

PRELIMINARY OFFICIAL STATEMENT DATED MAY 29, 2026

**NEW/RENEWAL ISSUE**

**BOND ANTICIPATION NOTES**

*In the opinion of WJ Marquardt PLLC, Bond Counsel to the School 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, 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 regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. (See "TAX MATTERS" herein.)*

*The Notes will NOT be designated "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.*

**\$16,711,911**

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MADISON COUNTY, NEW YORK**

**GENERAL OBLIGATIONS**

**\$16,711,911 Bond Anticipation Notes, 2026 Series B  
(the "Notes")**

**Dated: June 23, 2026**

**Due: June 23, 2027**

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

**The Notes are NOT subject to redemption prior to maturity.**

At the option of the purchaser, the Notes will be issued in (i) registered certificated form registered in the name of the purchaser or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk. The Notes will be issued in denominations of \$5,000 or multiples thereof, except for a necessary odd denomination which is or includes \$6,911. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the Notes are issued in book-entry-only 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, except for a necessary odd denomination which is or includes \$6,911. 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 "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of WJ Marquardt PLLC, Bond Counsel, Skaneateles, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), or about June 23, 2026.

**ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via [www.FiscalAdvisorsAuction.com](http://www.FiscalAdvisorsAuction.com), on June 4, 2026 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.**

June \_\_, 2026

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

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MADISON COUNTY, NEW YORK**

**SCHOOL DISTRICT OFFICIALS**

**2025-2026 BOARD OF EDUCATION**

GREGORY OWENS  
President



MARC R. CIANCIOLA  
Vice President

COURTNEY BAZAN COLVIN  
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\* \* \* \* \*

SHAWN D. BISSETTA  
Superintendent of Schools

TRACY L. LEONE  
Business Manager

 FERRARA FIORENZA PC  
School District Attorney



FISCAL ADVISORS & MARKETING, INC.  
School District Municipal Advisor

**MARQUARDT**  
— BOND COUNSEL —

WJ MARQUARDT PLLC  
Bond Counsel

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

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**PREPARED WITH THE ASSISTANCE OF**



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**OFFICIAL STATEMENT**  
**OF THE**  
**CANASTOTA CENTRAL SCHOOL DISTRICT**  
**MADISON COUNTY, NEW YORK**  
**RELATING TO**  
**\$16,711,911 Bond Anticipation Notes, 2026 Series B**

This Official Statement, which includes the cover page and appendices, has been prepared by the Canastota Central School District, Madison County, New York (the “School District” or “District”, “County”, and “State”, respectively) in connection with the sale by the District of \$16,711,911 principal amount of Bond Anticipation Notes, 2026 Series B (the “Notes”).

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

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

**NATURE OF THE OBLIGATION**

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

Holders of any series of notes or bonds of the District may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, without limitation as to rate or amount.

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

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

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

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the City’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That

is what the words say and this is what the courts have held they mean...So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted...While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

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

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

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

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

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

## THE NOTES

### Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount. See “TAX LEVY LIMITATION LAW” herein.

The Notes will be dated June 23, 2026 and mature, without option of prior redemption, on June 23, 2027. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) registered form registered in the name of the purchaser(s), with a single note certificate issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser(s) at such interest rate, and the District will act as paying agent; or (ii) as book-entry-only notes, and, if so issued, registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York (“DTC”) which will act as the securities depository for the Notes. See “BOOK-ENTRY-ONLY SYSTEM” herein.

## No Optional Redemption

The Notes are NOT subject to redemption prior to maturity.

## Purpose of Issue

The Notes are to be issued pursuant to the Constitution and statutes of the State of New York, including among other things, the Education Law and the Local Finance Law, and a bond resolution duly adopted by the Board of Education on January 23, 2024, and amended on June 10, 2025, authorizing the issuance of up to \$25,461,911 serial bonds and notes to finance the construction of improvements and alterations to various District school buildings and sites at maximum estimated cost of \$31,227,000 (the “Capital Project”), including the expenditure of \$1,227,000 from the District’s General Fund and \$4,538,089 of capital reserve funds to finance a portion of the capital project.

The proceeds of the Notes together with \$100,000 available funds of the District will redeem and renew, in part, \$10,000,000 bond anticipation notes maturing June 24, 2026 and issued to finance the Capital Project, with the balance of proceeds in the amount of \$6,811,911 providing additional new money for the Capital Project.

## BOOK-ENTRY-ONLY SYSTEM

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

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC is the holding company for DTC, 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC’s records. The ownership interest of each actual purchaser of each Note (“Beneficial Owner”) is in turn to be recorded on the Direct and Indirect Participants’ records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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 nor its nominee, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

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

### **Certificated Notes under Certain Circumstances**

If the book-entry form is initially chosen by the purchaser(s) of the Notes, DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that a purchaser of the Notes elect to have the Notes issued in certificated form or if such book-entry-only system is utilized by a purchaser(s) of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form. Principal of and interest on the Notes will be payable at the option of the District at the office of the District or at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. A single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount held by each owner at such interest rate. The Notes will remain not subject to redemption prior to their stated final maturity date.

# THE SCHOOL DISTRICT

## General Information

The District is located in central New York State, approximately 25 miles east of the City of Syracuse and 5 miles west of the City of Oneida. The District, which is in the northern portion of Madison County, encompasses an area of 62 square miles. The area, predominantly rural, has become in the last decade the scene of numerous residential developments. The labor force works in Syracuse or in the industrial communities to the east.

Major highways serving the District include New York State Routes #5, #13 and #20. The New York State Thruway cuts through the heart of the District with access to various interchanges to the west and east. The residents are served by air, bus and train terminals, all located within twenty miles of the community. Hancock International Airport in Syracuse is served by Allegiant, Breeze, Delta, Frontier, JetBlue, Sun Country Airlines and United.

Water and sewer services are provided by the Village of Canastota as well as police protection. Fire protection is provided through volunteer forces.

Source: District officials.

## District Population

The 2024 estimated population of the District is 9,839. (Source: U.S. Census Bureau, 2020-2024 American Community Survey 5-Year Estimates.)

Note: U.S. Census Bureau, 2021-2025 American Community Survey 5-Year Estimates data is not available as of the date of this Official Statement.

## Five Larger Employers

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

<u>Name</u>	<u>Type</u>	<u>Employees</u>
Canastota Central School District	Education	206
Owl Wire & Cable, Inc	Manufacturer	175
Tops Markets LLC	Super Market	139
CCI Companies, Inc.	Commercial Developers	110
Diemolding Corp.	Recycling	100

In October 2022, Micron Technology, Inc. (“Micron”) announced their intention to make an investment of \$100 Billion in four new semiconductor chip manufacturing facilities known as fabs over the next 20 years at the White Pines Industrial Park in nearby Town of Clay, New York. This investment is anticipated to result in the creation of up to 9,000 new jobs directly from Micron, and possibly more than 50,000 new jobs in total from suppliers and other firms. This does not include construction jobs and trades that will be used to construct these new chip fab facilities. This project is likely to create new local hiring and training opportunities for skills that will be needed to meet Micron’s goal to begin construction in 2026 and producing chips by 2030. While not located within the boundaries of the District itself, the project site is located approximately 20 miles west of the District. The District will continue to follow this development and plan accordingly.

Source: District officials.

**Selected Wealth and Income Indicators**

Unemployment statistics are not available for the District as such. The smallest areas for which such statistics are available (which include the District) is the County of Madison. The information set forth below with respect to the County and State of New York is included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the County or State is necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>
Towns of:						
Fenner	\$ 22,276	\$ 35,921	\$ 37,710	\$ 58,158	\$ 67,917	\$ 87,713
Lenox	22,970	27,115	37,991	59,847	69,904	85,469
Lincoln	30,055	33,207	49,111	67,321	73,558	94,250
Smithfield	19,704	30,380	37,877	54,559	79,375	87,330
Sullivan	24,982	32,979	41,304	64,101	87,035	98,180
County of:						
Madison	24,311	32,443	39,904	61,828	78,812	94,317
State of:						
New York	30,948	40,898	50,712	67,405	87,270	105,060

Source: U.S. Census Bureau, 2006-2010, 2016-2020, and 2020-2024 American Community Survey 5-year data estimates.

Note: U.S. Census Bureau, 2021-2025 American Community Survey 5-year data is not available as of the date of this Official Statement.

**Unemployment Rate Statistics**

Unemployment statistics are not available for the District as such. The smallest area for which such statistics are available (which includes the District) is the County of Madison. The information set forth below with respect to the County and State of New York are included for informational purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the County or State is necessarily representative of the District, or vice versa.

	<u>Annual Averages</u>						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Madison County	4.4%	7.8%	4.7%	3.5%	3.7%	3.8%	3.9%
New York State	3.9%	9.8%	7.1%	4.3%	4.0%	4.2%	4.3%

	<u>2025-26 Monthly Figures</u>											
	<u>2025</u>						<u>2026</u>					
	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>
Madison County	3.2%	3.5%	3.9%	4.0%	3.8%	N/A	3.6%	4.1%	4.9%	5.3%	4.6%	3.9%
New York State	3.8%	4.1%	4.8%	4.9%	4.7%	N/A	4.4%	4.3%	4.7%	5.2%	4.4%	4.2%

Note: Certain unemployment rates for the month of October 2025 are not available due to government shutdown at the time.

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

## **Form of School Government**

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

## **Budgetary Procedures and Recent Budget Votes**

Pursuant to Chapter 97 of the Laws of 2011 (“Chapter 97”), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the “School District Tax Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

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

### *Recent Budget Vote Results*

The budget for the 2025-26 fiscal year was approved by the qualified voters on May 20, 2025 by a vote of 478 yes to 178 no. The District’s adopted budget included a total tax levy increase of 3.25%, which was below the District tax levy limit of 4.80% for the 2025-26 fiscal year.

The budget for the 2026-27 fiscal year was approved by the qualified voters on May 19, 2026 by a vote of 360 yes to 279 no. The District’s adopted budget included a total tax levy increase of 2.75%, which was equal the District tax levy limit of 2.75% for the 2026-27 fiscal year.

## **Investment Policy**

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

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

## State Aid

The District receives financial assistance from the State in the form 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. In its adopted budget for the 2026-27 fiscal year, approximately 59.8% of the revenues of the District are estimated to be received in the form of State aid. 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.

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.

The State is not constitutionally obligated to maintain or continue State aid to the District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures (See also “MARKET AND RISK FACTORS”).

State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. The State’s Enacted Budgets were adopted after the April 1 deadline in the State’s fiscal years 2023-24 (adopted on May 2, 2023, thirty-one (31) days late), 2024-25 (adopted on April 22, 2024, twenty-one (21) days late) and 2025-26 (adopted on May 9, 2025, thirty-eight (38) days late). As of the date of this Official Statement, the State’s 2026-27 budget is thirty-seven (37) days late. The State’s Enacted Budgets were adopted by April 1 or shortly thereafter in the State’s fiscal years 2016-17 through 2022-23, inclusive. As of the date hereof, the State has not adopted a budget for the State’s fiscal year 2026-27. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

### *Federal Aid Received by the State*

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

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

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

### *Building Aid*

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2026-27 building aid ratios, the District expects to receive State building aid of approximately 86.7% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

### *State Aid History*

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

*School district fiscal year (2021-2022):* The State's 2021-22 Enacted Budget included \$29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

*School district fiscal year (2022-2023):* The State's 2022-23 Enacted Budget included \$31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also included \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning

loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

*School district fiscal year (2023-2024):* The State's 2023-24 Enacted Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%. The State's 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding was included to establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

*School district fiscal year (2024-2025):* The State's 2024-25 Enacted Budget provided \$35.9 billion in State funding to school districts for the 2024-25 school year, the highest level of State aid ever at that time (assuming the State aid amount agreed to as described in the following paragraphs is the amount ultimately enacted). This represented an increase of \$1.3 billion compared to the 2023-24 school year and included a \$934 million or 3.89 percent Foundation Aid increase. The State's 2024-25 Enacted Budget maintained the "save harmless" provision, which ensured 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 authorized a comprehensive study by the Rockefeller Institute and the State Department of Education to develop a modernized school funding formula.

*School district fiscal year (2025-2026):* The State's 2025-26 Enacted Budget included approximately \$37.6 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of \$1.7 billion. The State's 2025-26 Budget provided an estimated \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. As part of the 2025-26 Enacted State Budget, the Governor and Legislature made targeted adjustments to the Foundation Aid formula. While the formula itself remains largely intact, the budget includes a hold harmless provision ensuring that no district receives less Foundation Aid than in the prior year. Additionally, all districts are guaranteed at least a 2% year-over-year increase in Foundation Aid. The enacted budget also includes formula modifications intended to provide enhanced support for high-need and disadvantaged school districts.

Provisions in the State's 2025-26 Enacted Budget granted the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State Aid) if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-26. Specifically, the State's 2025-26 Enacted Budget provides that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State's 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. No general fund imbalance occurred in the State's fiscal year 2025-26.

