

**PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 25, 2024**

**NEW ISSUE  
BOND ANTICIPATION NOTES**

**RATINGS: See “RATINGS” 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** designate the Notes as “qualified tax-exempt obligations” pursuant to the provisions of Section 265(b)(3) of the Code.

**SCARSDALE UNION FREE SCHOOL DISTRICT  
WESTCHESTER COUNTY, NEW YORK**

**\$4,250,000**

**BOND ANTICIPATION NOTES - 2024  
(the “Notes”)**

**Date of Issue: October 17, 2024**

**Maturity Dates: October 17, 2025**

The Notes are general obligations of the Scarsdale Union Free School District, 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 Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount. (See “*Nature of the Obligation,*” herein).

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

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

If the Notes are registered in the name of the successful bidder, 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 bidder.

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 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-Only System*” herein).

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. It is anticipated that delivery of the Notes will be made on or about October 17, 2024 through the offices of DTC, or such place agreed to by the purchaser and the District.

THIS PRELIMINARY OFFICIAL STATEMENT IS IN A FORM “DEEMED FINAL” BY THE DISTRICT FOR THE PURPOSES OF THE SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE “RULE”). FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE AS DESCRIBED IN THE RULE, SEE “*DISCLOSURE UNDERTAKING,*” HEREIN.

DATED: October \_\_, 2024

This Preliminary Offering Statement and the information contained herein are subject to completion or amendment without notice. Under no circumstances shall this Preliminary Offering Statement constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the 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.

**SCARSDALE UNION FREE SCHOOL DISTRICT  
WESTCHESTER COUNTY, NEW YORK**

**BOARD OF EDUCATION**

Suzie Hahn.....President  
James C. Dugan ..... Vice President  
Colleen Brown.....Trustee  
Leah Dembitzer.....Trustee  
Robert Klein.....Trustee  
Ron Schulhof.....Trustee  
Amber Yusuf.....Trustee

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**DISTRICT OFFICIALS**

Drew Patrick ..... Superintendent of Schools  
Andrew Lennon ..... Assistant Superintendent for Business & Administration  
Lisa Zareski..... District Treasurer  
Honore Adams .....District Clerk

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**BOND COUNSEL**

**Hawkins Delafield & Wood LLP  
New York, New York**

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**MUNICIPAL ADVISOR**



**Capital Markets Advisors, LLC  
Long Island & Western 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.

**TABLE OF CONTENTS**

	<u>Page</u>		<u>Page</u>
<b>THE NOTES</b> .....	<b>1</b>	Opinion of Bond Counsel .....	8
Description .....	1	Certain Ongoing Federal Tax Requirements and	
Authority for and Purpose of the Notes .....	1	Certifications .....	9
Nature of the Obligation .....	2	Certain Collateral Federal Tax Consequences .....	9
<b>REMEDIES UPON DEFAULT</b> .....	<b>2</b>	Original Issue Discount .....	9
No Past Due Debt .....	3	Note Premium .....	10
Bankruptcy .....	3	Information Reporting and Backup Withholding .....	10
<b>SECTION 99-B OF THE STATE FINANCE LAW</b> .....	<b>4</b>	Miscellaneous .....	10
<b>DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM</b> .....	<b>4</b>	<b>LEGAL MATTERS</b> .....	<b>10</b>
<b>RISK FACTORS</b> .....	<b>6</b>	<b>DISCLOSURE UNDERTAKING</b> .....	<b>11</b>
<b>CYBERSECURITY</b> .....	<b>7</b>	<b>RATING</b> .....	<b>11</b>
<b>LITIGATION</b> .....	<b>7</b>	<b>MUNICIPAL ADVISOR</b> .....	<b>11</b>
<b>TAX MATTERS</b> .....	<b>8</b>	<b>ADDITIONAL INFORMATION</b> .....	<b>11</b>

**APPENDIX A**

	<u>Page</u>		<u>Page</u>
<b>THE DISTRICT</b> .....	<b>A-1</b>	The Tax Levy Limit Law .....	A-12
General Information .....	A-1	Tax Collection Procedures .....	A-12
District Organization .....	A-1	STAR - School Tax Exemption .....	A-12
Financial Organization .....	A-1	Ten of the Largest Taxpayers .....	A-13
Financial Statements and Accounting Procedures .....	A-2	<b>DISTRICT INDEBTEDNESS</b> .....	<b>A-14</b>
Budgetary Procedures .....	A-2	Constitutional Requirements .....	A-14
School Enrollment Trends .....	A-2	Statutory Procedure .....	A-14
District Facilities .....	A-3	Statutory Debt Limit and Net Indebtedness .....	A-15
Employees .....	A-3	Short-Term Indebtedness .....	A-15
Employee Benefits .....	A-3	Tax Anticipation Notes .....	A-16
Other Post Employment Benefits .....	A-5	Bond Anticipation Notes .....	A-16
Investment Policy .....	A-6	Equipment Contract Leases .....	A-16
<b>FINANCIAL FACTORS</b> .....	<b>A-7</b>	Trend of Capital Indebtedness .....	A-16
Real Property Taxes .....	A-7	Overlapping Debt and Underlying Debt .....	A-17
State Aid .....	A-7	Debt Ratios .....	A-17
Events Affecting New York School Districts .....	A-9	Authorized and Unissued Debt .....	A-17
Other Revenues .....	A-10	Debt Service Schedule .....	A-18
Independent Audits .....	A-10	<b>ECONOMIC AND DEMOGRAPHIC DATA</b> .....	<b>A-18</b>
The State Comptroller’s Fiscal Stress Monitoring .....	A-10	Population .....	A-18
<b>REAL PROPERTY TAXES</b> .....	<b>A-10</b>	Income .....	A-19
Assessed and Full Valuations .....	A-11	Employment .....	A-19
Tax Limit .....	A-11		

