most recent fiscal year prior to the emergency; (ii) premium pay for essential workers; (iii) assistance to small businesses, households, and hard-hit industries, and economic recovery; and (iv) investments in water, sewer and broadband infrastructure. The bill also contains two restrictions on eligible uses: (i) funds cannot be used to directly or indirectly offset tax reductions or delay a tax increase; and (ii) funds cannot be deposited into any pension fund.

The District received approximately \$ 103,837 in CARES Act funds that offset COVID-19 related expenditures due to the pandemic. The District allocated approximately \$ 908,847 in additional Federal stimulus funding between the American Rescue Plan Act (“ARP”) and the Coronavirus Response and Relief Supplemental Appropriations Act (“CRRSA”) to address learning loss, mental health needs and school building related expenditures to upgrade technology and support all students' academic needs.

Real Property Taxes

The District derives a major portion of its revenues from a tax on real property (see “*Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund*” in Appendix B, herein). Chapter 97 of the Laws of 2011, as amended, which imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. (See “*The Tax Levy Limit Law*” herein.)

The following table sets forth General Fund revenue and real property tax revenue during the last five audited fiscal years, the amount budgeted for the current fiscal year and the amount proposed for the upcoming fiscal year.

General Fund Revenue and Real Property Taxes

Fiscal Year	General Fund Revenue ⁽¹⁾	Real Property Taxes	Real Property Taxes As a Percentage of General Fund Revenue
2018-19	\$107,606,356	\$88,545,995	82.3%
2019-20	109,490,295	91,519,810	83.6
2020-21	109,987,291	92,027,417	83.7
2021-22	111,133,148	94,484,821	85.0
2022-23	115,495,978	96,082,172	83.2
2023-24 (Budget) ⁽²⁾	116,788,980	102,522,198	87.8
2024-25 (Proposed Budget)	120,830,472	106,007,107	87.7

(1) Excludes other financing sources.

(2) Excludes an estimated STAR reimbursement in the amount of \$4.8 million which is based on the amount of such revenue received by the District during the 2023 fiscal year.

Source: The audited financial statements, the 2023-24 adopted budget and 2024-25 proposed budget of the District. The summary itself is not audited.

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State Aid

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

The following table sets forth General Fund revenue and State aid during the last five audited fiscal years, the amount budgeted for the current fiscal year and the amount proposed for the upcoming fiscal year.

General Fund Revenue and State Aid

<u>Fiscal Year Ended June 30:</u>	<u>General Fund Revenue ⁽¹⁾</u>	<u>State Aid</u>	<u>State Aid to Revenue (%)</u>
2018-19	\$107,606,356	\$8,329,245	7.7%
2019-20	109,490,295	8,354,092	7.6
2020-21	109,987,291	8,691,966	7.9
2021-22	111,133,148	8,503,746	7.7
2022-23	115,495,978	10,344,209	9.0
2023-24 (Budget)	116,788,980	11,011,782	9.4
2024-25 (Proposed Budget)	120,830,472	11,268,365	9.3

(1) Excludes other financing sources.

Source: The audited financial statements, the 2023-24 adopted budget and 2024-25 proposed budget of the District. The summary itself is not audited.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “*STAR – School Tax Exemption*” herein).

The amount of State aid to school districts is dependent in part upon the financial condition of the State. Due to the outbreak of COVID-19 the State initially declared a state of emergency and the Governor took steps designed to mitigate the spread and impacts of COVID-19, including closing schools and non-essential businesses for an extended period. The use of federal stimulus funds has allowed the State to avoid gap closing measures; however, the State may be required to implement gap closing measures in the future. Such actions may include, but are not limited to: reductions in State agency operations and/or delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. If this were to occur, reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District

The State’s 2023-24 Enacted Budget provided \$34.5 billion in State funding to school districts for the 2023-24 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$3.1 billion or 10.00%. and includes \$24.1 billion of Foundation Aid which increased 12.8% from 2022-23. The 2023-24 school A-7 year increase in Foundation Aid is to complete the three-year phase-in of full funding of the current Foundation Aid formula.

The State’s 2023-24 Enacted Budget also increased the State’s annual investment in prekindergarten to \$1.2 billion, an increase of \$125 million, or 9.09%. The Budget also included a total of \$20 million in grant funding to support the establishment of new early college high school programs.

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. The State’s budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State’s 2023-24 Enacted Budget was adopted on May 2, 2023, which was later than in most recent years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, the COVID-19 pandemic, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision. Reductions in federal funding levels could have a materially adverse impact on the State budget.

In addition to the potential fiscal impact of policies that may be proposed and adopted by the federal administration and Congress, the State budget may be adversely affected by other actions taken by the federal government, including audits, disallowances, and changes to federal participation rates or other Medicaid rules.