As of the date of this Official Statement, the State's 2026-27 fiscal year budget has not yet been enacted, and the proposed 2026-27 budget remains under negotiation. The State's 2025-26 fiscal year ended on March 31, 2026, and since April 1, 2026, the State's operations have been funded via short-term "extender" legislation.

The State's 2026-27 Executive Budget Proposal provides \$39.3 billion in State funding to school districts for the 2026-27 school year. This represents an increase of \$1.6 billion, or 4.3 percent compared to the 2025-26 school year and includes a \$779.5 million or 3 percent Foundation Aid increase. No assurance can be given that the State funding amounts to school districts contained in the State's 2026-27 Executive Budget Proposal will be included in the State's 2026-27 Enacted Budget.

### *State Aid Litigation*

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York ("CFE") mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of the CFE decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as Foundation Aid. The stated purpose of Foundation Aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in Foundation Aid over a four fiscal year phase-in covering 2007 to 2011.

A case related to the CFE was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights v. State of New York (“NYSER”) and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the CFE case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent “gross education inadequacies”, claims regarding state funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021 Governor Hochul announced that New York State reached an agreement to settle and discontinue the NYSER case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing such funding. The litigation, which has been ongoing since 2014, sought to require New York State to fully fund the Foundation Aid formula that was put into place following the CFE cases, and had been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create an equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid. The new settlement requires New York State to phase-in full funding of Foundation Aid by the FY 2024 budget. In the FY 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 and FY 2025 budget and enacted this commitment into law.

A breakdown of currently anticipated Foundation Aid funding is outlined below:

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts.
- FY 2025: Funding the full amount of Foundation Aid for all school districts.
- FY 2026: \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and a 2% minimum increase in Foundation Aid to all school districts.
- FY 2027 Executive Budget: \$27 billion in Foundation Aid, an increase of \$779 million from 2025-26, and a 1% minimum increase in Foundation Aid to all school districts.

The State's 2025-26 Budget also made a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

**State Aid Revenues**

The following table illustrates the percentage of total General Fund revenues of the District for the below fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2020-2021	\$ 29,725,144	\$ 15,955,372	53.68%
2021-2022	30,798,305	16,224,398	52.68
2022-2023	35,025,724	19,587,854	55.92
2023-2024	37,577,611	21,759,860	57.91
2024-2025	36,286,497	21,327,812	58.78
2025-2026 (Budgeted)	37,840,679 <sup>(2)</sup>	22,232,482	58.75
2026-2027 (Budgeted)	40,461,705 <sup>(3)</sup>	24,182,521	59.77

<sup>(1)</sup> Does not include interfund transfers.

<sup>(2)</sup> Does not include \$1,191,776 of appropriated fund balance and \$600,000 use of reserves.

<sup>(3)</sup> Does not include \$1,103,723 of appropriated fund balance and \$705,000 use of reserves.

Source: 2020-21 through and including 2024-25 audited financial statements, and the 2025-26 and 2026-27 adopted budgets of the District. This table is not audited.

**District Facilities**

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Peterboro Street School	K-1	400	1927, 2018
South Side School	2-3	375	1952, 2018
Middle School	4-6	630	1951, 2018
Roberts Street School	7-12	580	1964, 2018

Source: District officials.

**Enrollment Trends**

<u>School Year</u>	<u>Actual K-12 Enrollment</u>	<u>School Year</u>	<u>Projected K-12 Enrollment</u>
2021-22	1,323	2026-27	1,200
2022-23	1,292	2027-28	1,200
2023-24	1,278	2028-29	1,200
2024-25	1,250	2029-30	1,200
2025-26	1,186	2030-31	1,200

Source: District officials.

**Employees**

The District employs a total of 210 full-time employees, with employees that are represented by various bargaining units outlined below:

<u>Number of Members</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
113	Canastota Teachers' Association	June 30, 2027
90	Madison County Local 87 of CSEA, Inc.	
	Local 1000 AFSCME/AML-CIO	June 30, 2027
7	Canastota Administrators Association	June 30, 2027

<sup>(1)</sup> Currently under negotiation.

Source: District officials.

## Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members (other than those in Tier V and VI, as described below) working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

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

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years. The State's 2024-25 Enacted Budget included a provision that improved the pension benefits of Tier VI members by modifying the final average salary calculation from 5 years back to 3 years. This measure was effective as of April 1, 2024 for PFRS Tier VI members and April 20, 2024 for ERS Tier VI members. The Governor and Legislative leaders have publicly discussed changes to Tier VI. There is no way to predict as of the date whether the Legislature will adopt, and the Governor will sign into law, changes to Tier VI.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years and budgeted figures for the 2025-26 and 2026-27 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-21	\$ 371,366	\$ 852,502
2021-22	289,482	909,664
2022-23	315,121	981,602
2023-24	479,763	1,065,995
2024-25	446,165	1,175,218
2025-26 (Budgeted)	500,000	1,150,000
2026-27 (Budgeted)	750,000	940,000

Source: District officials.

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually. Although permitted by recently enacted laws, the District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

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

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

A chart of average ERS and TRS employer contribution rates as a percent of payroll (2020-21 to 2026-27) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-21	14.6%	9.53%
2021-22	16.2	9.80
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11
2025-26	16.5	9.59
2026-27	17.6	8.24*

\* Estimated. Final contribution rate expected to be adopted at the July 29, 2026 TRS Retirement Board meeting.

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

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

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

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that authorized local governments, including the District, with the option to “lock-in” long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS (the “Stable Rate Pension Contribution Option”). For 2016-17 the stable contribution option rate is 15.1% for ERS and 14.13% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years.

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, included a provision that allows 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 are 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 a TRS reserve fund.

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

### **Other Post-Employment Benefits**

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The implementation of this statement requires District's to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

The District contracted with D’Arcangelo & Co., LLP to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the 2023-24 and 2024-25 fiscal years, by source.

Balance ending at:	<u>June 30, 2023</u>	<u>June 30, 2024</u>
	\$ 73,168,196	\$ 71,923,748
<b>Changes for the year:</b>		
Service cost	2,410,947	2,340,795
Interest	2,717,124	2,871,320
Effect of demographic gains or losses	(1,691,720)	-
Effect of plan changes	706,921	-
Changes in assumptions or other inputs	(3,092,342)	(12,312,512)
Benefit payments	<u>(2,295,378)</u>	<u>(2,429,389)</u>
Net Changes	<u>\$ (1,244,448)</u>	<u>\$ (9,529,786)</u>
<b>Balance ending at:</b>	<b><u>June 30, 2024</u></b>	<b><u>June 30, 2025</u></b>
	<b><u>\$ 71,923,748</u></b>	<b><u>\$ 62,393,962</u></b>

Source: Audited financial reports of the District. For additional information see “APPENDIX - E” attached hereto. The above table is not audited.

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

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

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

**Financial Statements**

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2025 and is attached hereto as “APPENDIX – E”. In addition, the State Comptroller’s office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. Certain summary financial information of the District can be found attached as Appendices to the Official Statement.

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

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

## New York State Comptroller Reports of Examination

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

There are no State Comptroller’s audits of the District that have been published in the past five years. The State Comptroller’s office began an onsite audit of the District on September 1, 2025. No report has been published as of the date of this Official Statement.

As of the date of this Official Statement, there have been no other Office of the State Comptroller reports released with the past five years.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, and the website is not incorporated herein by reference.

## The State Comptroller’s Fiscal Stress Monitoring System

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

The fiscal stress scores are based on financial information submitted as part of each school district’s ST-3 report filed with the State Education Department annually, and each municipality’s annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” as “susceptible 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 classifications and fiscal scores of the District for the 2021-22 through 2024-25 fiscal years are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2025	No Designation	0.0
2024	No Designation	0.0
2023	No Designation	16.7
2022	No Designation	0.0

Additional information regarding the Fiscal Stress Monitoring System can be found by visiting the Fiscal Stress Monitoring System section of the Office of the State Comptroller website.

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

**Other Information**

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

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

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

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

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

**TAX INFORMATION**

**Taxable Valuations**

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Towns of:					
Fenner	\$ 7,308,821	\$ 7,526,375	\$ 7,374,204	\$ 7,430,364	\$ 7,351,549
Lenox	399,078,437	402,361,925	403,119,991	408,125,735	407,615,886
Lincoln	66,454,982	65,931,718	65,633,680	66,676,417	67,945,946
Smithfield	3,402,768	3,342,062	3,441,687	3,676,590	3,668,153
Sullivan	14,674,004	14,863,113	14,729,215	14,778,854	14,682,113
Total Assessed Values	<u>\$ 490,919,012</u>	<u>\$ 494,025,193</u>	<u>\$ 494,298,777</u>	<u>\$ 500,687,960</u>	<u>\$ 501,263,647</u>
State Equalization Rates					
Towns of:					
Fenner	94.00%	81.00%	69.00%	64.00%	58.00%
Lenox	91.50%	85.00%	70.00%	68.00%	63.00%
Lincoln	91.50%	81.00%	64.00%	64.00%	60.00%
Smithfield	94.00%	81.00%	69.00%	64.00%	58.00%
Sullivan	87.00%	80.00%	69.00%	69.50%	59.50%
Total Taxable Full Valuation	<u>\$ 537,041,672</u>	<u>\$ 586,760,868</u>	<u>\$ 715,460,219</u>	<u>\$ 742,985,960</u>	<u>\$ 803,927,893</u>

Source: District officials.

**Tax Rate Per \$1,000 (Assessed)**

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Towns of:					
Fenner	\$ 25.58	\$ 27.64	\$ 26.87	\$ 28.55	\$ 30.06
Lenox	26.28	26.34	26.49	26.87	27.68
Lincoln	26.28	27.64	28.97	28.55	29.06
Smithfield	25.58	27.64	26.87	28.55	30.06
Sullivan	27.63	27.99	26.87	26.29	29.31

Source: District officials.

## Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total Tax Levy	\$ 13,247,349	\$ 13,471,663	\$ 13,226,041	\$ 13,576,462	\$ 14,017,697
Amount Uncollected <sup>(1)</sup>	876,303	822,163	1,105,668	938,061	846,111
% Uncollected	6.61%	6.10%	8.36%	6.91%	6.04%

<sup>(1)</sup> The District is made whole on uncollected taxes. See “Tax Collection Procedure” herein.

Source: District officials.

## Tax Collection Procedure

Tax payments are due September 1<sup>st</sup>. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged from October 1<sup>st</sup> to October 30<sup>th</sup>. On or about November 15<sup>th</sup>, uncollected taxes are returnable to the Treasurer of the County of Madison for collection. The School District receives this amount from said County prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually. Taxes unpaid after October 31<sup>st</sup> are re-lievied at an additional 7% penalty with the State and County taxes which are due on January 1 and, therefore, such taxes may not be paid between October 31<sup>st</sup> and January 1<sup>st</sup>.

## Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for the below fiscal years comprised of Real Property Taxes and Tax Items.

<u>Fiscal Year</u>	<u>Total Revenues</u> <sup>(1)</sup>	<u>Total Real Property Taxes &amp; Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2020-2021	\$ 29,725,144	\$ 12,849,640	43.23%
2021-2022	30,798,305	13,156,643	42.72
2022-2023	35,025,724	13,423,914	38.33
2023-2024	37,577,611	13,530,092	36.01
2024-2025	36,286,497	13,779,781	37.97
2025-2026 (Budgeted)	37,840,679 <sup>(2)</sup>	14,017,697	37.04
2026-2027 (Budgeted)	40,461,705 <sup>(3)</sup>	14,403,184	35.60

<sup>(1)</sup> Does not include interfund transfers.

<sup>(2)</sup> Does not include \$1,191,776 of appropriated fund balance and \$600,000 use of reserves.

<sup>(3)</sup> Does not include \$1,103,723 of appropriated fund balance and \$705,000 use of reserves.

Source: 2020-21 through and including 2024-25 audited financial statements, and the 2025-26 and 2026-27 adopted budgets of the District. This table is not audited.

## Ten Larger Taxpayers – 2025 Assessment Roll for 2025-26 District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
National Grid	Utility	\$ 17,514,327
CSX Transportation, Inc.	Railroad	4,532,737
Palamara Properties	Realty	2,519,100
Canastota Center LLC	Super Market	2,334,000
Spectrum Northeast Syracuse	Utility	1,916,873
1093 Group, LLC	Commercial	1,912,600
Verizon NY, Inc.	Utility	1,792,450
IWG Nest, LLC	Commercial	1,638,780
CCI Development, LLC	Commercial	1,620,600
Prime Materials Recovery	Commercial	1,400,000

The ten larger taxpayers listed above have a total taxable assessed valuation of \$37,181,467 which represents 7.4% of the tax base of the District.

As of the date of this Official Statement, the District does not currently have any pending or outstanding tax certioraris that are known or expected to have a material impact on the District's finances.

Source: District officials.

### STAR – School Tax Exemption

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

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 \$110,750 or less for the 2026-27 school year, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first \$88,500 for the 2026-27 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 "full value" exemption on their primary residence.

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 2015-16 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. 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 2015-16 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 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes were intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount of the STAR exemption remains the same each year, while the amount of the STAR credit can increase up to two percent annually.