- APPENDIX B – UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND ADOPTED BUDGETS**
- APPENDIX C – AUDITED FINANCIAL STATEMENTS FOR THE FISCAL YEAR ENDED JUNE 30, 2023**
- APPENDIX D – FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**
- APPENDIX E – FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS**

## OFFICIAL STATEMENT

### SCARSDALE UNION FREE SCHOOL DISTRICT WESTCHESTER COUNTY, NEW YORK

relating to

**\$4,250,000**

**BOND ANTICIPATION NOTES – 2024**  
(the “Notes”)

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the Scarsdale Union Free School District in Westchester County, in the State of New York (the “District,” “County,” and “State,” respectively), in connection with the sale of \$4,250,000 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. 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. Paying agent fees, if any, will be paid by the purchaser. The District’s contact information is Mr. Andrew Lennon, Assistant Superintendent for Business, (914) 721-2400, email: [alennon@scarsdaleschools.org](mailto:alennon@scarsdaleschools.org).

#### ***Authority for and Purpose of the Notes***

The Notes are issued pursuant to the Constitution and laws of the State, including among others, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education of the District on May 22, 2023, authorizing the issuance of \$4,750,000 serial bonds to finance the alteration and improvement of the High School Auditorium (the “Project”). The proceeds from the sale of the Notes will be used to provide original financing for the Project.

#### ***Nature of the Obligation***

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

The Notes are 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.)

## **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.

### ***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. However, on June 29, 2021, the District scheduled its bank to make six outgoing wires for various principal and interest payments due to DTC on June 15, 2022. On June 17, 2022, DTC informed the District that it only received 5 of the 6 wires on June 15, 2022 for which the District had previously allocated funds and scheduled to be sent to DTC. The District immediately initiated a new wire on June 17, 2022 for the interest payment which was received by DTC that same day. The late payment was the result of a technical error made by the District’s banking institution and was no fault of the District which always had, and continues to have, the ability and willingness to pay the District’s obligations in full and on time.

### ***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.

### **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.

### **DESCRIPTION OF BOOK-ENTRY-ONLY 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 securities 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](http://www.dtcc.com) and [www.dtc.org](http://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 or note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in 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. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Notes.

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 will have been established, maintained and continue in existence for the purchase and sale of any Notes. Market 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 in the State or elsewhere 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 State’s economy and financial condition 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).

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Notes, for income taxation purposes could have an adverse effect on the market value of the Notes (see “*TAX MATTERS*” herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, including the District, may affect the market price and/or marketability for the Notes. (See “*Tax Levy Limit Law*” herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District, to pay debt service on their respective obligations.

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.

## **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.

## **LITIGATION**

**General.** 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 legal counsel to the District, 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.

**Tax Certiorari Claims.** The District is also a party to various tax certiorari proceedings instituted under Article 7 of the Real Property Tax Law. In these actions, taxpayers claim that their current real property assessment is excessive and ask that such assessment be reduced. Generally, tax claims request a refund of taxes applicable to the alleged over assessment. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple pending claims affecting a period of years.

It is not possible to estimate the outcome of all pending tax certiorari cases. Tax certiorari claims are frequently settled for amounts substantially less than the original claims. In addition, settlements sometimes provide for reduced assessments in future years rather than a refund of taxes previously paid. The District maintains a tax certiorari reserve which had a balance of \$4,091,758 on June 30, 2023. Pursuant to State law, the District has designated its tax certiorari reserve for the settlement of specific claims including certain large items. At a minimum, the District must re-designate this reserve every four years (except for such amounts as are reasonably required to pay any particular judgments or claims) otherwise monies therein revert to the District's general fund. The District may also finance tax settlements by issuing debt pursuant to provisions set forth in the Local Finance Law.

**Child Victims Act Claims.** Five separate lawsuits have been commenced against the District under the Child Victims Act, four of which have been resolved. In each lawsuit, the plaintiff alleges instances of sexual assault by a

former District employee. For the fifth remaining lawsuit, the District is in the process of determining whether there is insurance coverage from its prior carrier for the claim. Should the plaintiff be successful in their actions against the District, any liability in excess of any insurance coverage that may be available will be a District charge and would be funded either through budgetary appropriations or through the issuance of bonds.

The defense of this case is currently being handled by Bond, Schoeneck & King, PLLC. The plaintiffs in the Richardson case alleges abuse by a former gym teacher in the 1970's. Presently, there is no evidence that the Scarsdale Union Free School District had actual or constructive notice of the alleged abuse by the perpetrator in these actions.

Chubb has declined coverage in the Richardson case on the basis that there is no relevant policy information currently on file establishing the existence of any coverage during the 1970's timeframe. The District has identified new evidence of liability coverage that is currently being researched. Additionally, evidence of Excess Coverage provided by North River for claims above \$300,000 has been identified subject to a finding of coverage by the carrier.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District.

## **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 Certificates 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 note 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 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 Notes having OID (a “Discount Note”), OID that has accrued and is properly allocable to the owners of the Discount Notes 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 Note 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 Note. An owner’s adjusted basis in a Discount Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Note. 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 Note even though there will not be a corresponding cash payment.

Owners of Discount Notes 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 Notes.

## ***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 apply to interest paid 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 in Appendix D.

## **DISCLOSURE UNDERTAKINGS**

In order to assist the purchaser 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 a Certificate to Provide Notices of Events for the Notes, the form of which is attached hereto as Appendix E.

## **RATING**

The District has not applied for a rating on the Notes.

On June 15, 2021, Moody’s Investors Service, Inc. (“Moody’s”) affirmed its rating of “Aaa” on the outstanding uninsured long-term indebtedness of the District.