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

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

Events Affecting New York School Districts

School district fiscal year (2019-2020): For the 2019-20 school year, the State's Enacted Budget included a total of \$27.9 billion for School Aid, a year-to-year funding increase of approximately \$1.2 billion. The majority of the increases were targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education continued in full, as is the State's usual practice. Transportation aid increased by approximately 4.5% and building aid increased by approximately 3.7%. The State 2019-2020 Enacted Budget continued to link school aid increases for 2019-2020 and 2020-2021 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d.

School district fiscal year (2020-2021): Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7 percent lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately \$1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was expected to total \$27.9 billion, an annual increase of approximately \$100 million or 0.4 percent. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over \$200 million in support for competitive grant programs, including \$1 million for development of a new Civics Education curriculum and \$10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid was continued under existing aid formulas. Out-year growth in School Aid reflected current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues came in below 99% percent of estimates or if actual disbursements exceeded 101% of estimates. See "*State Aid*" herein for a discussion of this provision set forth in the State's 2020-2021 Enacted Budget.

School district fiscal year (2021-2022): For the 2021-2022 school year, the State's Enacted budget provided \$29.5 billion in State funding to school districts for the 2021-2022 school year through School Aid, the highest level of State aid ever, supporting the operational costs of school districts that educate 2.5 million students statewide. This investment represented an increase of 11.3% (\$3.0 billion) compared to the 2020-2021 school year, including a \$1.4 billion (7.6%) Foundation Aid increase. The Enacted budget allocated \$13 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, helped schools safely 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 Budget allocated \$629 million of these funds to school districts as targeted grants to support efforts to address learning loss through activities such as summer enrichment and comprehensive after-school programs. In addition, the Budget used \$105 million of federal funds to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2021-2022 school year.

School district fiscal year (2022-2023): For the 2022-2023 school year, the State's Enacted budget provided \$31.3 billion in State funding to school districts for the 2022-23 school year the highest level of State aid ever. This represented a year-to-year funding increase of \$2.1 billion or 7.07% and included \$21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-23 school year increase in Foundation Aid primarily reflected the second year of the three-year phase-in of full funding of the current Foundation Aid formula. The Enacted Budget also increased the State's annual investment in prekindergarten to \$1.1 billion, an increase of \$125 million, or 13%. The Budget also included a total of \$100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This included support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

School district fiscal year (2023-2024): For the 2023-2024 school year, the Enacted Budget provides \$34.5 billion in State funding to school districts for the 2023-24 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$3.1 billion or 10.00% and includes \$24.1 billion of Foundation Aid which increased 12.8% from 2022-23. The 2022-23 school year increase in Foundation Aid is to complete the three-year phase-in of full funding of the current Foundation Aid formula. The Enacted Budget also increases the State’s annual investment in prekindergarten to \$1.2 billion, an increase of \$125 million, or 9.09%. The Budget also includes a total of \$20 million in grant funding to support the establishment of new early college high school programs.

School district fiscal year (2024-2025): For the 2024-2025 school year, the Enacted Budget will provide \$35.3 billion in State funding to school districts for the 2024-25 school year the highest level of State aid ever. This will represent a year-to-year funding increase of \$825 million or 2.4% and will include \$24.6 billion of Foundation Aid which increased 2.1% from 2023-24. The Enacted Budget will allow for districts to retain \$207 million of Foundation aid in the 2025 school year in excess of their respective full funding targets. The Enacted Budget also increases the State’s expense-based aids by \$318 million, or 3.2% and will include a total of \$100 million in grant funding to provide additional aid to school districts in the 2025 school year.

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 remainder of the current fiscal year or in future fiscal years. However, 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. (See also “*Risk Factors*” herein).

The Smart Schools Bond Act (the “SSBA”) 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 SSBA requires that a Review Board review and approve districts’ Smart Schools Investment Plan before any funds may be made available for the program.

Other Revenues

District finances are operated primarily through the General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

Independent Audits

The District has retained the firm of PFK O’Connor Davies, LLP Certified Public Accountants, to audit its financial statements for the year. From 2019-2023 the District had retained the firm Bonadio & Co., LLP Certified Public Accountants.

Appendix B, attached hereto, presents excerpts from the District’s most recent audited reports covering the last five fiscal years. However, the summary itself has not been audited or reviewed by the Districts independent auditor.

State Audits. The financial affairs of the District are subject to periodic compliance reviews by OSC to ascertain whether the District has complied with the requirements of various State and federal statutes. A report reviewing the procurement of goods and services in the District for fiscal year 2022 and was made available on November 18, 2022. Full copies of the report can be obtained by request of the District or their Municipal Advisor. In addition, copies of the report can also be obtained by visiting the official website of the Office of the State Comptroller.