The table below lists the basic and enhanced exemption amounts for the 2026-27 District tax roll for the municipalities applicable to the District:

<u>Towns of:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Fenner	\$ 55,330	\$ 17,690	4/10/2026
Lenox	55,760	18,900	4/10/2026
Lincoln	53,100	18,000	4/10/2026
Smithfield	51,330	17,690	4/10/2026
Sullivan	53,260	18,560	4/10/2026

\$1,515,595 of the District’s \$14,017,698 school tax levy for 2025-26 was exempted by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2026.

The District anticipates a similar amount to be exempted by the STAR Program for 2026-27.

**Additional Tax Information**

Real property located in the District is assessed by the Towns.

Senior Citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: Agricultural-5%, Residential-70%, Utilities-10%, Commercial-10% and Other-5%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the District is approximately \$3,900 including County, Town, School District, Library and Fire District taxes.

**TAX LEVY LIMITATION LAW**

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (“Chapter 97” or the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are indirectly affected by applicability to their respective City.)

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

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

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

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

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

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

See "State Aid" for a discussion of the *New Yorkers for Students' Educational Rights v. State of New York* case which includes a challenge to the supermajority requirements regarding school district property tax increases.

## STATUS OF INDEBTEDNESS

### Constitutional Requirements

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

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The District may contract indebtedness only for a District purpose and shall pledge its faith and credit for the payment of principal of and interest thereon.

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

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 principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under "NATURE OF OBLIGATION," the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness, however, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in such law. (See "TAX LEVY LIMITATION LAW" herein).

## Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

The Board of Education, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication, or
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

The District complied with this estoppel procedure in connection with the bond resolution under which the Notes are being issued. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes, in anticipation of the collection of a specific type of revenue, and budget or deficiency notes when necessary.

## Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending June 30th:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 10,952,000	\$ 9,865,000	\$ 27,960,000	\$ 26,430,000	\$ 24,905,000
Bond Anticipation Notes	1,700,000	22,644,542	0	0	10,000,000
Energy Performance Contract <sup>(1)</sup>	<u>785,000</u>	<u>700,000</u>	<u>610,000</u>	<u>515,000</u>	<u>420,000</u>
Total Debt Outstanding	<u>\$ 13,437,000</u>	<u>\$ 33,209,542</u>	<u>\$ 28,570,000</u>	<u>\$ 26,945,000</u>	<u>\$ 35,325,000</u>

<sup>(1)</sup> Such indebtedness is subject to appropriation but does not involve a pledge of faith and credit of the District, and therefore do not technically constitute indebtedness of the District. Such obligations are, however, counted against the debt limit of the District. (See "Energy Performance Contract" herein.)

**Details of Outstanding Indebtedness**

The following table sets forth the indebtedness of the District as of May 29, 2026.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2026-2037	\$ 25,045,000
<u>Bond Anticipation Notes:</u>		
2023 Capital Project	June 24, 2026	10,000,000 <sup>(1)</sup>
2023 Capital Project	July 23, 2026	<u>8,500,000</u>
	Total Indebtedness	<u>\$ 43,545,000</u>

<sup>(1)</sup> To be redeemed and renewed at maturity with \$9,900,000 proceeds of the Notes together with \$100,000 available funds of the District.

**Debt Statement Summary**

Summary of Debt Limit, Net-Indebtedness and Net Debt-Contracting Margin as of May 29, 2026:

Full Valuation of Taxable Real Property .....	\$ 803,927,893
Debt Limit 10% thereof.....	<u>80,392,789</u>
<u>Inclusions:</u>	
Bonds.....	\$ 25,045,000
Bond Anticipation Notes (BANs): .....	<u>18,500,000</u>
Total Inclusions prior to issuance of the Notes .....	<u>43,545,000</u>
Less: BANs being redeemed from appropriations .....	(100,000)
Add: New money proceeds of the Notes .....	<u>6,811,911</u>
Total Net Inclusions after issuance of the Notes .....	<u>\$ 50,256,911</u>
<u>Exclusions:</u>	
State Building Aid <sup>(1)</sup> .....	\$ 0
Total Exclusions.....	<u>\$ 0</u>
Total Net Indebtedness <u>after issuance of the Notes</u> .....	<u>\$ 50,256,911</u>
Net Debt-Contracting Margin .....	<u>\$ 30,135,878</u>
The percent of debt contracting power exhausted is .....	62.51%

<sup>(1)</sup> Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2026-27 preliminary Building Aid Ratios, the School District anticipates State Building aid of 86.7% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the Building aid it anticipates, however, no assurance can be given as to when and how much Building aid the School District will receive in relation to its capital project indebtedness.

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

Note: The above debt statement summary does not include any outstanding energy performance contract, lease or installment purchase obligations, which are subject to appropriation but do not involve a pledge of faith and credit of the District, and therefore do not technically constitute indebtedness of the District. Such obligations are, however, do count against the debt limit of the District. The District remains within its debt limit after taking into account the outstanding balance of such obligations.

## Bonded Debt Service

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

## Cash Flow Borrowings

The District, historically, does not issue tax anticipation notes and/or revenue anticipation notes, and does not plan to issue such notes in the foreseeable future.

## Capital Project Plans

On December 5, 2023, the qualified voters of the District approved proposition authorizing a capital project consisting of the reconstruction and renovation of, and the construction of improvements, additions and upgrades to the Roberts Street school building and campus, the Peterboro Street Elementary school building and campus, the South Side Elementary school building and campus and the transportation building and sites at a maximum estimated cost of \$30,000,000, including the expenditure of \$4,538,089 from the District’s existing capital reserve funds. On May 20, 2025, the qualified voters of the District approved proposition authorizing the District to increase the maximum estimated cost of the capital project from \$30,000,000 to \$31,227,000 due to contract costs exceeding the original authorization. The District intends to offset this increase in project cost with the use of \$1,227,000 debt service reserve funds. To date, the District has issued \$18,650,000 bond anticipation notes pursuant to this authorization, of which \$10,000,000 of such notes are currently outstanding and will mature on June 24, 2026 and \$8,500,000 of such notes are currently outstanding and will mature on July 23, 2026. The proceeds of the Notes together with \$100,000 available funds of the District will redeem and renew, in part, \$10,000,000 bond anticipation notes outstanding and maturing on June 24, 2026, with the balance of proceeds providing \$6,811,911 of additional new money for the capital project.

The District typically issues serial bonds on an annual basis to finance the purchase of school buses. On May 19, 2026, the qualified voters of the District approved a proposition authorizing the acquisition and financing of two (2) 65-passenger traditional gas buses and (2) 8-Passenger SUV’s at a cost not to exceed \$535,000.

Other than noted above, there are presently no other capital projects authorized or unissued, nor are there any contemplated by the District at this time.

## Energy Performance Contract

In April of 2012, the Board of Education approved the District to enter into an agreement with Siemen’s to complete energy upgrades throughout the District. On March 14, 2013, the District entered into a \$1,319,485 contractual agreement to install energy saving equipment and/or to upgrade existing facilities to enhance performance. The terms of the contract provide for repayment over 15 years at an interest rate of 2.61%. The contract further provides that the savings in energy costs resulting from this modernization will equal or exceed the payment terms.

The total payments remaining for the energy performance contract as of May 29, 2026 are as follows:

<u>Fiscal Year Ending</u>	<u>Principal</u>	<u>Interest</u>
2027	\$ 105,000	\$ 15,875
2028	105,000	10,666
2029	<u>110,000</u>	<u>5,457</u>
Total	<u>\$ 320,000</u>	<u>\$ 31,998</u>

Source: District officials.

The indebtedness noted in this section is subject to appropriation but does not involve a pledge of faith and credit of the District, and therefore does not technically constitute indebtedness of the District. Such obligations do however count towards the debt limit of the District. The District remains within its debt limit after taking into account the outstanding balance of such obligations.

**Estimated Overlapping Indebtedness**

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated indebtedness (consisting of bonds and bond anticipation notes) of the respective municipalities is outlined in the table below:

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> <sup>(1)</sup>	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:				
Madison	12/31/2024	\$ 42,473,390	11.79%	\$ 5,007,613
Town of:				
Fenner	12/31/2024	175,916	7.29%	12,824
Lenox	12/31/2024	4,339,900	90.09%	3,909,816
Lincoln	12/31/2024	534,456	64.50%	344,724
Smithfield	12/31/2024	-	6.55%	-
Sullivan	12/31/2024	6,993,200	1.64%	114,688
Village of:				
Canastota	5/31/2025	3,741,432	100.00%	3,741,432
Total:				<u>\$ 13,131,097</u>

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

Note: Gross indebtedness sourced from local government data provided by the State Comptroller’s office. Information regarding excludable debt for municipalities, such as water debt, sewer debt and budgeted appropriations, to the extent such indebtedness may be applicable to the respective municipality, is not provided in the local government data the above table is sourced from.

**Debt Ratios**

The following table sets forth certain ratios relating to the District’s indebtedness as of May 29, 2026:

	<u>Amount</u>	<u>Per Capita</u> <sup>(a)</sup>	<u>Percentage of Full Value</u> <sup>(b)</sup>
Net Indebtedness <sup>(c)</sup> .....	\$ 50,256,911	\$ 5,107.93	6.25%
Net Indebtedness Plus Gross Overlapping Indebtedness <sup>(d)</sup> .....	63,388,008	6,442.53	7.88

<sup>(a)</sup> The 2024 estimated population of the District is 9,839. (See “THE SCHOOL DISTRICT – Population” herein.)  
<sup>(b)</sup> The District’s full value of taxable real estate for the District’s 2025-26 tax roll is \$803,927,893. (See “TAX INFORMATION – Taxable Valuations” herein.)  
<sup>(c)</sup> See “Debt Statement Summary” herein for the calculation of Gross Indebtedness.  
<sup>(d)</sup> Estimated gross overlapping indebtedness is \$13,131,097. (See "Estimated Overlapping Indebtedness" herein.)

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects.

## SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

**State Aid Intercept for School Districts.** In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on bonds shall be forwarded promptly to the paying agent or agents for the Notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the 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 in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

**General Municipal Law Contract Creditors' Provision.** The Notes when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

**Execution/Attachment of Municipal Property.** As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

**Authority to File for Municipal Bankruptcy.** The Federal Bankruptcy Code allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

**Constitutional Non-Appropriation Provision.** There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

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

**No Past Due Debt.** No principal of or interest on District indebtedness is currently past due. To the best knowledge of current District officers, the District has not defaulted on the payment of the principal of and interest on any indebtedness in the past five years.

## MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential investment risk.

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

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

There are a number of general factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the District. Unforeseen developments could also result in substantial increases in District expenditures, thus placing strain on the District’s financial condition. These factors may have an effect on the market price of the Notes.

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

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the District and hence upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See "TAX MATTERS" herein. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **Cybersecurity**

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including, but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. There can be no assurances that any security and operational control measures implemented by the District will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

## **TAX MATTERS**

In the opinion of WJ Marquardt PLLC, Bond Counsel to the School 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, 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 regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. The proposed form of the opinion of Bond Counsel is set forth in "APPENDIX – D" herein.

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

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

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

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent beneficial owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been advanced that would limit the exclusion from gross income of interest on obligations like the Notes to some extent for taxpayers who are individuals whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

## **LEGAL MATTERS**

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of WJ Marquardt PLLC, Bond Counsel to the District. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX -D".

WJ Marquardt PLLC, Skaneateles, New York, Bond Counsel to the School District, expresses no opinions as to the accuracy or completeness of information in any documents prepared by or on behalf of the School District for use in connection with the offer and sale of the Notes, including, but not limited to, the financial information in this Official Statement

## **LITIGATION**

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

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

## CONTINUING DISCLOSURE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the District will enter into an Undertaking to provide Material Event Notices, a description of which is attached hereto as “APPENDIX – C”.

### Historical Continuing Disclosure Compliance

The District was 2 days late in filing the Annual Financial Information and Operating Data (“AFIOD”) for the fiscal year ending June 30, 2022 as required by the continuing disclosure undertaking for the serial bonds issued through the Dormitory Authority of the State of New York in 2013. The AFIOD was due to be filed to the MSRB EMMA System no later than December 27, 2022 (180 days after the fiscal year end) but was not filed until December 29, 2022.

Other than as stated above, the District is in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

## MUNICIPAL ADVISOR

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

## CUSIP IDENTIFICATION NUMBERS

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

## RATINGS

The Notes are NOT rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA and/or the provision of a supplement to the final Official Statement.

Moody’s Ratings (“Moody’s”) has assigned their issuer rating and general obligation limited tax (GOLT) rating of “A1” to the District. This rating reflects only the view of Moody’s, and any desired explanation of the significance of such rating should be obtained from Moody’s, 7 World Trade Center, 250 Greenwich St., New York, New York 10007. Phone: (212) 553-0038, Fax: (212) 553-1390.

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

## MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's Bond Counsel information is as follows: William J. Marquardt, Esq., WJ Marquardt PLLC, 33 East Genesee St. Suite 200, Skaneateles NY, 13152, Phone: (315) 612-7777, Fax: (315) 291-7078, email: [william.marquardt@lawwjm.com](mailto:william.marquardt@lawwjm.com).