Such ratings reflect only the respective views of Moody’s and any desired explanation of the significance of such rating should be obtained from Moody’s, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, There can be no assurance that such ratings 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 the Notes or the availability of a secondary market for the Notes.

## **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.

## **ADDITIONAL INFORMATION**

Additional information may be obtained upon request from Andrew Lennon, Assistant Superintendent for Business at (914) 721-2400, or from Capital Markets Advisors, LLC, the District’s Municipal Advisor, at (516) 570-0340.

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 purchasers or owners of any of the Notes.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at [www.capmark.org](http://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.

SCARSDALE UNION FREE SCHOOL DISTRICT  
WESTCHESTER COUNTY, NEW YORK

By: \_\_\_\_\_  
Suzie Hahn  
President of the Board of Education and  
Chief Fiscal Officer

DATED: October \_\_\_\_, 2024

**APPENDIX A**

**THE DISTRICT**



## **THE DISTRICT**

### ***General Information***

The District, established in the late 1700's, is located in the southern part of Westchester County approximately 20 miles north of New York City.

While possessing ready access to all the services associated with living in a metropolitan area, the local community retains all the advantages of suburban living.

The District includes an area of approximately 7 square miles primarily in the Village of Scarsdale (the "Village") and with a small portion in the Town of Mamaroneck (the "Town").

District residents have access to Village owned public recreational facilities which include parks, playgrounds, playfields, nature areas, tennis courts and a municipal swimming pool. The County of Westchester maintains three recreational facilities in Scarsdale including a public golf course. There are also two private golf courses that are accessible to District residents.

The District is served by the Bronx River Parkway, Hutchinson River Parkway and the White Plains Post Road (New York State Route 22). Public transportation is provided by the Metropolitan Transportation Authority, the Scarsdale Bus Company, Westchester County Transportation (buses) and local taxis.

District residents receive electrical service from Consolidated Edison Company of New York ("Con Edison") and telephone service from Verizon. Con Edison also supplies natural gas service to the County of Westchester. Police and fire protection, and sewer and water facilities are provided by the Village of Scarsdale. Ambulance service is provided by the Police Department and a volunteer organization.

Source: District officials.

### ***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 Education 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. The term of office for each board member is three 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 at a referendum held on the third Tuesday each May), 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 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 Treasurer.

### ***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.

### ***Budgetary Procedure***

Pursuant to the Education Law, the District's Board of Education generally prepares or causes to be prepared a budget for the ensuing fiscal year. The budget, effective for fiscal years beginning on or after July 1, 1998, must consist of three parts: program, administration and capital. During November and December, the tentative budget is developed and refined in consultation with school administrators. At the March and April meetings of the Board of Education, the proposed budget is discussed and further refined. The tentative budget is adopted by the Board at its April meeting and submitted to referendum at the Annual District Meeting and Election 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 District Meeting and Election, a public hearing on the proposed budget is held.

The District's budget is subject to the provisions of Chapter 97 of the New York Laws of 2011, as amended, 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 "*Tax Levy Limit Law*" herein for a further discussion regarding the budget vote, revote, contingency budget and the tax cap. The District has never exceeded the tax cap.

On May 21, 2024, qualified voters of the District approved the 2024-2025 budget. See Appendix B for summaries of the 2023-2024 and 2024-2025 adopted budgets of the District.

### ***School Enrollment Trends***

<u>Fiscal Year Ended June 30:</u>	<u>Actual Enrollment</u>	<u>Fiscal Year Ending June 30:</u>	<u>Projected Enrollment</u>
2021	4,630	2026	4,788
2022	4,623	2027	4,815
2023	4,686	2028	4,830
2024	4,690	2029	4,889
2025	4,695	2030	4,900

Source: District Officials.

*(The remainder of this page was intentionally left blank.)*

## ***District Facilities***

The District presently operates 5 elementary schools, a middle school and a high school; statistics relating to each are shown below.

	<u>Grades</u>	<u>Capacity</u>	<u>Construction</u>	<u>Date of Last Addition or Renovation</u>
Edgewood Elementary School	K-5	544	1921	2017
Fox Meadow Elementary School	K-5	612	1928	2001
Greenacres Elementary School	K-5	476	1916	2021
Heathcote Elementary School	K-5	498	1953	2017
Quaker Ridge Elementary School	K-5	680	1946	2006
Scarsdale Middle School	6-8	1,380	1957	2017
Scarsdale High School	9-12	<u>1,598</u>	1917	2017
Total School Capacity		<u><u>5,788</u></u>		

## ***Employees***

The District provides services through approximately 645 full time employees, union and non-union and 315 part-time employees. Union employees are represented by the following units of organized labor.

<u>Number of Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
507	Scarsdale Teachers Association	06-30-28
225	Scarsdale Association of Aides & Assistant	06-30-26
60	Scarsdale Transportation Unit	06-30-26
62	Scarsdale Custodial Unit	06-30-26
49	Scarsdale Association of Educational Secretaries	06-30-25
23	Managers & District Services Association	06-30-25
17	Scarsdale Principals Association	06-30-28

## ***Employee Benefits***

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). 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. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year’s full-time service contribute 3% (ERS) or 3.5% (TRS) of their gross annual salary toward the cost of retirement programs.

On December 10, 2009 a new Tier V was signed into law. The law is effective for new ERS and TRS employees hired after January 1, 2010 and on or before April 1, 2012. Tier V ERS employees will contribute 3% of their salaries and TRS employees will contribute 3.5% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the New York Laws of 2012, which legislation provides for a new Tier VI for employees hired on or after April 1, 2012. This new pension tier has progressive contribution rates between 3% and 6% with no provision for these contributions to cease after a certain period of

service; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

Due to prior poor performance of the investment portfolio of TRS and ERS, the employer contribution rates for required pension contributions to the TRS and ERS in 2011 and certain subsequent years have increased. To help mitigate the impact of such increases, legislation was enacted to permit school districts to amortize a portion of the contributions to the ERS only. Under such legislation, school districts that choose to amortize will be required to set aside and reserve funds with the ERS for certain future rate increases. The District has not and does not reasonably expect to amortize such contributions.