The State Comptroller’s Fiscal Stress Monitoring System And Compliance Reviews. The New York State Comptroller has reported that New York State’s school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller (“OSC”) 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, for 2023 data, of the State Comptroller designates the District as “No Designation,” with a fiscal score of 0.0% and an environmental score of 10.0%.

See the State Comptroller’s official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

REAL PROPERTY TAXES

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law and County Tax Code. Real property assessment rolls used by the District are prepared by the four towns in which the District is situated. Assessment valuations are determined by each town assessor and the State Office of Real Property Tax Services (“ORPTS”) which is responsible for certain utility and railroad property. In addition, the ORPTS annually establishes State Equalization Ratios for all localities in the State which are determined by statistical sampling of market sales/assessment studies. The equalization ratios are used in the calculation and distribution of certain State aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The District has a debt limit but is not subject to a real property taxing limitation.

Assessed and Full Valuations

Valuations, Rates and Tax Levies For the Fiscal Year Ended June 30:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Valuations:					
Town of Bedford	\$176,776,488	\$177,177,903	\$177,472,600	\$178,352,289	\$179,969,227
Town of Lewisboro	297,653,618	295,445,358	294,831,295	295,690,779	296,946,568
Town of North Salem	47,509,440	47,926,710	47,924,344	50,986,330	56,392,190
Town of Pound Ridge	<u>19,092,945</u>	<u>19,281,562</u>	<u>19,285,125</u>	<u>18,889,442</u>	<u>19,116,802</u>
Total Assessed Values	<u>541,032,491</u>	<u>\$539,831,533</u>	<u>\$539,513,364</u>	<u>\$543,918,840</u>	<u>\$552,424,787</u>
State Equalization Rates: ⁽¹⁾					
Town of Bedford	10.90%	11.07%	10.83%	11.35%	9.31%
Town of Lewisboro	10.02	9.60	9.88	9.72	8.18
Town of North Salem	100.00	100.00	97.00	100.00	100.00
Town of Pound Ridge	17.93	18.46	19.05	19.62	16.06
Full Valuations:					
Town of Bedford	1,621,802,642	1,600,523,062	1,638,712,835	1,571,385,806	1,933,074,404
Town of Lewisboro	2,970,594,990	3,077,555,813	2,984,122,419	3,042,086,204	3,630,153,643
North Salem	47,509,440	47,926,710	49,406,540	50,986,330	56,392,190
Town of Pound Ridge	<u>106,486,029</u>	<u>104,450,498</u>	<u>101,234,252</u>	<u>96,276,463</u>	<u>119,033,636</u>
Total Full Valuations	<u>4,746,393,101</u>	<u>4,830,456,083</u>	<u>4,773,476,046</u>	<u>4,760,734,803</u>	<u>5,738,653,873</u>
Tax Levy: ⁽²⁾⁽³⁾	<u>\$97,948,497</u>	<u>\$97,948,497</u>	<u>\$99,700,394</u>	<u>100,949,190</u>	<u>102,552,198</u>
Town of Bedford	\$189.31	\$183.17	\$192.85	\$186.80	\$191.84
Town of Lewisboro	205.92	211.22	211.40	218.15	218.40
Town of North Salem	20.64	20.27	21.50	21.20	17.87
Town of Pound Ridge	115.09	109.84	109.64	108.06	111.24

(1) Source: The ORPTS. All equalization rates are final.

(2) Gross tax levy prior to School Tax Relief exemptions.

(3) Tax rates are based on apportionments determined using County equalization rates.

Source: The Joint Statement of School Tax Levy and District officials.

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. However, Chapter 97 of the Laws of 2011, as amended, imposes a statutory limit on the amount of real property taxes that a school district may levy. (See “*The Tax Levy Limit Law*” herein.)

The Tax Levy Limit Law

Chapter 97 of the Laws of 2011, as amended, (herein referred to as the “Tax Levy Limit Law” or “Law”) modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy 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 Limit Law imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy increase in excess of the limit. In the event the voters reject the budget, or a subsequent resubmitted budget, the tax levy for the school district’s budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures (such as the Notes) and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

On February 20, 2013, the New York State United Teachers (“NYSUT”) and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT’s causes of action but granted NYSUT’s motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT’s motion for a preliminary injunction and dismissed all causes of action contained in NYSUT’s second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution “does not require that equal educational offerings be provided to every student”, and further noted “the legitimate government interest of restraining crippling property tax increases”. Press reports indicate that NYSUT is reviewing the decision and is likely to appeal to the Court of Appeals.