The District's contact information is as follows: Ms. Tracy Leone, Business Manager, Administration Offices, 120 Roberts Street, Canastota, New York 13032, Phone: (315) 697-2025, Fax: (315) 697-6368, Email: [tleon@canastotacsd.org](mailto:tleon@canastotacsd.org).

**CANASTOTA CENTRAL SCHOOL DISTRICT**

**Dated: May 29, 2026**

**GREGORY OWENS**  
**PRESIDENT OF THE BOARD OF EDUCATION**  
**AND CHIEF FISCAL OFFICER**

GENERAL FUND

Balance Sheets

Fiscal Year Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>ASSETS</b>					
Unrestricted Cash	\$ 3,202,806	\$ 2,936,973	\$ 883,001	\$ 2,461,835	\$ 3,414,485
Restricted Cash	8,014,171	9,014,688	10,336,406	11,436,200	8,097,736
Taxes Receivables	-	-	-	-	-
Other Receivables	5,013	1,493,889	945,409	433,161	328,908
Prepaid Expenditures	268,861	253,630	139,184	3,253	521
Other Assets	-	79,600	83,300	67,300	87,000
Due from Other Funds	927,474	978,924	932,993	563,312	1,777,282
Due from Other Governments	1,605,389	1,215,260	3,389,509	1,914,434	1,794,114
<b>TOTAL ASSETS</b>	<b>\$ 14,023,714</b>	<b>\$ 15,972,964</b>	<b>\$ 16,709,802</b>	<b>\$ 16,879,495</b>	<b>\$ 15,500,046</b>
<b>LIABILITES AND FUND EQUITY</b>					
Accounts Payable	\$ 36,594	\$ 193,792	\$ 281,935	\$ 373,599	\$ 332,299
Accrued Liabilities	132,992	196,103	257,940	221,327	224,197
Accrued Health Insurance Claims Lag	-	391,153	413,531	550,304	581,264
Agency Liabilities	-	85,482	50,932	104,366	244,031
Due to Other Funds	620,808	447,382	652,221	3,794,933	1,625,611
Deferred & Unearned Revenues	697	752,745	50,000	-	-
Due to Teachers' Retirement System	977,300	1,122,180	1,181,838	1,175,220	1,236,952
Due to Employees' Retirement System	106,294	67,240	94,077	116,508	134,454
Overpayments & Collections in Advance	-	-	376,470	-	-
<b>TOTAL LIABILITIES</b>	<b>\$ 1,874,685</b>	<b>\$ 3,256,077</b>	<b>\$ 3,358,944</b>	<b>\$ 6,336,257</b>	<b>\$ 4,378,808</b>
<b>FUND EQUITY</b>					
Reserved	\$ 8,283,032	\$ 9,268,318	\$ 10,475,590	\$ 7,268,199	\$ 8,098,258
Unreserved:					
Appropriated	2,240,758	1,682,989	981,348	1,749,731	1,437,685
Unappropriated	1,625,239	1,765,580	1,893,920	1,525,308	1,585,295
<b>TOTAL FUND EQUITY</b>	<b>\$ 12,149,029</b>	<b>\$ 12,716,887</b>	<b>\$ 13,350,858</b>	<b>\$ 10,543,238</b>	<b>\$ 11,121,238</b>
<b>TOTAL LIABILITES &amp; FUND EQUITY</b>	<b>\$ 14,023,714</b>	<b>\$ 15,972,964</b>	<b>\$ 16,709,802</b>	<b>\$ 16,879,495</b>	<b>\$ 15,500,046</b>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<b>REVENUES</b>					
Real Property Taxes	\$ 10,689,724	\$ 10,972,862	\$ 11,273,440	\$ 11,543,550	\$ 11,928,751
Other Real Property Tax Items	2,159,916	2,183,781	2,150,474	1,986,542	1,851,030
Charges for Services	20,483	796	336	8,265	3,349
Use of Money & Property	11,393	13,495	194,119	492,393	578,848
Sale of Property and Compensation for Loss	31,960	2,173	52,741	28,113	43,810
Miscellaneous	412,014	1,258,026	1,691,376	1,703,316	507,903
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	15,955,372	16,224,398	19,587,854	21,759,860	21,327,812
Revenues from Federal Sources	444,282	142,774	75,384	55,572	44,994
<b>Total Revenues</b>	<b>\$ 29,725,144</b>	<b>\$ 30,798,305</b>	<b>\$ 35,025,724</b>	<b>\$ 37,577,611</b>	<b>\$ 36,286,497</b>
<b>Other Sources:</b>					
Premium on Obligation	-	-	-	-	76,547
Interfund Transfers	8	472,910	17,912	3	1,227,016
<b>Total Revenues and Other Sources</b>	<b>\$ 29,725,152</b>	<b>\$ 31,271,215</b>	<b>\$ 35,043,636</b>	<b>\$ 37,577,614</b>	<b>\$ 37,590,060</b>
<b>EXPENDITURES</b>					
General Support	\$ 2,986,745	\$ 3,265,097	\$ 3,218,129	\$ 3,397,192	\$ 3,497,089
Instruction	14,368,001	15,991,661	17,099,278	17,813,855	18,392,857
Pupil Transportation	1,090,711	1,350,604	1,407,318	1,540,454	1,564,385
Community Services	-	-	-	-	-
Employee Benefits	6,786,193	7,838,156	8,061,689	8,663,870	8,443,152
Debt Service	1,794,490	2,139,880	4,052,091	3,730,953	3,657,295
<b>Total Expenditures</b>	<b>\$ 27,026,140</b>	<b>\$ 30,585,398</b>	<b>\$ 33,838,505</b>	<b>\$ 35,146,324</b>	<b>\$ 35,554,778</b>
<b>Other Uses:</b>					
Interfund Transfers	2,489,128	117,959	571,160	5,238,910	1,457,282
<b>Total Expenditures and Other Uses</b>	<b>\$ 29,515,268</b>	<b>\$ 30,703,357</b>	<b>\$ 34,409,665</b>	<b>\$ 40,385,234</b>	<b>\$ 37,012,060</b>
Excess (Deficit) Revenues Over Expenditures	209,884	567,858	633,971	(2,807,620)	578,000
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	11,939,145	12,149,029	12,716,887	13,350,858	10,543,238
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ 12,149,029</b>	<b>\$ 12,716,887</b>	<b>\$ 13,350,858</b>	<b>\$ 10,543,238</b>	<b>\$ 11,121,238</b>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2025			2026	2027
	Original Budget	Final Budget	Audited Actual	Adopted Budget	Adopted Budget
<b>REVENUES</b>					
Real Property Taxes	\$ 13,576,462	\$ 13,576,462	\$ 11,928,751	\$ 14,017,697	\$ 14,403,184
Other Real Property Tax Items	-	225,000	1,851,030	-	-
Charges for Services	-	-	3,349	-	-
Use of Money & Property	-	60,000	578,848	-	-
Sale of Property and Compensation for Loss	-	-	43,810	-	-
Miscellaneous	1,500,000	1,140,000	507,903	1,590,500	1,876,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	21,635,018	21,635,018	21,327,812	22,232,482	24,182,521
Revenues from Federal Sources	-	75,000	44,994	-	-
<b>Total Revenues</b>	<b>\$ 36,711,480</b>	<b>\$ 36,711,480</b>	<b>\$ 36,286,497</b>	<b>\$ 37,840,679</b>	<b>\$ 40,461,705</b>
Other Sources:					
Interfund Transfers	-	1,227,000	1,227,016	-	-
Reserve Funds	-	-	76,547	600,000	705,000
Appropriated Fund Balance	1,421,262	1,749,732	-	1,191,776	1,103,723
<b>Total Revenues and Other Sources</b>	<b>\$ 38,132,742</b>	<b>\$ 39,688,212</b>	<b>\$ 37,590,060</b>	<b>\$ 39,632,455</b>	<b>\$ 42,270,428</b>
<b>EXPENDITURES</b>					
General Support	\$ 3,815,781	\$ 3,875,563	\$ 3,497,089	\$ 3,727,080	\$ 4,001,141
Instruction	19,416,826	19,759,218	18,392,857	20,343,654	20,148,385
Pupil Transportation	1,602,300	1,705,324	1,564,385	1,709,750	1,730,550
Community Services	-	-	-	-	-
Employee Benefits	9,238,000	9,061,272	8,443,152	9,500,785	9,943,950
Debt Service	3,759,835	3,759,835	3,657,295	3,961,186	6,196,402
<b>Total Expenditures</b>	<b>\$ 37,832,742</b>	<b>\$ 38,161,212</b>	<b>\$ 35,554,778</b>	<b>\$ 39,242,455</b>	<b>\$ 42,020,428</b>
Other Uses:					
Interfund Transfers	300,000	1,527,000	1,457,282	390,000	250,000
<b>Total Expenditures and Other Uses</b>	<b>\$ 38,132,742</b>	<b>\$ 39,688,212</b>	<b>\$ 37,012,060</b>	<b>\$ 39,632,455</b>	<b>\$ 42,270,428</b>
Excess (Deficit) Revenues Over Expenditures	-	-	578,000	-	-
<b>FUND BALANCE</b>					
Fund Balance - Beginning of Year	-	-	10,543,238	-	-
Prior Period Adjustments (net)	-	-	-	-	-
<b>Fund Balance - End of Year</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 11,121,238</b>	<b>\$ -</b>	<b>\$ -</b>

Source: 2024-25 audited financial reports and 2025-26 and 2026-27 adopted budgets of the School District. This Appendix is not itself audited.

**BONDED DEBT SERVICE**

Fiscal Year Ending June 30th	Principal	Interest	Total
2026	\$ 2,260,000	\$ 1,102,144	\$ 3,362,144
2027	2,375,000	1,030,473	3,405,473
2028	2,350,000	923,351	3,273,351
2029	2,335,000	826,923	3,161,923
2030	2,330,000	730,506	3,060,506
2031	2,295,000	634,500	2,929,500
2032	2,230,000	539,700	2,769,700
2033	2,330,000	444,300	2,774,300
2034	1,755,000	344,400	2,099,400
2035	1,650,000	260,250	1,910,250
2036	1,735,000	177,750	1,912,750
2037	1,820,000	91,000	1,911,000
<b>TOTALS</b>	<b>\$ 25,465,000</b>	<b>\$ 7,105,297</b>	<b>\$ 32,570,297</b>

Note: The above table does not include any energy performance contract, capital lease or installment purchase indebtedness, to the extent any such indebtedness may be applicable to the District.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2013 DASNY			2019 Capital Project			2020 Buses		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 75,000	\$ 7,750	\$ 82,750	\$ 700,000	\$ 190,350	\$ 890,350	\$ 85,000	\$ 553	\$ 85,553
2027	80,000	4,000	84,000	720,000	169,350	889,350	-	-	-
2028	-	-	-	745,000	147,750	892,750	-	-	-
2029	-	-	-	765,000	125,400	890,400	-	-	-
2030	-	-	-	790,000	102,450	892,450	-	-	-
2031	-	-	-	810,000	78,750	888,750	-	-	-
2032	-	-	-	805,000	54,450	859,450	-	-	-
2033	-	-	-	830,000	30,300	860,300	-	-	-
2034	-	-	-	180,000	5,400	185,400	-	-	-
TOTALS	\$ 155,000	\$ 11,750	\$ 166,750	\$ 6,345,000	\$ 904,200	\$ 7,249,200	\$ 85,000	\$ 553	\$ 85,553

Fiscal Year Ending June 30th	2021 Buses			2022 Buses			2023 Buses		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 55,000	\$ 1,050	\$ 56,050	\$ 90,000	\$ 8,344	\$ 98,344	\$ 100,000	\$ 15,551	\$ 115,551
2027	60,000	360	60,360	95,000	5,163	100,163	105,000	11,323	116,323
2028	-	-	-	100,000	1,750	101,750	110,000	6,889	116,889
2029	-	-	-	-	-	-	110,000	2,310	112,310
TOTALS	\$ 115,000	\$ 1,410	\$ 116,410	\$ 285,000	\$ 15,256	\$ 300,256	\$ 425,000	\$ 36,073	\$ 461,073

Fiscal Year Ending June 30th	2023 Capital Project			2024 Buses			2025 Buses		
	Principal	Interest	Total	Principal	Interest	Total	Principal	Interest	Total
2026	\$ 1,065,000	\$ 847,250	\$ 1,912,250	\$ 90,000	\$ 31,297	\$ 121,297	\$ -	\$ -	\$ -
2027	1,115,000	794,000	1,909,000	110,000	16,513	126,513	90,000	29,765	119,765
2028	1,175,000	738,250	1,913,250	110,000	12,113	122,113	110,000	16,600	126,600
2029	1,230,000	679,500	1,909,500	115,000	7,613	122,613	115,000	12,100	127,100
2030	1,295,000	618,000	1,913,000	125,000	2,656	127,656	120,000	7,400	127,400
2031	1,360,000	553,250	1,913,250	-	-	-	125,000	2,500	127,500
2032	1,425,000	485,250	1,910,250	-	-	-	-	-	-
2033	1,500,000	414,000	1,914,000	-	-	-	-	-	-
2034	1,575,000	339,000	1,914,000	-	-	-	-	-	-
2035	1,650,000	260,250	1,910,250	-	-	-	-	-	-
2036	1,735,000	177,750	1,912,750	-	-	-	-	-	-
2037	1,820,000	91,000	1,911,000	-	-	-	-	-	-
TOTALS	\$ 16,945,000	\$ 5,997,500	\$ 22,942,500	\$ 550,000	\$ 70,191	\$ 620,191	\$ 560,000	\$ 68,365	\$ 628,365

**MATERIAL EVENT NOTICES**

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

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties
- (e) substitution of credit or liquidity providers, or their failure to perform
- (f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Note holders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Note
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the District
- (m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a "financial obligation" (as defined by the Rule) of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect noteholders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

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

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

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

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

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

The District has agreed to provide, or cause to be provided, during the period in which the Notes are outstanding in a timely manner, to EMMA or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of its failure to provide the afordescribed material event notices, if any, on or before the date specified.