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

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

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan. The District has not and does not reasonably expect to participate in the ERS or TRS SCO program.

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 established such a reserve fund during the fiscal year ended June 30, 2020.

### **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 in the month of January.

**ERS.** The District's contributions to ERS and PFRS 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 last five fiscal years ended June 30 and the amounts budgeted for the most recent and current fiscal years are as follows:

Fiscal Year Ended June 30	ERS	TRS
2019	\$2,356,863	\$7,233,622
2020	2,398,073	6,127,521
2021	2,227,214	6,823,233
2022	2,501,011	7,095,926
2023	2,057,157	8,097,772
2024 (Budget)	2,355,700	7,750,640
2025 (Budget)	3,000,000	8,400,000

Source: Audited Financial Statements and Adopted Budgets of the District. Summary itself is not audited.

For a more complete description of pension systems see “Notes to the Financial Statements” in the audited financial report.

### ***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 \$176,137,190 using a discount rate of 3.90% 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 in recent years 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 Deputy Superintendent for 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 five banks or trust companies which are located and authorized to conduct business in the State to receive deposits of money. The District is permitted to invest in special time deposits or certificates of deposit. In addition, the District has authorized pooled investments with NY/CLASS and NYLAF.

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.

### *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). On June 24, 2011, Chapter 97 of the New York Laws of 2011, as amended, 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 total general fund revenues and State aid revenues during the last five fiscal years and the amounts budgeted for the most recent and current fiscal years.

<u>Real Property Taxes</u>			
<u>Fiscal Year Ended June 30:</u>	<u>General Fund Revenues</u>	<u>Real Property Taxes<sup>(1)</sup></u>	<u>Real Property Taxes as A Percentage of General Fund Revenue</u>
2019	\$156,656,427	\$145,492,093	92.9%
2020	159,591,207	148,838,352	93.3
2021	161,626,240	151,351,380	93.6
2022	165,213,879	154,646,700	93.6
2023	174,189,255	160,022,532	91.9
2024 (Budget)	176,674,187	163,171,366	92.4
2025 (Budget)	183,834,125	170,456,664	92.7

(1) Does not include STAR reimbursement.

Source: Audited Financial Statements and Adopted Budgets of the District. Summary itself is not audited.

### *State Aid*

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, 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 School Districts can be paid only if the State has such monies available for such payment.

The following table sets forth total general fund revenues and State aid revenues during the last five fiscal years, and the amounts budgeted for the most recent and current fiscal years.

Fiscal Year Ended June 30:	<b><u>State Aid</u></b>		
	General Fund Revenues <sup>(1)</sup>	State Aid	State Aid As a Percentage of General Fund Revenue
2019	\$156,656,427	\$7,355,516	4.7%
2020	159,591,207	6,980,736	4.4
2021	161,626,240	6,980,937	4.3
2022	165,213,879	7,403,416	4.5
2023	174,189,255	8,042,431	4.6
2024 (Budget)	176,674,187	7,314,740	4.1
2025 (Budget)	183,834,125	6,808,075	3.7

(1) Excludes other financing sources.

Source: Audited Financial Statements and Adopted Budgets of the District. 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 State’s 2021-22 Enacted Budget and the State’s 2022-23 Enacted Budget included significant amounts of federal funding. The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive 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 an a materially adverse impact on the State budget. To date, school districts have received significant funding because of the COVID-19 pandemic from federal stimulus packages and reinstatement of State Foundation Aid, however, the additional federal funding is anticipated to cease after the 2023-24 fiscal year. In addition, the State is reviewing the Foundation Aid formula for potential revisions. Any revisions to the formula may result in a reduction of State aid to the District.

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. With the exception of State’s current fiscal year budget and the State’s fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State’s budget has been adopted by April 1 or shortly thereafter for over ten (10) years. The State’s current fiscal year 2024-25 Enacted Budget was adopted on April 22, 2024. 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.

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, including the District.

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 (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 COVID19 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 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 provided \$34.5 billion in State funding to school districts for the 2023-24 school year the highest level of State aid ever. This represented 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 increased in Foundation Aid is to complete 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 pre-kindergarten 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.

*School district fiscal year (2024-2025):* For the 2024-2025 school year, the Enacted Budget provides \$35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever. This represents an increase of \$1.3 billion compared to the 2023-24 school year and includes a \$934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Enacted Budget maintains the "save harmless" provision, which currently ensures a school district receives at least the same amount of Foundation Aid as it received in the prior year. The State's 2024-25 Enacted Budget also authorizes a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

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 by the State to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District was awarded an allocation under the ACT to issue up to \$494,867 in bonds. The SSBA Review Board reviewed and approved districts' Smart Schools Investment Plan and \$302,038 of the allocation has been utilized to date.

### ***Other Revenues***

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

### ***Independent Audits***

The District retained the firm of EFPR Group, Certified Public Accountants, to audit its financial statements for the fiscal year ended June 30, 2023. Appendix B, attached hereto, presents excerpts from the District's most recent audited reports covering the last five fiscal years.

In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State. (See "*The State Comptroller's Fiscal Stress Monitoring System and OSC Compliance Reviews*" herein.)

### ***The State Comptroller's Fiscal Stress Monitoring System***

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller ("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 of the State Comptroller designates the District as “No Designation.”