Tax Collection Procedures

Real property taxes are levied by the District but are collected by the four towns making up the District. Such taxes may be paid in two equal installments on September 1 and January 1 and may be paid without penalty on or before September 30 and January 31, respectively. Delinquent school tax payments are assessed penalties in accordance with an ascending scale which starts at 2% in the month of October and increases to a maximum of 12% for all payments received the following April and thereafter.

According to the County Tax Code, the towns must remit school tax collections to the District by the fifth day of the month following their collection. In addition, the towns are obligated to pay the District the full amount of its current tax levy by April 1. The District is therefore guaranteed 100% of its real property taxes during the current fiscal year. Subsequently, the towns enforce unpaid school taxes in the same manner as unpaid town taxes.

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$86,000 or less, increased annually according to a cost of living adjustment, are eligible for a “full value”

exemption of the first \$65,300 for the 2016-17 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$500,000 are eligible for a \$30,000 “full value” exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Enacted Budget includes changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year’s amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year’s STAR credit check or taxpayers also may account for those changes in their State income taxes.

The 2019-2020 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage home owners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount of the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

The State’s 2020-21 Enacted Budget withholds STAR benefits to taxpayers who are delinquent in the payment of their school taxes and maintains the income limit for the exemption to \$250,000, compared with a \$500,000 limit for the credit.

Approximately 5% of the District’s 2022-2023 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 4% of the District’s 2023-2024 school tax levy is expected to be exempted by the STAR program and the District received full reimbursement of such exempt taxes from the State in January 2024. (See “*State Aid*” herein.)

Ten of the Largest Taxpayers

The following table presents the taxable assessments of ten of the District’s largest taxpayers for the 2023-2024 fiscal year.

<u>For The Collection of 2023-2024 Taxes</u>			
<u>Taxpayer</u>	<u>Classification</u>	<u>Valuation</u>	<u>Valuation ⁽¹⁾</u>
City of NY Dep	Municipal	\$10,652,495	1.93%
NYC Water	Municipal	2,698,200	0.49%
136 Cantitoe Street LLC ⁽²⁾	Residence	2,043,565	0.37%
NYSEG	Municipal	1,985,943	0.36%
Four Winds	Municipal	1,600,000	0.29%
Private Residence	Residence	1,579,335	0.29%
168 Cantitoe Street LLC	Residence	1,500,100	0.27%
Private Residence	Residence	1,494,210	0.27%
44-48 Upper Hook Road LLC	Residence	1,350,195	0.24%
Private Residence	Residence	1,035,500	0.19%
Total		\$25,939,543	4.70%

(1) The assessed valuation of the District for 2023-2024 is \$552,424,787.

(2) Tax certiorari, pending

Source: District Officials.

DISTRICT INDEBTEDNESS

Constitutional Requirements

The State Constitution and Local Finance Law limit the power of the District (and other municipalities and 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 its obligations:

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 periods of probable usefulness of the objects or purposes as determined by statute or the weighted average period of probable usefulness of the several objects or purposes contracted therefor; no installment may be more than fifty per cent in excess of the smallest prior installment unless the Board of Education provides for substantially level or declining annual debt service in the manner prescribed by the State Legislature. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, 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. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. (See "*Nature of the Obligation*" and "*The Tax Levy Limit Law*," herein.)

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specification for such project have been approved by the Commissioner of Education of the State.

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

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

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

Statutory Debt Limit and Net Indebtedness

**Computation of Statutory
Debt Contracting Limitation
As of May 9, 2024**

<u>Town</u>	<u>Assessed Valuations</u>	<u>Equalization Rates ⁽¹⁾</u>	<u>Full Valuations</u>
Bedford	\$179,969,227	9.31%	\$1,933,074,404
Lewisboro	296,946,568	8.18	3,630,153,643
North Salem	56,392,190	100.00	56,392,190
Pound Ridge	<u>19,116,802</u>	16.06	<u>119,033,636</u>
Total Full Valuations	\$552,424,787		<u><u>\$5,738,653,873</u></u>
Debt-Contracting Limitation: (10% of Full Valuation)			<u><u>\$ 573,865,387</u></u>

(1) Final rates as established by the ORPTS.

**Statement of Debt Limit and Net Indebtedness
As of May 9, 2023**

	<u>Amount</u>	<u>Percentage</u>
Debt Contracting Limitation:	\$573,865,387	100.00%
Gross Indebtedness: ⁽¹⁾		
Serial Bonds	450,000	0.08
Bond Anticipation Notes	<u>-0-</u>	<u>0.00</u>
Gross Indebtedness	<u>450,000</u>	<u>0.08</u>
Exclusions and Deductions ⁽²⁾	<u>-0-</u>	<u>0.00</u>
Net Indebtedness	<u>450,000</u>	<u>0.08</u>
Net Debt Contracting Margin	<u><u>\$573,415,387</u></u>	<u><u>99.92%</u></u>

(1) Energy performance contract debt has been excluded (\$4,338,451 outstanding as of May 9, 2024).