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

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

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

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## FORM OF BOND COUNSEL’S OPINION

June 23, 2026

Canastota Central School District  
120 Roberts Street  
Canastota, New York 13032

Re: Canastota Central School District  
\$16,711,911 Bond Anticipation Notes, 2026 Series B CUSIP No: \_\_\_\_\_

Ladies and Gentlemen:

As Bond Counsel to the Canastota Central School District, County of Madison, State of New York, (the “District”), we have examined a record of proceedings relating to the issuance of \$16,711,911 Bond Anticipation Notes, 2026 Series B (the “Notes”). The Notes are dated June 23, 2026 and are being issued pursuant to the Constitution and laws of the State of New York, including the Education Law and Local Finance Law, a resolution of the District in respect of the Notes and a Certificate of Determination dated on or before June 23, 2026 of the President of the Board of Education relative to the form and terms of the Notes.

In our opinion, the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all taxable real property within the District is subject to levy of ad valorem real estate taxes to pay the Notes and interest thereon, without limitation of rate or amount. The enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereinafter enacted.

The Internal Revenue Code of 1986, as amended (the “Code”), establishes certain 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. The President of the Board of Education of the District, in executing the Arbitrage and Use of Proceeds Certificate, has certified 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 that interest on the Notes is excluded from gross income under Section 103 of the Code. We have examined such Arbitrage and Use of Proceeds Certificate of the District delivered concurrently with the delivery of the Notes, and, in our opinion, such certificate contains provisions and procedures under which such requirements can be met.

In our opinion (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, 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 regarding any other tax consequences related to the ownership or disposition of, or the accrual of interest on the Notes. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. We have not undertaken to determine or to inform any person, whether any such actions are taken or omitted or events do occur or any other matters come to our attention after the date hereof. Our engagement with respect to the Notes has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage and Use of Proceeds Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Notes to be included in gross income for federal income tax purposes or adjusted gross income for purposes of personal income taxes imposed by the State of New York and the City of New York. We call attention to the fact that the rights and obligations under the Notes and the Arbitrage and Use of Proceeds Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against New York municipal corporations such as the School District. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. The opinions expressed herein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the School District, together with other legally available sources of revenue, if any, will be sufficient to enable the School District to pay the principal of or interest on the Notes as the same respectively become due and payable. Reference should be made to the Official Statement for factual information, which, in the judgment of the School District would materially affect the ability of the School District to pay such principal and interest. We have not verified the accuracy, completeness or fairness of the factual information contained in the Official Statement and, accordingly, no opinion is expressed by us as to whether the School District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in light of the circumstances under which they were made, not misleading.

We have examined the first executed Note of each said issue and, in our opinion, the form of said Note and its execution are regular and proper.

Very truly yours,

WJ MARQUARDT PLLC

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MADISON COUNTY, NEW YORK**

**AUDITED FINANCIAL STATEMENTS**

**FISCAL YEAR ENDED JUNE 30, 2025**

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

The District's independent auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report, not has performed any procedures relating to this Official Statement.



CANASTOTA CENTRAL  
SCHOOL DISTRICT

MANAGEMENT'S  
DISCUSSION AND  
ANALYSIS

AND

BASIC FINANCIAL  
STATEMENTS

For the Year Ended  
June 30, 2025

**CANASTOTA CENTRAL SCHOOL DISTRICT  
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**D'Arcangelo & Co., LLP**  
**Certified Public Accountants & Consultants**

200 E. Garden St., P.O. Box 4300, Rome, N.Y. 13442-4300  
315-336-9220 Fax: 315-336-0836

**Independent Auditor's Report**

Board of Education  
Canastota Central School District

**Report on the Audit of the Financial Statements**

***Opinions***

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Canastota Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Canastota Central School District's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the Canastota Central School District, as of June 30, 2025, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Canastota Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Emphasis of a Matter***

As discussed in Note 1 and 17 to the financial statements, the School District changed its accounting policies related to the recognition and reporting of compensated absences due to the implementation of the Governmental Account Standards Board (GASB) Statement No. 101, Compensated Absences as of July 1, 2024. Our opinion is not modified with respect to this matter.

***Responsibilities of Management for the Financial Statements***

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

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

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

### ***Required Supplementary Information***

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary and Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Canastota Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

**Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated October 14, 2025, on our consideration of the Canastota Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Canastota Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Canastota Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 14, 2025

Rome, New York

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MANAGEMENT’S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2025**

**(Continued)**

The Canastota Central School District’s discussion and analysis of financial performance provides an overall review of the District’s financial activities for the fiscal years ended June 30, 2025 and 2024. The intent of this discussion and analysis is to look at the District’s financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

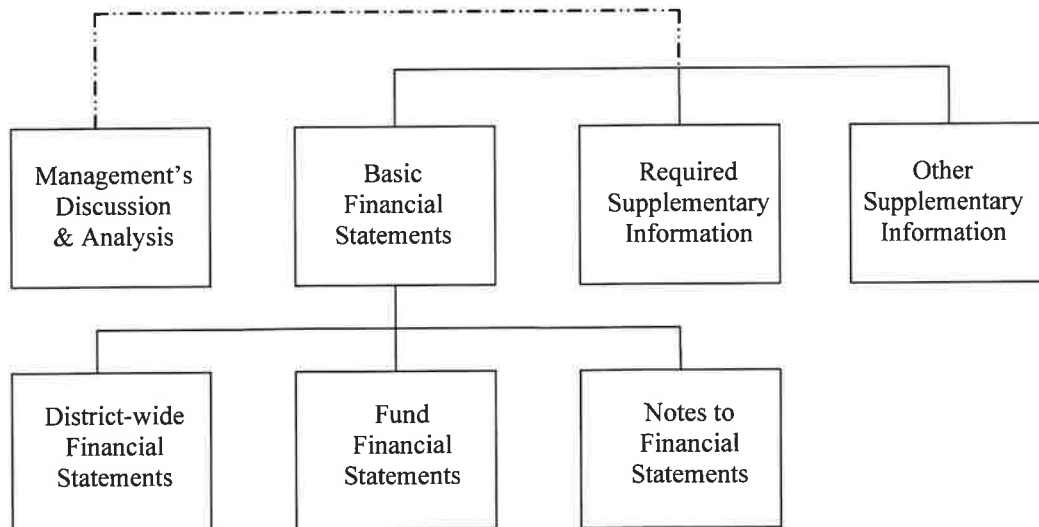
**1. FINANCIAL HIGHLIGHTS**

Key financial highlights for fiscal year 2025 are as follows:

- The District’s total net position, as reflected in the District-wide financial statements, decreased \$179,576.
- The current total net position is a deficit in the amount of \$51,749,154. The deficit is primarily the result of the recognition of an unfunded liability for other post-employment benefits of \$62,393,962 at June 30, 2025, as required by GAAP. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.
- The District’s expenses for the year, as reflected in the District-wide financial statements, totaled \$39,394,965. Of this amount, \$2,390,646 was offset by program revenues. General revenues of \$36,824,743 amount to 93.9% of total revenues.
- The District received \$2,334,787 in operating grants to support instructional and food service programs.
- The General Fund’s total fund balance, as reflected in the fund financial statements on pages 16 and 18, increased by \$578,000. This was due to an excess of revenues over expenditures based on the modified accrual basis of accounting.
- On December 5, 2023, the voters adopted a proposition authorizing a \$30,000,000 capital project for reconstruction and renovation of the District’s buildings. The authorization included the use of \$4,538,089 of the Capital Reserves. At June 30, 2025, the remaining authorization available for the project was \$26,455,419.

**2. OVERVIEW OF THE FINANCIAL STATEMENTS**

This annual report consists of four parts – Management’s Discussion and Analysis (MD&A), the basic financial statements, required supplementary information, and other supplementary information. The basic financial statements consist of District-wide financial statements, fund financial statements, and notes to the financial statements. A graphic display of the relationship of these statements follows:



See Independent Auditor’s Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2025**

**(Continued)**

**A. District-wide Financial Statements**

The District-wide financial statements are organized to provide an understanding of the fiscal performance of the District as a whole in a manner similar to a private sector business. There are two District-wide financial statements - the Statement of Net Position and the Statement of Activities. These statements provide both an aggregate and long-term view of the District's finances.

These statements utilize the accrual basis of accounting. This basis of accounting recognizes the financial effects of events when they occur, without regard to the timing of cash flows related to the events.

The Statement of Net Position

The Statement of Net Position presents information on all of the District's assets, deferred outflows of resources, and liabilities, with the difference reported as net position. Increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating, respectively.

The Statement of Activities

The Statement of Activities presents information showing the change in net position during the fiscal year. All changes in net position are recorded at the time the underlying financial event occurs. Therefore, revenues and expenses are reported in the statement for some items that will result in cash flow in future fiscal periods.

**B. Fund Financial Statements**

The fund financial statements provide more detailed information about the District's funds, not the District as a whole. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District also uses fund accounting to ensure compliance with finance-related legal requirements. The funds of the District are reported in the governmental funds and the fiduciary funds.

These statements utilize the modified accrual basis of accounting. This basis of accounting recognizes revenues in the period that they become measurable and available. It recognizes expenditures in the period that they become measurable, funded through available resources and payable within a current period.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the District-wide financial statements. However, the governmental fund financial statements focus on shorter term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year for spending in future years. Consequently, the governmental fund statements provide a detailed short-term view of the District's operations and the services it provides.

Because the focus of governmental funds is narrower than that of District-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the District-wide financial statements. By doing so, you may better understand the long-term impact of the District's near-term financing decisions. Both the governmental fund Balance Sheet and the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balance provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The District maintains six individual governmental funds, General Fund, School Lunch Fund, Special Aid Fund, Miscellaneous Special Revenue Fund, Debt Service Fund, and Capital Projects Fund, each of which is considered to be a major fund and is presented separately in the fund financial statements.

Fiduciary Funds

Fiduciary funds are used to account for assets held by the District in its capacity as agent or trustee. All of the District's fiduciary activities are reported in a separate Statement of Fiduciary Net Position. The fiduciary activities have been excluded from the District's District-wide financial statements because the District cannot use these assets to finance its operations.

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2025**

(Continued)

**3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE**

**A. Net Position**

The District's total net position decreased \$179,576 during the fiscal year ended June 30, 2025. A summary of the District's Statement of Net Position for June 30, 2025 and 2024, is as follows:

	2025	(Restated) 2024	Increase (Decrease)	Percentage Change
Current and Other Assets	\$ 28,954,686	\$ 19,169,057	\$ 9,785,629	51.0%
Net Pension Asset - Proportionate Share	1,706,715		1,706,715	100.0%
Capital and Right to Use Leased Assets, Net	42,445,986	42,281,445	164,541	0.4%
Total Assets	<u>73,107,387</u>	<u>61,450,502</u>	<u>11,656,885</u>	19.0%
Deferred Outflows of Resources	<u>5,616,358</u>	<u>9,825,170</u>	<u>(4,208,812)</u>	(42.8%)
Total Assets and Deferred Outflows of Resources	<u>\$ 78,723,745</u>	<u>\$ 71,275,672</u>	<u>\$ 7,448,073</u>	10.4%
Non-Current Liabilities	\$ 93,264,760	\$ 104,288,456	\$ (11,023,696)	(10.6%)
Net Pension Liability - Proportionate Share	1,589,343	1,962,660	(373,317)	(19.0%)
Other Liabilities	14,496,212	3,513,546	10,982,666	312.6%
Total Liabilities	<u>109,350,315</u>	<u>109,764,662</u>	<u>(414,347)</u>	(0.4%)
Deferred Inflows of Resources	<u>21,122,584</u>	<u>13,080,588</u>	<u>8,041,996</u>	61.5%
Net Position				
Net Investment in Capital Assets	18,079,271	14,237,718	3,841,553	27.0%
Restricted	11,177,751	11,988,107	(810,356)	(6.8%)
Unassigned (Deficit)	<u>(81,006,176)</u>	<u>(77,795,403)</u>	<u>(3,210,773)</u>	(4.1%)
Total Net Position (Deficit)	<u>(51,749,154)</u>	<u>(51,569,578)</u>	<u>(179,576)</u>	(0.3%)
Total Liabilities, Deferred Inflows and Net Position	<u>\$ 78,723,745</u>	<u>\$ 71,275,672</u>	<u>\$ 7,448,073</u>	

Current and other assets increased \$9,785,629, as compared to the prior year. The increase is mainly due to a net \$9,824,429 increase in cash and investments mainly due to the issuance of a bond anticipation note for \$10,000,000.