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. The last audit conducted by OSC was released on December 16, 2022. The purpose of the audit was to determine whether District officials ensured overtime was properly approved, accurate and monitored. The complete report can be obtained from OSC’s website.

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**

### ***Assessed and Full Valuations***

#### **Valuations, Rates and Tax Levies For the Fiscal Year Ending June 30:**

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Assessed Values:					
Scarsdale	\$8,925,546,021	\$8,930,049,388	8,955,671,071	9,038,422,458	9,127,860,867
Mamaroneck	<u>404,103,865</u>	<u>407,172,243</u>	<u>403,442,962</u>	<u>418,001,832</u>	<u>447,880,160</u>
Total Assessed Values	<u>\$9,329,649,886</u>	<u>\$9,337,221,631</u>	<u>9,359,114,033</u>	<u>9,456,424,290</u>	<u>9,575,741,027</u>
Equalization Rates <sup>(1)</sup>					
Scarsdale	94.00%	94.00%	98.80%	100.00%	87.55%
Mamaroneck	100.00	100.00	100.00	100.00	100.00
Full Values:					
Scarsdale	\$9,495,261,724	\$9,500,052,540	9,064,444,404	9,038,422,458	10,425,883,343
Mamaroneck	<u>404,103,865</u>	<u>407,172,243</u>	<u>403,442,962</u>	<u>418,001,832</u>	<u>447,880,160</u>
Total Full Values	<u>\$9,899,365,589</u>	<u>\$9,907,224,783</u>	<u>9,467,887,366</u>	<u>9,456,424,290</u>	<u>10,873,763,503</u>
Tax Rate Per \$1,000 Equalized Value:	15.98	16.22	16.31	16.89	17.10
Tax levy <sup>(2)</sup>	<u>\$148,662,063</u>	<u>\$151,128,318</u>	<u>154,374,399</u>	<u>159,697,444</u>	<u>162,785,585</u>

(1) State Board. All equalization rates shown are final.

(2) Gross Levy, prior to additions to or deletions from tax roll and STAR exemption.

Source: Town Assessor 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 New York 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. (See “*Nature of Obligation*” herein).

## ***Tax Collection Procedures***

The real property taxes of the District are collected by the respective Receiver of Taxes for the Village and Town. The first half is due and payable without penalty during the month of September, subject to a 2% penalty if paid during October, 5% if paid during November, 7% if paid during December or January, 10% if paid during February or March and 12% thereafter to the date of sale of tax liens for unpaid taxes. The second half is due and payable without penalty during the month of January, subject to a 10% penalty if paid during February or March and 12% thereafter to the date of sale of tax liens. In the County, taxes are collected by towns which are obligated to pay the full amount of the tax levy to the school districts by April 1. The Village and Town have the power to issue and sell tax anticipation notes in order to reimburse any uncollected taxes to the District.

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

## ***STAR - School Tax Exemption***

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. 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 State’s 2019-2020 Enacted Budget included changes to the STAR program. For those homeowners with incomes over \$250,000, the STAR exemption benefit was capped at the 2019 fiscal year level, rather than allowed to grow by up to 2% annually under the STAR credit program. Those homeowners with incomes between \$250,000 and \$500,000 are able to convert to the credit program to maintain the full STAR benefit.

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 0.70% of the District’s 2023-2024 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 0.50% of the District’s 2024-2025 school tax levy is expected to be exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January, 2025. (See “*State Aid*” herein).

***Ten of the Largest Taxpayers***

**2024-25 Tax Year**

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Percent of Assessed Valuation <sup>(1)</sup></u>
Consolidated Edison Company	Utility	\$123,546,607	1.29%
Scarsdale Improvement Co.	Commercial	42,540,000	0.44
Popham Hall LLC	Apartments	26,000,000	0.27
Scarsdale Chateaux Owners	Cooperative Apartments	25,354,819	0.26
CH Realty VIII. <sup>(2)</sup>	Commercial	22,500,000	0.23
Heathcote-Overhill Corp.	Cooperative Apartments	17,985,520	0.19
2 Overhill Road Associates	Commercial	15,611,250	0.16
Birchall Acquisition LLC <sup>(2)</sup>	Residential	14,962,500	0.16
Eighteen Heathcote LLC <sup>(2)</sup>	Recreation	13,832,000	0.14
CP Retail LLC <sup>(2)</sup>	Commercial	12,100,000	0.13
Total:		<u>\$314,432,696</u>	<u>3.28%</u>

(1) Total taxable assessed valuation for FY 2023-24 is \$10,873,763,503.

(2) Taxpayer has open tax certiorari claim (See “Litigation” for a general discussion of such matters).

## **DISTRICT INDEBTEDNESS**

### ***Constitutional Requirements***

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

**Purpose and Pledge.** Subject to certain enumerated exceptions, the District shall not give or loan any money or property to or in aid of any individual or private corporation 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 in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which it is contracted. No installment may be more than fifty per centum in excess of the smallest prior installment, unless the District determines to issue a particular debt obligation amortizing on the basis of substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

### ***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. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement. Except on rare occasion, the District complied with this estoppel procedure.

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

The 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 September 25, 2024**

<u>Town</u>	<u>Assessed Valuation</u>	<u>Equalization Ratio <sup>(1)</sup></u>	<u>Full Valuation</u>
Scarsdale	\$9,127,860,867	87.55%	\$10,425,883,343
Mamaroneck	447,880,160	100.00	447,880,160
			<u>10,873,763,503</u>
Debt-Contracting Limitation: (10% of Full Valuation)			<u>\$ 1,087,376,350</u>

(1) ORPTS.