(2) Based on current aid formulas, the District estimates that it will receive approximately \$2.6 million from State school building aid. Such amount has not been certified by the State Education Department and therefore no deduction has been taken to compute the District's debt contracting margin.

Short-Term Indebtedness

Bond anticipation notes may be sold to provide moneys for capital projects once a bond resolution has been adopted. Generally, bond anticipation notes are issued in the anticipation of the sale of bonds at some future date and may be renewed from time to time up to five years from the date of the first note. Such notes may not be renewed after the second year unless there is a principal payment on such notes from a source other than the proceeds of bonds. In no event, may bond anticipation notes be renewed after the sale of bonds in anticipation of which the notes were originally issued.

The District is also authorized by law to issue tax anticipation notes and revenue anticipation notes to provide cash for operating expenditures. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law and the Regulations issued under the U.S. Internal Revenue Code of 1986, as amended. Notes may be renewed from time to time but not beyond three years in the case of revenue anticipation notes or five years for tax anticipation notes. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount so appropriated is not sufficient. Generally, the amount of budget notes issued may not exceed 5% of the budget and must be redeemed in the next fiscal year.

Revenue and Tax Anticipation Notes

The District has not found it necessary to issue revenue anticipation notes or tax anticipation notes any time in the past five years and, currently, has no plans do so in the foreseeable future.

Bond Anticipation Notes

The District currently has no outstanding bond anticipation notes.

Trend of Capital Indebtedness

The following table sets forth the long-term bonded indebtedness outstanding at the end of each of the fiscal years ended June 30, 2019 through 2023. Refunded debt and energy performance contract debt has been excluded.

	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonded Indebtedness	\$10,355,000	\$8,500,000	\$6,600,000	\$4,610,000	\$2,560,000
Bond Anticipation Notes	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Total Outstanding Indebtedness	<u>\$10,355,000</u>	<u>\$8,500,000</u>	<u>\$6,600,000</u>	<u>\$4,610,000</u>	<u>\$2,560,000</u>

Overlapping and Underlying Debt

In addition to the District, the following political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The estimated net outstanding indebtedness (bonds and notes) of such political subdivisions, based on information furnished by such entities, but not independently verified, is as follows:

**Statement of Direct and Overlapping Indebtedness
As of May 9, 2024**

Gross Direct Indebtedness				\$450,000
Exclusions and Deductions				<u>-0-</u>
Net Direct Indebtedness				<u>\$450,000</u>
		Net		Applicable
<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Overlapping Debt</u>	<u>Percentage Applicable</u>	<u>Net Overlapping Debt</u>
County of Westchester	11-16-23	\$1,043,271,034	3.21%	\$33,489,000
Towns:				
Bedford	09-06-23	28,889,900	29.89	8,635,191
Lewisboro	03-07-24	8,143,600	100.00	8,143,600
North Salem	12-31-22	5,035,000	3.08	155,078
Pound Ridge	12-31-22	0	5.02	<u>0</u>
Total				<u>\$50,422,869</u>

Source: County, Town and Village officials, the Office of the State Comptroller and Official Statements obtained from the Municipal Securities Rulemaking Board.

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Debt Ratios

The following table sets forth certain debt ratios relating to the District's indebtedness as of May 9, 2024. Energy performance contract debt has been excluded (\$4,338,451 outstanding as of May 9, 2024).

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Debt to Estimated Full Value ⁽²⁾</u>
Net Direct Debt	\$450,000	\$ 24.92	0.01%
Net Direct and Overlapping Debt	50,872,869	2,817.04	0.89

(1) For 2021 the District's population is estimated at 18,059 (US Census Bureau).

(2) The District's full valuation of taxable real estate for fiscal year 2022-23 is estimated to be \$5,738,653,873.

Authorized But Unissued Debt

On June 18, 2015, the Board authorized a bond resolution in the amount of \$1,975,000 for the replacement of an elementary school roof. The District issued \$1,374,986 in serial bonds for this purpose in March of 2017. District officials do not anticipate the remaining authorized amount will be utilized.

On November 17, 2022, the Board authorized a bond resolution in the amount of \$49,500,000 for the construction of improvements and alterations to all District school buildings. Following the issuance of the Notes, the District will have \$24,000,000 remaining in the authorization. (see "Authority for and Purpose of the Notes").