The net change in the proportionate share of net assets and/or liabilities and the amounts of deferred inflows and outflows resulted in an increase in financial position of \$258,682. GASB Statement No. 68, Accounting and Financial Reporting for Pensions requires the inclusion of the District's proportionate share of net assets and/or liabilities in the New York State Teachers' Retirement System and Employees' Retirement Systems.

The accounting for Other Post Employment Benefit (OPEB) Liabilities resulted in a \$9,529,786 decrease in the Non-Current Liabilities noted above. This decrease was mainly due to an increase in the discount rate used in the actuary's calculations from 3.93% to 5.20%. The OPEB changes also resulted in a decrease in deferred outflows by \$804,188 and an increase in deferred inflows by \$7,024,734.

Capital assets and right to use leased assets net of accumulated depreciation and amortization increased by \$165,541, as compared to the prior year. This increase is primarily due to capital outlays exceeding depreciation expense. Note 7 to the Financial Statements provide additional information.

Non-current liabilities decreased by \$11,023,696 as compared to the prior year. In addition to the decrease in the OPEB liability stated above, the remaining decrease is primarily a result of a net \$1,620,000 decrease in Bonds and Energy Performance Contract Payable.

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2025**

(Continued)

The net investment in capital assets is calculated by subtracting the amount of outstanding debt used for construction from the total cost of all asset acquisitions, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support District operations.

The restricted portion of net position at June 30, 2025 is \$11,177,751, consisting of the District's General Fund reserves and other restricted funds for debt service payments and scholarships.

The unrestricted portion of net position at June 30, 2025, is a deficit of \$81,006,176, which represents the amount by which the District's liabilities and deferred inflows of resources, exceeded the District's assets and outflows of resources, excluding restricted assets, capital and right to use leased assets, and debt related to capital construction.

**B. Changes in Net Position**

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements, STAR (school tax relief) revenue is included in the other tax items line. However, the MD&A combines the STAR amount with property taxes. A summary of this statement for the years ended June 30, 2025 and 2024 is as follows:

Revenues	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>	<u>Percentage Change</u>
Program Revenues				
Charges for Services	\$ 55,859	\$ 76,051	\$ (20,192)	(26.6%)
Operating Grants	2,334,787	3,282,244	(947,457)	(28.9%)
General Revenues				
Property Taxes and STAR	13,779,781	13,530,092	249,689	1.8%
State and Federal Sources	21,372,806	21,815,432	(442,626)	(2.0%)
Other	<u>1,672,156</u>	<u>1,551,080</u>	<u>121,076</u>	7.8%
Total Revenues	<u>39,215,389</u>	<u>40,254,899</u>	<u>(1,039,510)</u>	(2.6%)
Expenses				
General Support	4,100,004	3,741,090	358,914	9.6%
Instruction	30,384,859	34,219,653	(3,834,794)	(11.2%)
Pupil Transportation	2,179,696	2,033,480	146,216	7.2%
Debt Service-Unallocated Interest	1,050,591	1,315,499	(264,908)	(20.1%)
Food Service Program	<u>1,679,815</u>	<u>1,831,244</u>	<u>(151,429)</u>	(8.3%)
Total Expenses	<u>39,394,965</u>	<u>43,140,966</u>	<u>(3,746,001)</u>	(8.7%)
Total Change in Net Position	<u>\$ (179,576)</u>	<u>\$ (2,886,067)</u>	<u>\$ 2,706,491</u>	

The District's revenues decreased by \$1,039,510 in 2025 or 2.6%. The major factors that contributed to the decrease was as follows:

- The decrease in operating grants is because in the prior year the District received an additional \$979,379 grant received through the Capital Region BOCES-NYS Pharmacy Purchasing Coalition and the County Wide Shared Services Program.
- The State and federal sources decreased \$442,626. This is mainly the result in a decrease State Building and BOCES Aid \$379,721, which are dependent on expenditures.

The District's expenses decreased by \$3,746,001 in 2025 or 8.7%. The major factors that contributed to the decrease was a decrease in payroll and employee benefits. One of the primary factors was the \$2,174,178 decrease in the expense for Other Post Employment benefits due to actuarial calculations.

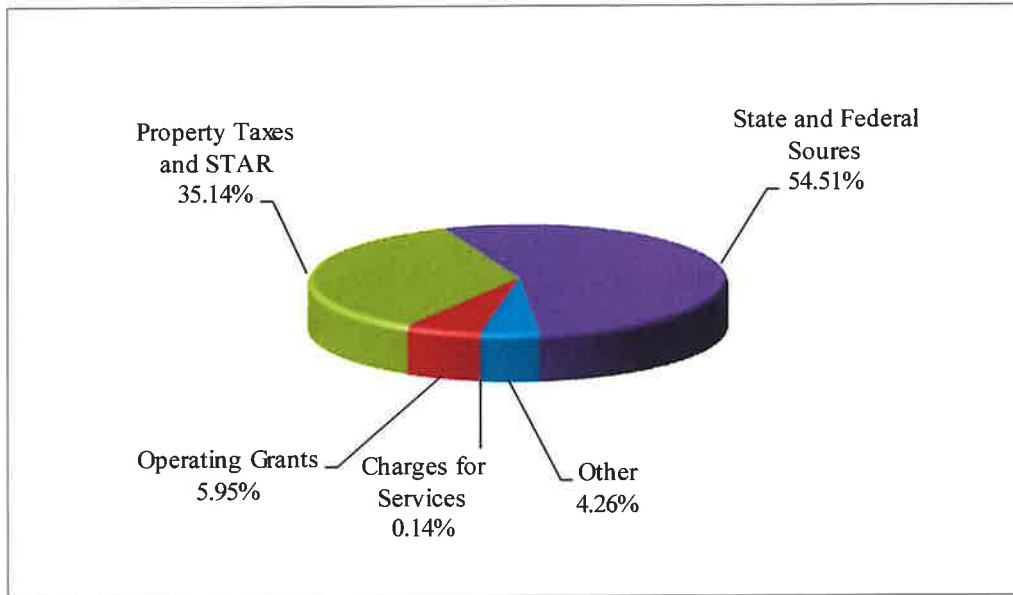
See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2025**

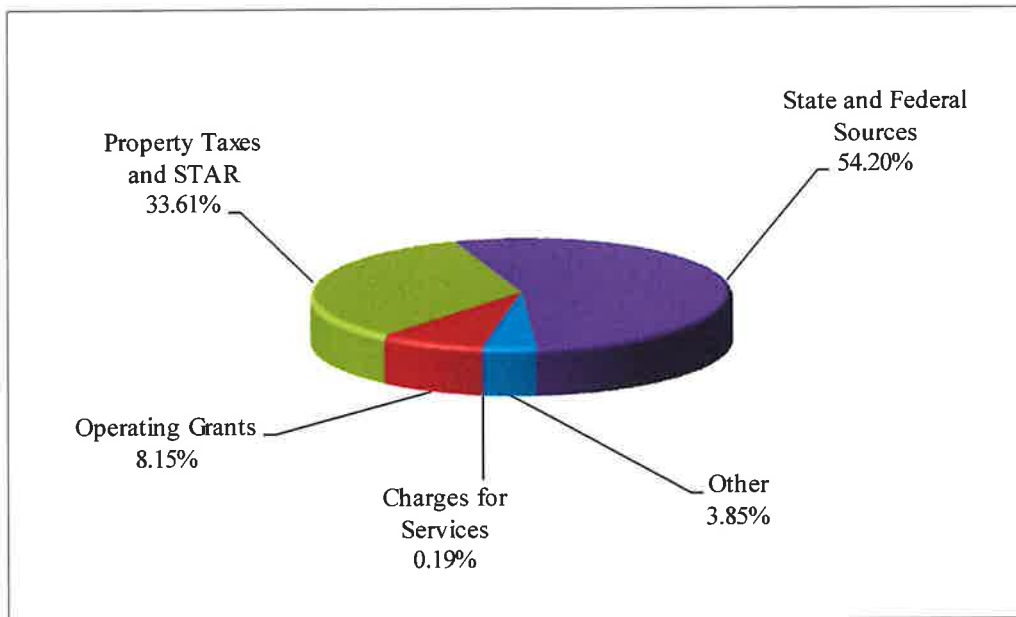
**(Continued)**

A graphic display of the distribution of revenues for the two years follows:

**For the Year Ended June 30, 2025**



**For the Year Ended June 30, 2024**



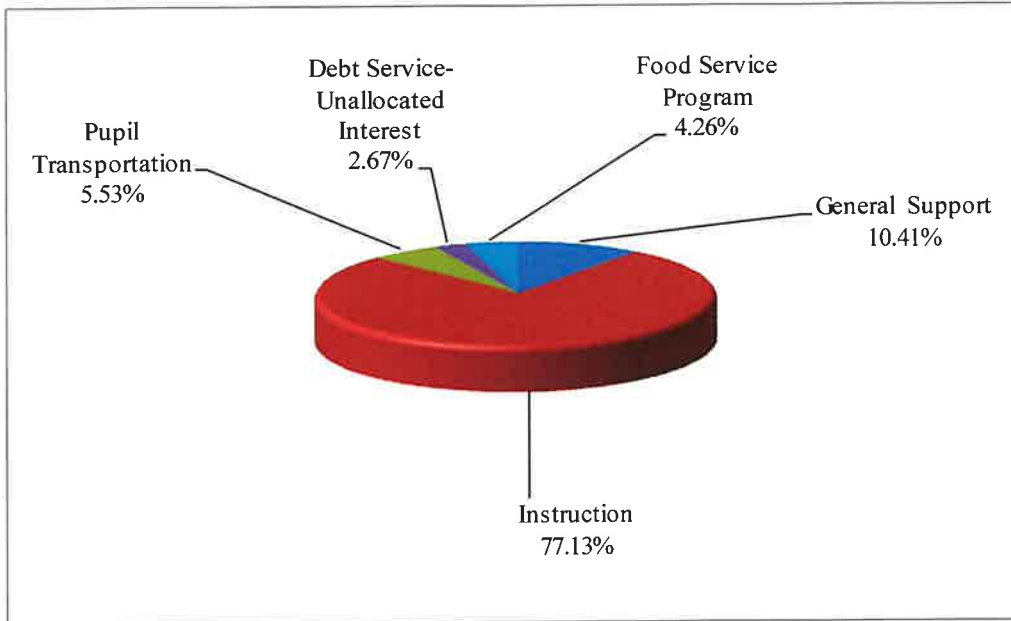
See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2025**

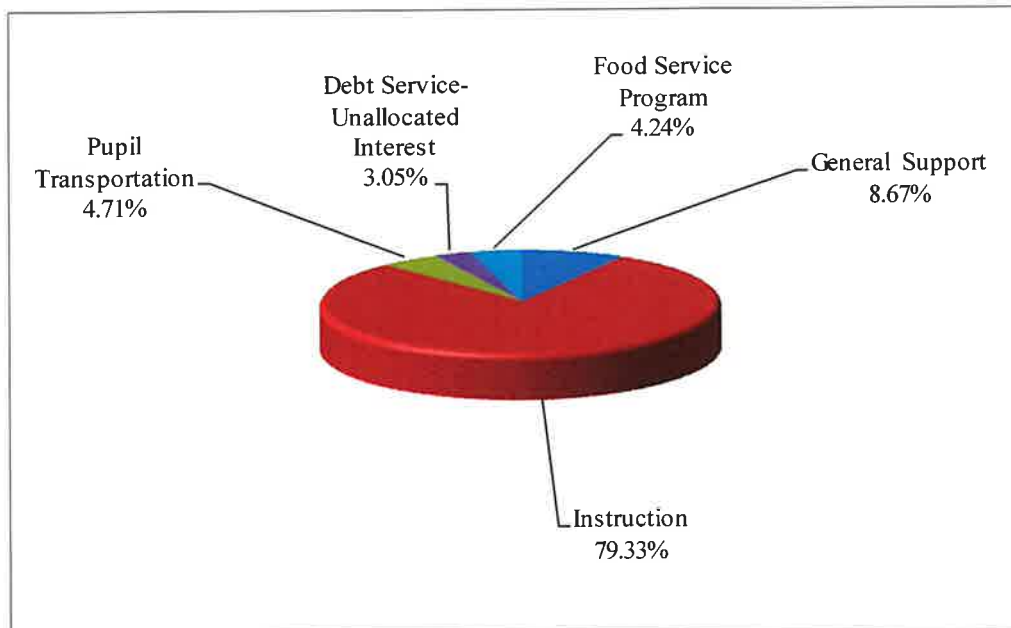
(Continued)