**Statement of Debt Contracting Power  
As of September 25, 2024**

	<u>Amount</u>	<u>Percentage</u>
Debt Contracting Limitation:	<u>\$1,087,376,350</u>	<u>100.00%</u>
Gross Indebtedness:		
Serial Bonds	47,025,000	4.32
Bond Anticipation Notes	<u>-0-</u>	<u>0.00</u>
Total Gross Indebtedness	47,025,000	4.32
Less: Exclusions and Deductions	<u>-0-</u>	<u>0.00</u>
Net Indebtedness	<u>47,025,000</u>	<u>4.32</u>
Net Debt Contracting Margin	<u>\$1,040,351,350</u>	<u>95.68%</u>

***Short-Term Indebtedness***

Pursuant to the Local Finance Law, the District is authorized to issue short-term indebtedness, in the form of notes as specified by such statute, to finance both capital and operating purposes.

**Capital Purposes.** 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 anticipation of the sale of bonds at some future date and may be renewed from time to time for up to five years from the date of issuance. Such notes may not be renewed after the second year unless a legally sufficient principal payment on such notes is made from a source other

than the proceeds of bonds or bond anticipation notes. In no event may bond anticipation notes be renewed after the sale of bonds in anticipation of which the notes were originally issued.

**Operating Purposes.** The District may also issue tax anticipation notes and revenue anticipation notes to provide cash to finance cash flow deficits. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law and the Internal Revenue Code of 1986 (the "Code") and the Regulations there under. Such notes may be renewed from time to time generally not beyond three years in the case of revenue anticipation notes and five years for tax anticipation notes. The District has not issued revenue anticipation notes since 1991. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount 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. The District has not issued budget notes during the past five fiscal years.

***Tax Anticipation Notes***

In recent years, the District has not issued any tax anticipation notes, and does not contemplate issuing such notes in the foreseeable future.

***Bond Anticipation Notes***

The District currently does not have any bond anticipation notes outstanding.

***Equipment Contract Leases***

The following table presents a summary of principal and interest payments due on all the District's outstanding leases:

<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024 <sup>(1)</sup>	\$ 1,417,382	54,305	1,471,687
2025	1,462,746	88,247	1,550,993
Total	\$2,880,128	\$142,552	\$3,022,680

(1) For entire fiscal year.

***Trend of Capital Indebtedness***

The following table sets forth the capital indebtedness outstanding at the end of each of the last five fiscal years.

	<u>Fiscal Year Ended June 30:</u>				
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
Bonds	\$18,850,000	\$55,195,000	\$63,660,000	\$58,435,000	\$53,010,000
Bond Anticipation Notes	20,536,718	0	0	0	0
Capital Leases	5,375,641	5,724,491	4,947,128	4,135,694	3,349,638
Total Outstanding Indebtedness	<u>\$44,762,359</u>	<u>\$60,919,491</u>	<u>\$68,607,128</u>	<u>\$62,570,694</u>	<u>\$56,359,638</u>

*(The remainder of this page was intentionally left blank.)*



***Overlapping Debt 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 September 25, 2024**

Gross Direct Indebtedness				\$47,025,000
Exclusions and Deductions				<u>0</u>
Net Direct Indebtedness				<u>\$47,025,000</u>
<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Overlapping Indebtedness</u>	<u>Percentage Applicable To District</u>	<u>Amount Applicable To District</u>
Westchester County	12-31-23	\$1,119,976,738	5.67%	\$62,502,681
Town of Mamaroneck	07-29-24	35,647,289	4.02	1,433,021
Town/Village of Scarsdale	05-31-23	15,735,037	100.00	<u>15,735,037</u>
Total				<u><u>\$80,670,739</u></u>

***Debt Ratios***

The following table sets forth certain debt ratios relating to the District's indebtedness as of September 25, 2024.

	<u>Amount</u>	<u>Debt Per Capita <sup>(1)</sup></u>	<u>Debt to Estimated Full Value <sup>(2)</sup></u>
Net Direct Debt	\$ 47,025,000	\$2,480.75	0.43%
Net Direct and Overlapping Debt	127,695,739	6,736.43	1.17

(1) District's population is estimated at 18,956.

(2) The District's full valuation of taxable real estate for fiscal year 2022-23 is estimated to be \$10,873,763,503.

***Authorized and Unissued Debt***

The issuance of \$4,750,000 in bonds to fund the renovation of the High School Auditorium was approved by voters and the Board of Education on May 16, 2023. Following the issuance of the Notes, there will be unissued amount pursuant to this resolution of \$500,000.

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**Debt Service Schedule**

The following table presents the debt service requirements to maturity on the District's outstanding general obligation bonded indebtedness.

**Schedule of Debt Service Requirements**

<u>Year Ending June 30</u>	<u>Principal Payments</u>	<u>Interest Payments</u>	<u>Total Debt Service</u>	<u>Cumulative % Principal</u>
2025 <sup>(1)</sup>	\$ 5,465,000	\$ 1,659,856	\$ 7,124,856	11.41
2026	5,710,000	1,417,381	7,127,381	23.32
2027	5,950,000	1,163,531	7,113,531	35.74
2028	3,310,000	924,331	4,234,331	42.65
2029	3,525,000	758,831	4,283,831	50.01
2030	3,730,000	608,681	4,338,681	57.80
2031	3,830,000	459,481	4,289,481	65.79
2032	3,930,000	362,881	4,292,881	73.99
2033	4,025,000	273,881	4,298,881	82.39
2034	4,040,000	182,631	4,222,631	90.83
2035	3,230,000	90,781	3,320,781	97.57
2036	<u>1,165,000</u>	<u>24,756</u>	<u>1,189,756</u>	100.00
Totals	<u>\$47,910,000</u>	<u>\$7,927,022</u>	<u>\$55,837,022</u>	

(1) For entire fiscal year.