Energy Performance Contract

In November 2014 the District entered into a \$7,454,228 contractual agreement to install energy savings equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over eighteen years, with semi-annual installments of \$267,159 through November 2032. Payments include interest ranging from 2.3736% to 3.44%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the lease payment terms. The balance due May 9, 2024 was 4,338,451.21.

Debt Service Schedule

The following table presents the debt service requirements to maturity on the District's outstanding general obligation bonded indebtedness. Energy performance contract debt has been excluded.

Debt Service on Outstanding General Obligation Bonded Indebtedness

Year Ending June 30	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024 ⁽¹⁾	\$2,110,000	\$44,913	\$2,154,913
2025	145,000	9,438	154,438
2026	150,000	5,750	155,750
2027	155,000	1,938	156,938
Totals	<u>\$2,560,000</u>	<u>\$62,039</u>	<u>\$2,622,039</u>

(1) For the Entire Fiscal Year.

ECONOMIC AND DEMOGRAPHIC DATA

The following section provides economic and demographic information for the Town of Lewisboro, the County and the State. Certain information is not available below the County level and, as such, that information is not necessarily representative of conditions within the District.

Population

The District estimates its current population to be approximately 18,059 based on 2021 information from the U.S. Census Bureau. The following table sets forth population statistics for the Town of Lewisboro, the County and the State.

	<u>Population Trends</u>			<u>% Change</u>	
	<u>2010</u>	<u>2020</u>	<u>2022</u>	<u>2010-2020</u>	<u>2020-2022</u>
Town	12,411	12,265	12,015	(1.18)%	(2.04)%
County	949,113	968,890	991,736	2.1	2.36
State	19,378,102	20,201,249	19,673,200	4.24	(2.61)

Source: U.S. Department of Commerce, Bureau of the Census.

Income

Per capita money income and median income of family's statistics are not available for the District as such. The smallest area for which such statistics are available, which includes the District, is the Town of Lewisboro and not necessarily representative of the District.

	<u>Per Capita Money Income</u>		
	<u>2010</u>	<u>2022</u>	<u>% Change</u>
Town	\$ 71,725	\$ 94,196	31.3%
County	47,814	67,776	47.8
State	30,948	47,173	52.4

Source: U.S. Department of Commerce, Bureau of the Census.

Employment

Average Employed Civilian Labor Force 2010-2023

				<u>% Change</u>	
	<u>2010</u>	<u>2020</u>	<u>2023</u>	<u>2010-2020</u>	<u>2020-2023</u>
County	443,500	478,000	507,700	7.8%	6.2
State	8,769,700	9,289,200	9,717,800	5.9	4.6

Source: New York State Department of Labor.

Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2019	3.6%	3.9%
2020	8.0	9.8
2021	4.8	7.1
2022	3.2	4.3
2023	3.4	4.2
2024 ⁽¹⁾		
Jan	3.8	4.3
Feb	4.0	4.5
Mar	3.7	4.2

(1) Monthly Rates.

Source: New York State Labor Department and U.S. Bureau of Labor Statistics.

The following table presents a listing of certain major employers located in the County.

Major Private Sector Employers in the County

Name of Business	Nature of The Business
Westchester Medical Center	Hospital and Healthcare Services
Pepsico	Multinational Food, Snack and Beverage
IBM	Multinational Technology
Saint John's Riverside Hospital	Hospital and Healthcare Services
White Plains Hospital	Hospital and Healthcare Services
Regenero	Biotechnology
Saint Joseph's Medical Center	Hospital and Healthcare Services Hospital and
Northern Westchester Hospital	Healthcare Services
Montefiore New Rochelle Hospital	Hospital and Healthcare Services

* Headquarters or major branch operations in Westchester.

Source: Info was compiled by the Data Axle Reference Solutions as of August 2023

END OF APPENDIX A

APPENDIX B

FINANCIAL STATEMENT SUMMARIES

KATONAH-LEWISBORO UNION FREE SCHOOL DISTRICT
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION (1)

AS OF JUNE 30:

	2019	2020	2021	2022	2023
ASSETS					
Cash And Equivalents	\$ 21,531,810	\$ 25,817,517	\$ 28,732,395	\$ 30,160,601	\$ 29,341,973
Receivables:					
Accounts (net)	58,101	47,266	54,433	75,328	108,834
State and Federal Aid	599,466	463,347	557,348	488,201	588,170
Due From Other Governments	2,108,902	2,223,332	1,912,020	1,389,466	2,256,113
Due From Other Funds	645,644	623,031	1,104,192	275,362	1,075,639
Advances to Other Funds	0	22,200	0	81,979	91,843
 Total Assets	 \$ 24,943,923	\$ 29,196,693	\$ 32,360,388	\$ 32,470,937	\$ 33,462,572
 LIABILITIES AND FUND EQUITY					
Liabilities:					
Accounts Payable	\$ 1,261,627	\$ 1,857,280	\$ 1,933,076	\$ 1,113,127	\$ 1,010,127
Accrued Liabilities	0	0	0	373,355	834,618
Deposits Payable	0	0	0	767,288	89,261
Due To Other Governments	269,372	329,644	679,475	833,514	963,728
Due To Other Funds	0	0	3,461	0	0
Due To Retirement System	5,384,136	4,683,025	5,062,785	5,161,154	5,702,969
Unearned Revenue	326,529	201,883	293,546	130,844	147,744
 Total Liabilities	7,241,664	7,071,832	7,972,343	8,379,282	8,748,447
 DEFERRED INFLOWS OF RESOURCES:					
Deferred inflows of resources-deferred revenue	0	311,937	0	162,858	162,858
 Fund Balance:					
Nonspendable	154,340	139,124	127,972	81,979	91,843
Restricted	9,801,578	11,377,913	12,534,047	14,090,932	15,540,695
Assigned	3,547,303	5,135,918	7,464,952	5,339,100	4,411,163
Unassigned	4,199,038	5,159,969	4,261,074	4,416,786	4,507,566
 Total Fund Equity	17,702,259	21,812,924	24,388,045	23,928,797	24,551,267
 Total Liabilities and Fund Equity	 \$ 24,943,923	\$ 29,196,693	\$ 32,360,388	\$ 32,470,937	\$ 33,462,572

The financial data presented on this page has been excerpted from the audited financial statements of the District for the years ended June 30, 2019 through

The above presentation has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

KATONAH-LEWISBORO UNION FREE SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
UNAUDITED PRESENTATION (1)

	FOR FISCAL YEARS ENDED JUNE 30:				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
REVENUES:					
Real Property Taxes	\$ 88,545,995	\$ 91,519,810	\$ 92,027,417	\$ 94,484,821	\$ 96,082,172
Other Tax Items	7,851,270	6,424,237	5,894,787	5,215,183	4,867,019
Non-Property Taxes	1,063,922	1,409,634	1,713,543	1,703,758	1,829,821
Charges For Services	525,337	403,105	345,689	296,484	393,019
Use Of Money And Property	728,311	662,080	316,625	278,054	1,385,516
Sale Of Property And Compensation For Loss	8,398	4,589	56,461	45,957	81,099
State Aid	8,329,245	8,354,092	8,691,966	8,503,746	10,344,209
Federal Aid	0	0	103,837	0	0
Miscellaneous	553,878	712,748	836,966	605,145	513,123
Total Revenues	<u>107,606,356</u>	<u>109,490,295</u>	<u>109,987,291</u>	<u>111,133,148</u>	<u>115,495,978</u>
EXPENDITURES:					
Current:					
General Support	11,784,334	11,273,140	12,732,836	15,353,414	13,127,981
Instruction	56,535,650	56,536,147	56,799,894	57,017,827	60,511,245
Pupil Transportation	4,341,664	3,998,772	3,892,430	4,361,532	3,977,706
Community Services	21,743	21,612	0	13,151	13,806
Employee Benefits	29,968,396	28,666,638	28,705,281	29,554,780	31,549,856
Debt Service	2,701,468	2,710,156	2,684,506	2,704,268	2,695,537
Total Expenditures	<u>105,353,255</u>	<u>103,206,465</u>	<u>104,814,947</u>	<u>109,004,972</u>	<u>111,876,131</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>2,253,101</u>	<u>6,283,830</u>	<u>5,172,344</u>	<u>2,128,176</u>	<u>3,619,847</u>
OTHER FINANCING SOURCES (USES):					
Issuance Premium	0	0	0	0	0
Insurance Recoveries	0	0	0	3,476	1,991
Refunding bonds issued	0	0	0	0	0
Payment to refunded bond escrow agent	0	0	0	0	0
Transfers - In	4,989	0	6,605	0	11,839
Transfers - Out	(1,207,128)	(2,173,165)	(2,603,828)	(2,590,900)	(3,011,207)
Total Other Financing Sources (Uses)	<u>(1,202,139)</u>	<u>(2,173,165)</u>	<u>(2,597,223)</u>	<u>(2,587,424)</u>	<u>(2,997,377)</u>
Net Change In Fund Balance	<u>1,050,962</u>	<u>4,110,665</u>	<u>2,575,121</u>	<u>(459,248)</u>	<u>622,470</u>
Fund Equity - Beginning of Year	16,651,297	17,702,259	21,812,924	24,388,045	23,928,797
Adjustments	0	0	0	0	0
Fund Equity Subtotal	<u>16,651,297</u>	<u>17,702,259</u>	<u>21,812,924</u>	<u>24,388,045</u>	<u>23,928,797</u>
Fund Balance - End of Year	<u>\$ 17,702,259</u>	<u>\$ 21,812,924</u>	<u>\$ 24,388,045</u>	<u>\$ 23,928,797</u>	<u>\$ 24,551,267</u>

The financial data presented on this page has been excerpted from the audited financial statements of the District for the years ended June 30, 2019 through 2023.