A graphic display of the distribution of expenses for the two years follows:

**For the Year Ended June 30, 2025**



**For the Year Ended June 30, 2024**



See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2025**

(Continued)

**4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS**

At June 30, 2025, the District's governmental funds reported a combined fund balance surplus of \$14,582,129, which is a decrease of \$1,122,814 from the prior year. This decrease is due to an excess of expenditures over revenues for the year in the Debt Service and Capital Funds. A summary of the change in fund balance by fund is as follows:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
General Fund			
Non-Spendable	\$ 521	\$ 3,253	\$ (2,732)
Restricted for			
Unemployment Insurance Reserve	306,708	293,820	12,888
Employee Benefits Accrued Liability Reserve	500,520	532,058	(31,538)
Insurance Reserve	265,482	254,326	11,156
Health Insurance Stabilization Reserve	1,785,525	1,649,496	136,029
Liability Reserve	538,480	515,852	22,628
Retirement Contribution			
Employee Retirement System	2,068,391	2,038,524	29,867
Teachers' Retirement System	1,095,757	957,013	138,744
Tax Certiorari Reserve	56,626	54,247	2,379
Workers Compensation Reserve	287,714	275,623	12,091
Capital Reserve	1,192,534	693,987	498,547
Total Restricted	<u>8,097,737</u>	<u>7,264,946</u>	<u>832,791</u>
Assigned			
Appropriated for Subsequent Year's Budget	1,191,776	1,421,262	(229,486)
General Support	140,939	207,089	(66,150)
Instruction	104,970	121,380	(16,410)
Total Assigned	<u>1,437,685</u>	<u>1,749,731</u>	<u>(312,046)</u>
Unassigned	<u>1,585,295</u>	<u>1,525,308</u>	<u>59,987</u>
Total General Fund	<u>11,121,238</u>	<u>10,543,238</u>	<u>578,000</u>
School Lunch Fund			
Nonspendable	24,559	39,398	(14,839)
Assigned	131,318	174,146	(42,828)
Total School Lunch Fund	<u>155,877</u>	<u>213,544</u>	<u>(57,667)</u>
Special Aid Fund			
Assigned	<u>225,000</u>	<u>225,000</u>	
Miscellaneous Special Revenue Fund			
Restricted for Scholarships	<u>54,093</u>	<u>36,553</u>	<u>17,540</u>
Debt Service Fund			
Restricted	<u>391,628</u>	<u>1,307,969</u>	<u>(916,341)</u>
Capital Projects Fund			
Restricted	<u>2,634,293</u>	<u>3,378,639</u>	<u>(744,346)</u>
Total	<u>\$ 14,582,129</u>	<u>\$ 15,704,943</u>	<u>\$ (1,122,814)</u>

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2025**

(Continued)

**5. GENERAL FUND BUDGETARY HIGHLIGHTS**

**A. 2024-2025 Budget**

The District's General Fund adopted budget for the year ended June 30, 2025, was \$38,132,742. This is an increase of \$1,463,796 from the prior year's adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was \$13,801,462 in estimated property taxes and STAR and \$21,635,018 in State Aid.

**B. Change in General Fund's Unassigned Fund Balance (Budget to Actual)**

The General Fund's unassigned fund balance is the component of total fund balance that is the residual of prior years' excess revenues over expenditures, net of transfers to reserves and designations to fund the subsequent year's budget. It is this balance that is commonly referred to as the "fund balance". The change in this balance demonstrated through a comparison of the actual revenues and expenditures for the year compared to budget follows:

Opening, Unassigned Fund Balance	\$	1,525,308
Revenues, Transfers, and Other Sources Under Budget		(348,420)
Expenditures and Encumbrances Under Budget		2,430,243
Net Increase to Restricted Funds		(832,791)
Decrease in Non-Spendable - Prepaid Expenditures		2,732
Miscellaneous		(1)
Appropriated for June 30, 2026 Budget		<u>(1,191,776)</u>
Closing, Unassigned Fund Balance	\$	<u>1,585,295</u>

**Opening, Unassigned Fund Balance**

The \$1,525,308 shown in the table is the portion of the District's June 30, 2024, fund balance that was retained as unassigned. This was 4.00% of the District's 2024-2025 approved operating budget.

**Revenues and Other Sources Under Budget**

The 2024-2025 budget for revenues and other sources was \$37,938,480. The actual revenues and other sources received for the year were \$37,590,060. The actual revenue under the estimated or budgeted revenue was \$348,420. These variances contribute directly to the change to the unassigned portion of the General Fund balance from June 30, 2024 to June 30, 2025.

**Expenditures and Encumbrances Under Budget**

The 2024-2025 final budget for expenditures was \$39,688,212. The actual expenditures and encumbrances were \$37,257,969. The final budget was under expended and encumbered by \$2,430,243. This under expenditure contributes to the change to the unassigned portion of the General Fund balance from June 30, 2024 to June 30, 2025.

**Appropriated Fund Balance**

The District has chosen to use \$1,191,776 of its available June 30, 2025, fund balance to partially fund its 2025-2026 approved operating budget.

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2025**

(Continued)

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2025-2026 fiscal year with an unassigned fund balance of \$1,585,295 which is an increase of \$59,987 over the unassigned balance from the prior year as of June 30, 2024. This was 4.00% of the District's 2025-2026 approved operating budget.

**6. CAPITAL ASSET AND DEBT ADMINISTRATION**

**A. Capital Assets**

At June 30, 2025, the District had invested in a broad range of capital assets, including land, construction in progress, buildings and land improvements, furniture, and machinery and equipment. The net increase in capital assets is due to capital additions exceeding depreciation recorded for the year ended June 30, 2025. A summary of the District's capital assets, net of accumulated depreciation at June 30, 2025 and 2024, is as follows:

	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
Land	\$ 135,650	\$ 135,650	\$
Construction in Progress	3,621,344	1,449,223	2,172,121
Buildings and Improvements	36,042,704	38,186,089	(2,143,385)
Land Improvements	1,945	3,225	(1,280)
Furniture, Equipment, and Vehicles	1,805,182	1,575,463	229,719
Capital Assets, Net	<u>\$ 41,606,825</u>	<u>\$ 41,349,650</u>	<u>\$ 257,175</u>

**B. Debt Administration**

At June 30, 2025, the District had total bonds payable and energy performance contract of \$25,325,000. A summary of the debt at June 30, 2025 and 2024, is as follows:

<u>Issue Date</u>	<u>Interest Rate %</u>	<u>2025</u>	<u>2024</u>	<u>Increase (Decrease)</u>
2013	2.00%-5.00%	\$ 155,000	\$ 230,000	\$ (75,000)
2013	0.0247	420,000	515,000	(95,000)
2019	1.85%-2.125%	6,345,000	7,025,000	(680,000)
2020	1.2%-1.30%	85,000	165,000	(80,000)
2021	0.012	115,000	170,000	(55,000)
2022	3.25%-3.50%	285,000	370,000	(85,000)
2023	3.63%-4.00%	16,945,000	17,960,000	(1,015,000)
2023	4.125%-4.20%	425,000	510,000	(85,000)
2024	4.00-4.25%	550,000		550,000
Total		<u>\$ 25,325,000</u>	<u>\$ 26,945,000</u>	<u>\$ (1,620,000)</u>

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended June 30, 2025**

**(Continued)**

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**7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

In May of 2025, voters of the School District passed the budget totaling \$39,632,455 and approved the purchase of three new school buses totaling \$590,000 for the 2025-2026 school year. The budget increased by a total of \$1,499,713 from the 2024-2025 school year. The net effect to the taxpayers after State aid, federal aid and grants was a tax levy increase of \$441,235 or 3.25%.

The Board has worked diligently to be good stewards of the taxpayers' monies and have been very careful with spending. It is the Board's priority to provide the best possible education to each and every student while being fiscally responsible to taxpayers.

The budget allows the District to maintain programming for students. Staff and faculty positions have not been cut. The budget equals the allowable tax levy limit.

**8. CONTACTING THE DISTRICT**

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, at 120 Roberts Street, Canastota, New York 13032.

See Independent Auditor's Report.

**CANASTOTA CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF NET POSITION**  
**June 30, 2025**

**2025**

<b>Assets</b>	
Cash and Cash Equivalents	\$ 3,550,604
Restricted Cash and Cash Equivalents	13,508,807
Investments	8,810,802
Receivables	
Due from Other Governments	2,607,939
Other Receivables	364,454
Inventory	24,559
Prepaid Expenditures	521
Net Pension Asset - Proportionate Share	1,706,715
Other Assets	87,000
Right to Use Leased Assets, Net of Amortization	839,161
Capital Assets (Not Being Depreciated)	3,756,994
Capital Assets (Net of Accumulated Depreciation)	<u>37,849,831</u>
Total Assets	<u>73,107,387</u>
<b>Deferred Outflows of Resources</b>	
Deferred Outflows - Other Postemployment Benefits	578,490
Deferred Outflows - Pensions	<u>5,037,868</u>
Total Deferred Outflows of Resources	<u>5,616,358</u>
<b>Total Assets and Deferred Outflows of Resources</b>	<u>\$ 78,723,745</u>
<b>Liabilities</b>	
Accounts Payable	\$ 1,892,137
Accrued Liabilities	282,361
Accrued Health Insurance Claims Lag	581,264
Retainage Payable	76,763
Agency Liabilities	244,031
Due To	
Other Governments	7,631
Teachers' Retirement System	1,236,952
Employees' Retirement System	134,454
Bond Anticipation Notes	10,000,000
Unearned Revenue	40,619
Net Pension Liability - Proportionate Share	1,589,343
Noncurrent Liabilities	
Due Within One Year	
Compensated Absences	314,500
Bonds and Energy Performance Contract Payable	2,360,000
Lease Liability	64,086
Unamortized Bond Premium	222,900
Due in More Than One Year	
Compensated Absences	2,536,627
Bonds and Energy Performance Contract Payable	22,965,000
Lease Liability	67,038
Unamortized Bond Premium	2,340,647
Other Postemployment Benefits	<u>62,393,962</u>
Total Liabilities	<u>109,350,315</u>
<b>Deferred Inflows of Resources</b>	
Deferred Inflows - Pensions	2,258,791
Deferred Inflows - Other Postemployment Benefits	<u>18,863,793</u>
Total Deferred Inflows of Resources	<u>21,122,584</u>
<b>Net Position</b>	
Net Investment in Capital Assets	18,079,271
Restricted	11,177,751
Unrestricted (Deficit)	<u>(81,006,176)</u>
Total Net Position (Deficit)	<u>(51,749,154)</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Net Position</b>	<u>\$ 78,723,745</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2025**

<b>Functions/Programs</b>	<u>Expenses</u>	<u>Program Revenues</u>		<u>Net (Expense) Revenue and Changes in Net Position</u>
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	
General Support	\$ 4,100,004	\$	\$	\$ (4,100,004)
Instruction	30,384,859	3,349	1,509,882	(28,871,628)
Pupil Transportation	2,179,696			(2,179,696)
Debt Service - Unallocated Interest	1,050,591			(1,050,591)
Food Service Program	<u>1,679,815</u>	<u>52,510</u>	<u>824,905</u>	<u>(802,400)</u>
Total Functions/Programs	<u>\$ 39,394,965</u>	<u>\$ 55,859</u>	<u>\$ 2,334,787</u>	<u>(37,004,319)</u>
 <b>General Revenues</b>				
Real Property Taxes				11,928,751
STAR and Other Real Property Tax Items				1,851,030
Use of Money and Property				890,469
Gain on Sale of Property and Compensation for Loss				43,810
State and Federal Sources				21,372,806
Miscellaneous				<u>737,877</u>
Total General Revenues				<u>36,824,743</u>
Change in Net Position				<u>(179,576)</u>
Net Position (Deficit), Beginning of Year				(49,313,049)
Cumulative Effect of Change in Accounting Principle				<u>(2,256,529)</u>
Net Position (Deficit), Beginning of Year (Restated)				<u>(51,569,578)</u>
Net Position (Deficit), End of Year				<u>\$ (51,749,154)</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
BALANCE SHEET - GOVERNMENTAL FUNDS  
June 30, 2025**

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
<b>Assets</b>							
Cash and Cash Equivalents	\$ 3,414,485	\$ 89,070	\$ 47,049	\$	\$	\$	\$ 3,550,604
Restricted Cash and Cash Equivalents	653,166			60,558	740	12,794,343	13,508,807
Investments	7,444,570				1,366,232		8,810,802
Receivables							
Due from Other Governments	1,794,114	127,694	686,131				2,607,939
Due from Other Funds	1,777,282				227,615	1,544,884	3,549,781
Other Receivables	328,908	11,505			24,041		364,454
Inventory		24,559					24,559
Other Assets	87,000						87,000
Prepaid Expenditures	521						521
<b>Total Assets</b>	<u>\$ 15,500,046</u>	<u>\$ 252,828</u>	<u>\$ 733,180</u>	<u>\$ 60,558</u>	<u>\$ 1,618,628</u>	<u>\$ 14,339,227</u>	<u>\$ 32,504,467</u>
<b>Liabilities</b>							
Payables							
Accounts Payable	\$ 332,299	\$ 1,442	\$ 350	\$	\$	\$ 1,558,046	\$ 1,892,137
Accrued Liabilities	224,197	4,307	6,965				235,469
Accrued Health Insurance Claims Lag	581,264						581,264
Agency Liabilities	244,031						244,031
Due To							
Other Governments		30	7,601				7,631
Other Funds	1,625,611	50,553	493,264	6,465	1,227,000	146,888	3,549,781
Teachers' Retirement System	1,236,952						1,236,952
Employees' Retirement System	134,454						134,454
Bond Anticipation Note						10,000,000	10,000,000
Unearned Revenue		40,619					40,619
<b>Total Liabilities</b>	<u>4,378,808</u>	<u>96,951</u>	<u>508,180</u>	<u>6,465</u>	<u>1,227,000</u>	<u>11,704,934</u>	<u>17,922,338</u>
<b>Fund Balances (Deficit)</b>							
Non-Spendable	521	24,559					25,080
Restricted	8,097,737			54,093	391,628	2,634,293	11,177,751
Assigned	1,437,685	131,318	225,000				1,794,003
Unassigned	1,585,295						1,585,295
<b>Total Fund Balances (Deficit)</b>	<u>11,121,238</u>	<u>155,877</u>	<u>225,000</u>	<u>54,093</u>	<u>391,628</u>	<u>2,634,293</u>	<u>14,582,129</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 15,500,046</u>	<u>\$ 252,828</u>	<u>\$ 733,180</u>	<u>\$ 60,558</u>	<u>\$ 1,618,628</u>	<u>\$ 14,339,227</u>	<u>\$ 32,504,467</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS  
BALANCE SHEET TO THE STATEMENT OF NET POSITION  
June 30, 2025**

Total Governmental Fund Balances \$ 14,582,129

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

The cost of building and acquiring capital assets (land, buildings, equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.