**ECONOMIC AND DEMOGRAPHIC DATA**

**Population**

	<u>Population</u>			<u>% Change</u>	
	<u>2010</u>	<u>2020</u>	<u>2023</u>	<u>2010-2020</u>	<u>2020-2023</u>
Town/Village of Scarsdale	17,166	18,253	17,747	6.3%	(2.8)%
Town of Mamaroneck	29,156	31,758	30,771	8.9	(3.1)
County	949,113	1,004,457	990,817	5.8	(1.4)
State	19,378,102	20,201,249	19,571,216	4.2	(3.1)

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

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***Income***

**Per Capita Money Income**

	2010	2020	2022	% Change	
				2010-2020	2020-2022
Town/Village of Scarsdale	\$112,323	\$137,352	\$173,050	22.3%	26.0%
Town of Mamaroneck	78,335	90,733	106,351	15.8	17.2
County	47,814	57,953	67,776	21.2	16.9
State	30,948	40,898	47,173	10.9	15.3

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

***Employment***

**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

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

**Monthly Unemployment Rates**

<u>Month</u>	<u>County</u>	<u>State</u>
September 2023	3.6%	4.2%
October	3.7	4.4
November	3.6	4.2
December	3.7	4.4
January 2024	3.8	4.3
February	4.0	4.5
March	3.8	4.2
April	3.4	3.9
May	3.7	4.2
June	3.6	4.3
July	4.0	4.9
August	N/A	4.9

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

**Major Private Sector Employers in the County**

<u>Name of Business</u>	<u>Nature of Business</u>
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
Regeneron	Biotechnology
Saint Joseph's Medical Center	Hospital and Healthcare Services
Northern Westchester Hospital	Hospital and Healthcare Services
Montefiore New Rochelle Hospital	Hospital and Healthcare Services

Source: Data Axle Reference Solutions as of August 2023.

**END OF APPENDIX A**

**APPENDIX B**

**UNAUDITED SUMMARY OF FINANCIAL STATEMENTS  
AND ADOPTED BUDGETS**

SCARSDALE UNION FREE SCHOOL DISTRICT  
GENERAL FUND  
BALANCE SHEET  
UNAUDITED PRESENTATION

FOR THE FISCAL YEARS ENDED JUNE 30:

	2019	2020	2021	2022	2023
<b>ASSETS</b>					
Unrestricted Cash	\$ 10,482,668	\$ 31,832,772	\$ 30,053,149	\$ 11,236,067	\$ 1,143,568
Restricted Cash	14,821,372	8,396,756	9,456,066	9,611,386	13,091,088
State and Federal Aid Receivable	894,332	1,155,038	1,169,737	1,097,433	1,219,089
Due From Other Governments	1,830,226	1,512,017	0	0	0
Due From Other Funds	0	0	886,593	1,423,969	2,649,824
Investments	9,123,000	9,022	9,022	24,247,488	26,438,452
Due From Fiduciary Funds	55,187	257,800	0	0	0
Other Receivables, Net	473,072	1,197,067	558,329	4,587,149	762,127
<b>Total Assets</b>	<b>\$ 37,679,857</b>	<b>\$ 44,360,472</b>	<b>\$ 42,132,896</b>	<b>\$ 52,203,492</b>	<b>\$ 45,304,148</b>
 <b>LIABILITIES AND FUND EQUITY</b>					
Liabilities:					
Accounts Payable	\$ 2,179,050	\$ 2,744,375	\$ 3,495,656	\$ 4,948,241	\$ 1,210,599
Accrued Liabilities	1,132,628	592,333	873,759	609,151	603,572
Due to Fiduciary Funds	18,949	19,800	0	0	0
Due to Other Governments	0	2,353,615	0	0	0
Due to Other Funds	0	0	343,617	8,822,093	5,004,687
Due to Retirement Systems	7,730,937	6,807,788	7,505,617	7,664,165	9,627,065
Other Liabilities	4,377,823	5,177,823	4,377,823	5,050,000	5,050,000
<b>Total Liabilities</b>	15,439,387	17,695,734	16,596,472	27,093,650	21,495,923
Deferred Inflows					
Unearned/Unavailable Revenue	0	0	0	100,244	0
Fund Equity:					
Restricted	13,829,868	16,443,184	14,867,143	14,325,307	13,091,088
Assigned	2,204,699	3,256,211	4,020,886	3,848,682	3,643,759
Unassigned	6,205,903	6,965,343	6,648,395	6,835,609	7,073,378
<b>Total Equity</b>	22,240,470	26,664,738	25,536,424	25,009,598	23,808,225
<b>Total Liabilities and Fund Equity</b>	<b>\$ 37,679,857</b>	<b>\$ 44,360,472</b>	<b>\$ 42,132,896</b>	<b>\$ 52,203,492</b>	<b>\$ 45,304,148</b>

The financial data presented on this page has been excerpted from the audited financial statements of the District. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

SCARSDALE UNION FREE SCHOOL DISTRICT  
GENERAL FUND  
STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCE  
UNAUDITED PRESENTATION

FOR THE FISCAL YEARS ENDED JUNE 30:

	2019	2020	2021	2022	2023
<b>REVENUES:</b>					
Real Property Taxes	\$ 145,492,093	\$ 148,838,352	\$ 151,351,380	\$ 154,646,700	\$ 160,022,532
Non-Property Taxes	1,046,413	1,386,435	1,685,344	1,814,808	1,944,237
Charges For Services	694,779	795,617	793,840	709,132	887,959
Use Of Money And Property	1,683,717	1,150,544	123,526	169,112	2,185,279
Sale Of Property And Compensation For Loss	99,121	91,187	134,241	96,340	148,539
Miscellaneous	284,788	348,336	556,972	374,371	958,278
State Aid	7,355,516	6,980,736	6,980,937	7,403,416	8,042,431
 Total Revenues	 156,656,427	 159,591,207	 161,626,240	 165,213,879	 174,189,255
<b>EXPENDITURES:</b>					
Current:					
General Support	17,848,897	18,370,741	18,835,310	19,121,130	18,969,883
Instruction	86,631,729	88,802,390	91,899,215	95,163,736	98,758,693
Pupil Transportation	3,869,020	3,878,387	3,753,869	4,158,326	4,441,375
Community Service	288,434	248,599	127,458	277,697	284,027
Employee Benefits	34,541,858	34,030,517	36,816,045	36,404,689	42,370,017
Debt Service	10,027,015	10,070,185	9,711,925	9,996,404	10,001,642
 Total Expenditures	 153,206,953	 155,400,819	 161,143,822	 165,121,982	 174,825,637
 Excess (Deficiency) of Revenues Over Expenditures	 3,449,474	 4,190,388	 482,418	 91,897	 (636,382)
<b>OTHER FINANCING SOURCES (USES):</b>					
Proceeds from Issuance of Lease	0	1,108,318	0	0	0
Operating Transfers - In	667,728	386,974	160,633	282,014	0
Operating Transfers - Out	(1,504,996)	(1,261,412)	(1,771,365)	(900,737)	(564,991)
 Total Other Financing Sources (Uses)	 (837,268)	 233,880	 (1,610,732)	 (618,723)	 (564,991)
 Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	 2,612,206	 4,424,268	 (1,128,314)	 (526,826)	 (1,201,373)
Fund Equity - Beginning of Year	19,628,264	22,240,470	26,664,738	25,536,424	25,009,598
Change in Fund Balance	0	0	0	0	0
 <b>Fund Equity - End of Year</b>	 \$ 22,240,470	 \$ 26,664,738	 \$ 25,536,424	 \$ 25,009,598	 \$ 23,808,225

The financial data presented on this page has been excerpted from the audited financial statements of the District. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

SCARSDALE UNION FREE SCHOOL DISTRICT  
GENERAL FUND  
STATEMENT OF ESTIMATED REVENUES AND APPROPRIATIONS

	<u>Budget 2023-24</u>	<u>Budget 2024-25</u>
<b>ESTIMATED REVENUES:</b>		
Real Property Taxes, Net	\$ 163,171,366	\$ 170,456,664
Non-Property Tax Items	2,100,000	2,100,000
Charges for Services	840,000	835,000
Use Of Money And Property	1,273,695	1,850,000
Sale Of Property And Compensation for Loss	25,000	35,000
Interfund Revenue	1,349,386	1,349,386
State Aid	7,314,740	6,808,075
Miscellaneous	<u>600,000</u>	<u>400,000</u>
 TOTAL ESTIMATED REVENUES	 <u>176,674,187</u>	 <u>183,834,125</u>
 <b>APPROPRIATED FUND BALANCE</b>	 <u>1,100,000</u>	 <u>1,100,000</u>
 TOTAL ESTIMATED REVENUES AND APPROPRIATED FUND BALANCE	 <u>\$ 177,774,187</u>	 <u>\$ 184,934,125</u>
 <b>APPROPRIATIONS:</b>		
General Support	\$ 19,337,654	\$ 19,909,162
Education	101,375,794	104,949,594
Pupil Transportation	4,971,047	5,376,848
Community Services	391,003	394,655
Employee Benefits	40,937,270	43,307,866
Debt Service	9,293,272	8,891,000
Interfund Transfers	<u>1,468,147</u>	<u>2,105,000</u>
 TOTAL APPROPRIATIONS	 <u>\$ 178,165,190</u>	 <u>\$ 184,934,125</u>

Source: Adopted Budgets of the District.



**APPENDIX C**

**LINK TO  
INDEPENDENT AUDITORS' REPORT  
FOR THE FISCAL YEAR ENDED  
JUNE 30, 2023**

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

**<https://emma.msrb.org/P11749236.pdf>**

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

**\* Such Financial Statements and opinion are intended to be representative only as of the date thereof. EFPR Group, CPSs, PLLC has not been requested by the District to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

**APPENDIX D**

**FORM OF APPROVING LEGAL OPINION OF BOND COUNSEL**

Hawkins Delafield & Wood LLP  
7 World Trade Center, 250 Greenwich Street  
New York, NY 10007

October 17, 2024

The Board of Education of  
Scarsdale Union Free School District,  
in the County of Westchester, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the Scarsdale Union Free School District (the “School District”), in the County of Westchester, 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 \$4,250,000 Bond Anticipation Note-2024 (the “Note”), dated and delivered on the date hereof.

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 upon 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 that must be met subsequent to the issuance of the Note in order that the interest on the Note be and remain excludable 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,

**APPENDIX E**

**FORM OF UNDERTAKING TO PROVIDE NOTICES OF EVENTS**

## FORM OF 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.

“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 October 17, 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.

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

“Securities” shall mean the School District’s **\$4,250,000 Bond Anticipation Note-2024**, dated October 17, 2024, maturing on October 17, 2025, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The School District hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided 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 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 School District;

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 School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the School District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the School District;

- (13) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material;
- (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 School District from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the School District disseminates any such additional information, the School District 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 School District from providing notice of the occurrence of certain other events, in addition to those listed above, if the School District determines that any such other event is material with respect to the Securities; but the School District 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 School District 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 School District and any of the officers, agents and employees of the School District, and may compel the School District 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 School District 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 School District 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 School District and the assumption of any such successor of the duties of the School District hereunder;
- (d) to add to the duties of the School District for the benefit of the Holders, or to surrender any right or power herein conferred upon the School District;
- (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 School District 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 School District 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 **October 17, 2024**.

**SCARSDALE UNION FREE SCHOOL DISTRICT**

By \_\_\_\_\_  
President of the Board of Education