The above presentation has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

KATONAH-LEWISBORO UNION FREE SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF ESTIMATED REVENUES AND APPROPRIATIONS

	<u>Adopted Budget 2022-2023</u>	<u>Adopted Budget 2023-2024</u>
ESTIMATED REVENUES:		
Real Property Taxes	\$ 100,949,190	\$ 102,522,198
Non-Property Tax Items	1,250,000	1,600,000
Charges For Services	390,000	490,000
Use Of Money & Property	160,000	1,000,000
Sale of Property And Compensation For Loss	15,000	20,000
State Aid	9,678,800	11,011,782
Miscellaneous	<u>136,000</u>	<u>145,000</u>
TOTAL ESTIMATED REVENUES	<u>112,578,990</u>	<u>116,788,980</u>
APPROPRIATED FUND BALANCE	<u>3,200,000</u> ⁽¹⁾	<u>3,200,000</u> ⁽¹⁾
TOTAL ESTIMATED REVENUES AND APPROPRIATED FUND BALANCE	<u>115,778,990</u>	<u>119,988,980</u>
APPROPRIATIONS:		
General Support	\$ 11,709,725	\$ 12,509,129
Instruction	61,359,981	63,257,662
Pupil Transportation	4,755,907	4,805,759
Home & Community Service	26,000	26,000
Employee Benefits	33,161,839	34,721,198
Debt Service	2,695,538	2,689,232
Interfund Transfers	<u>2,070,000</u>	<u>1,980,000</u>
TOTAL APPROPRIATIONS	<u>115,778,990</u>	<u>119,988,980</u>

(1) Includes the appropriation of undesignated fund balance (\$2,450,000) and committed reserves (\$750,000).

APPENDIX C

FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL

Hawkins Delafield & Wood LLP
250 Greenwich Street, 41st floor
New York, New York 10007

June 4, 2024

The Board of Education of the
Katonah-Lewisboro Union Free School District,
in the County of Westchester, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Katonah-Lewisboro Union Free School District, in the County of Westchester (the “School District”), a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$25,000,000 Bond Anticipation Note-2024 (the “Note”), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Note for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Note is a valid and legally binding general obligation of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Note and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note may be limited by bankruptcy, insolvency or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Note is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Note is not treated as a preference item in calculating the alternative minimum tax under the Code, however, interest on the Note is included in the “adjusted financial statement income” of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

The Code establishes certain requirements which must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excluded from gross income for federal income tax purposes under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to the use and expenditure of proceeds of the Note, restrictions on the investment of proceeds of the Note prior to expenditure and the

requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Note to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Note, the School District will execute a Tax Certificate relating to the Note containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Note will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Note, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/or Official Statement relating to the Note or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the School District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Note.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

APPENDIX D

FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

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

“Financial Obligation” shall mean “financial obligation” as such term is defined in the Rule.

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

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean Katonah-Lewisboro Union Free School District, in the County of Westchester, a school district of the State of New York.

“MSRB” shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934.

“Purchaser” shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the Board of Education as of May 21, 2024.

“Rule 15c2-12” shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

“Securities” shall mean the Issuer’s \$25,000,000 Bond Anticipation Note-2024, dated June 4, 2024, maturing on June 4, 2025, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through Capital Markets Advisors, LLC, 11 Grace Avenue, Suite 308, Great Neck, New York 11021, to the Electronic Municipal Market Access (“EMMA”) System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any such event, notice of any of the following events with respect to the Securities:

- (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 of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
- (7) modifications to rights of Securities holders, if material;
- (8) Bond calls, if material, and tender offers;
- (9) defeasances;
- (10) release, substitution, or sale of property securing repayment of the Securities, if material;
- (11) rating changes;
- (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the Issuer in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the Issuer, 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 Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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 Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, 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 Issuer, any of which reflect financial difficulties.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. 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 hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this 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 Undertaking; provided that the sole and exclusive remedy for breach of this 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 Undertaking shall not constitute an event of default on the Securities.

Section 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby 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 Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) 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 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 5 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities 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 the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This 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, the undersigned has duly authorized, executed and delivered this Undertaking as of June 4, 2024.

KATONAH-LEWISBORO UNION FREE SCHOOL DISTRICT

By _____
President of the Board of Education