Original Cost of Right to Use Assets	1,786,296	
Accumulated Amortization	(947,135)	
Original Cost of Capital Assets	71,981,587	
Accumulated Depreciation	<u>(30,374,762)</u>	42,445,986

Proportionate share of long-term asset and/or liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.

Net Pension Asset - Proportionate Share	1,706,715	
Deferred Outflows- Pensions	5,037,868	
Net Pension Liability - Proportionate Share	(1,589,343)	
Deferred Inflows - Pensions	<u>(2,258,791)</u>	2,896,449

Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:

Deferred Premium	(2,563,547)	
Lease Liability	(131,124)	
Bonds Payable	(24,905,000)	
Energy Performance Contract	(420,000)	
Retainage Payable	(76,763)	
Accrued Interest on Bonds Payable	(46,892)	
Other Postemployment Benefits Liability	(62,393,962)	
Deferred Outflows - Other Postemployment Benefits	578,490	
Deferred Inflows - Other Postemployment Benefits	(18,863,793)	
Compensated Absences Payable	<u>(2,851,127)</u>	<u>(111,673,718)</u>

Total Net Position (Deficit) \$ (51,749,154)

**CANASTOTA CENTRAL SCHOOL DISTRICT**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES -**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended June 30, 2025**

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
<b>Revenues</b>							
Real Property Taxes	\$ 11,928,751						\$ 11,928,751
STAR and Other Real Property Tax Items	1,851,030						1,851,030
Charges for Services	3,349						3,349
Use of Money and Property	578,848	337		625	310,659		890,469
Sale of Property and Compensation for Loss	43,810						43,810
Miscellaneous	507,903	60,252	42,001	51,160			661,316
State Aid	21,327,812	199,750	570,449				22,098,011
Federal Aid	44,994	625,155	939,433				1,609,582
School Lunch Sales		52,510					52,510
<b>Total Revenues</b>	<u>36,286,497</u>	<u>938,004</u>	<u>1,551,883</u>	<u>51,785</u>	<u>310,659</u>		<u>39,138,828</u>
<b>Expenditures</b>							
General Support	3,497,089		10,000			1,560,356	5,067,445
Instruction	18,392,857		1,666,147	34,245		650,054	20,743,303
Pupil Transportation	1,564,385		22,862			544,090	2,131,337
Food Service Program		876,123					876,123
Employee Benefits	8,443,152	119,548					8,562,700
Debt Service - Principal	2,381,264						2,381,264
Debt Service - Interest	1,276,031						1,276,031
<b>Total Expenditures</b>	<u>35,554,778</u>	<u>995,671</u>	<u>1,699,009</u>	<u>34,245</u>		<u>2,754,500</u>	<u>41,038,203</u>
<b>Excess (Deficit) Revenues Over Expenditures</b>	<u>731,719</u>	<u>(57,667)</u>	<u>(147,126)</u>	<u>17,540</u>	<u>310,659</u>	<u>(2,754,500)</u>	<u>(1,899,375)</u>
<b>Other Financing Sources (Uses)</b>							
Proceeds of Debt						550,000	550,000
Premium on Obligations	76,547						76,547
BANs Redeemed from Appropriations						150,000	150,000
Transfers from Other Funds	1,227,016		147,128			1,310,154	2,684,298
Transfers to Other Funds	(1,457,282)		(2)		(1,227,000)		(2,684,284)
<b>Total Other Financing Sources (Uses)</b>	<u>(153,719)</u>		<u>147,126</u>		<u>(1,227,000)</u>	<u>2,010,154</u>	<u>776,561</u>
<b>Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)</b>	<u>578,000</u>	<u>(57,667)</u>		<u>17,540</u>	<u>(916,341)</u>	<u>(744,346)</u>	<u>(1,122,814)</u>
<b>Fund Balances, Beginning of Year</b>	<u>10,543,238</u>	<u>213,544</u>	<u>225,000</u>	<u>36,553</u>	<u>1,307,969</u>	<u>3,378,639</u>	<u>15,704,943</u>
<b>Fund Balances, End of Year</b>	<u>\$ 11,121,238</u>	<u>\$ 155,877</u>	<u>\$ 225,000</u>	<u>\$ 54,093</u>	<u>\$ 391,628</u>	<u>\$ 2,634,293</u>	<u>\$ 14,582,129</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
RECONCILIATION OF THE STATEMENT OF REVENUES AND  
EXPENDITURES OF THE GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES  
For the Year Ended June 30, 2025**

Net Changes in Fund Balance - Total Governmental Funds \$ (1,122,814)

**Capital Related Differences**

Capital Outlays to purchase, build, or lease capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation or amortization expenses in the Statement of Activities. This is the amount by which Capital Outlays and additional leased assets exceed depreciation and amortization expense.

	Depreciation Expense	(2,570,780)	
	Amortization Expense	(281,808)	
	Capital Outlays and Leased Asset Additions	<u>3,017,129</u>	164,541

**Long-Term Debt Transaction Differences**

Bond proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayments of bond principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is the amount by which repayments exceeded the proceeds of debt.

	Bond Proceeds	(550,000)	
	Change in Unamortized Bond Premium	222,900	
	Bond, EPC, and Lease Principal Payments	<u>2,231,264</u>	1,904,164

Certain expenses in the Statement of Activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.

	Change in Accrued Interest on Serial Bonds	2,540	
	Change in Compensated Absences	(410,254)	
	Change in Pension Expense	258,582	
	Change in Other Liabilities	(76,763)	
	Change In Other Postemployment Benefits	<u>(899,572)</u>	<u>(1,125,467)</u>

Change in Net Position Governmental Activities \$ (179,576)

**CANASTOTA CENTRAL SCHOOL DISTRICT  
STATEMENT OF FIDUCIARY NET POSITION  
June 30, 2025**

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	<u>Custodial Fund</u>
<b>Assets</b>	
Cash and Cash Equivalents - Restricted	\$ <u>80,731</u>
<b>Total Assets</b>	<b>\$ <u>80,731</u></b>
<b>Net Position</b>	
Restricted For Extraclassroom Activities	\$ <u>80,731</u>
<b>Total Net Position</b>	<b><u>80,731</u></b>
<b>Total Liabilities and Net Position</b>	<b>\$ <u>80,731</u></b>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION  
For the Year Ended June 30, 2025**

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	<u>Custodial Fund</u>
<b>Additions</b>	
Extraclassroom - Receipts	\$ 116,727
Real Property Tax Collected for Library	<u>334,822</u>
Total Additions	<u>451,549</u>
<b>Deductions</b>	
Extraclassroom - Expenses	114,438
Transfers To Other Funds	14
Real Property Tax Paid to Library	<u>334,822</u>
Total Deductions	<u>449,274</u>
<b>Change in Net Position</b>	2,275
<b>Net Position, Beginning of Year</b>	<u>78,456</u>
<b>Net Position, End of Year</b>	<u>\$ 80,731</u>

The Accompanying Notes are an Integral Part of These Financial Statements.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

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**1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of the Canastota Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as it applies to governmental units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Certain significant accounting principles and policies utilized by the School District are described below:

***Financial Reporting Entity***

The School District is governed by the laws of New York State. The School District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls all activities related to public school education within the School District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal members.

The reporting entity of the School District is based upon criteria set forth by GASB. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity. The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of the criteria, the following is a brief description of certain entities included in the School District's reporting entity.

***Extraclassroom Activity Funds***

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. The School District accounts for assets held as an agent for various student organizations in a Fiduciary Custodial Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the School District's Office.

***Joint Venture***

The School District is a component district in Madison-Oneida Board of Cooperative Education Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services, and programs which provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under §1950 of the New York State Education Law. A BOCES' Board is considered a corporate body. Members of a BOCES' Board are nominated and elected by their component member boards in accordance with provisions of §1950 of the New York State Education Law. All BOCES' property is held by the BOCES' Board as a corporation [§1950(6)]. In addition, BOCES' Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under §119-n(a) of the New York State General Municipal Law.

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, §1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

***Basis of Presentation***

**(a) *District-Wide Statements***

The Statement of Net Position and the Statement of Activities present financial information about the School District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, State Aid, intergovernmental revenues, and other exchange

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

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and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits and depreciation expense for the year, are allocated to functional areas in proportion to their expenditures. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

**(b) Fund Financial Statements**

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

**General Fund:** This is the School District's primary operating fund used to account and report for all financial resources not accounted for and reported in another fund.

**Special Revenue Funds:** To account for and report the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. There are three classes of special revenue funds.

**Special Aid Fund:** This fund accounts for and reports the proceeds of specific revenue sources, such as Federal and State grants, that are legally restricted to expenditures for specified purposes.

**School Lunch Fund:** This fund is used to account for and report transactions of the School District's lunch and breakfast programs.

**Miscellaneous Special Revenue Fund:** This fund is used to account for and report transactions of the School District's scholarship funds. The District has both custody and administrative control over the various scholarships. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

**Debt Service Fund:** This fund accounts for and reports financial resources that are restricted to expenditures for principal and interest. Debt service funds should be used to report resources if legally mandated.

**Capital Fund:** This fund is used to account for and report financial resources that are restricted or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

**(c) Fiduciary Funds**

This fund is used to account for and report fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District and are not available to be used. The Custodial Fund is only class of fiduciary fund used by the District.

**Measurement Focus and Basis of Accounting**

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available.

The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within one year after the end of the fiscal year.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

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

***Accrued Liabilities and Long-Term Obligations***

Payables, accrued liabilities, and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, and compensated absences that will be paid from governmental funds, are reported as a liability in the fund financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as expenditures.

***Estimates***

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, OPEB Liability, potential contingent liabilities, and useful lives of long-lived assets.

***Cash and Cash Equivalents***

The School District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements, and obligations of New York State or its localities.

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

***Investments***

The investments in securities are carried at fair value and are categorized as investments held by the School District. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

Fair values of securities traded on a national securities exchange are based on the last reported sales price on the last business day of the year; bonds, notes, and government securities for which no sale was reported on that date are valued at the last reported bid price.

The net change in the unrealized gain or loss is recognized as investment income.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

***Property Taxes***

Real property taxes are levied annually by the Board of Education and become a lien no later than September 1. Taxes are collected during the period September 1 to October 31. The County of Madison subsequently enforced uncollected real property taxes. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the School District no later than the following April 1.

***Receivables***

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

***Deferred Outflows of Resources***

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions not included in pension expense. The second item relates to OPEB reporting in the district-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and changes of assumptions.

***Interfund Transactions and Transfers***

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

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions during the year ended June 30, 2025, are shown in Note 10 to the financial statements.

***Capital Assets***

Capital assets are reported at actual cost for acquisitions subsequent to July 1, 2003. For assets acquired prior to July 1, 2003, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair market value at the time received.

The School District uses a capitalization threshold of \$1,500, (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Lives	Depreciation Method
Land Improvements	20 Years	Straight Line
Buildings and Improvements	20-50 Years	Straight Line
Furniture, Equipment, and Vehicles	5-20 Years	Straight Line

***Right to Use Leased Assets***

The School District has recorded right to use lease assets as a result of implementing GASB 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease, which range from 3-5 years.

***Inventory***

Inventories of food in the school lunch fund are recorded at cost on a first-in, first-out basis or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. A reserve for inventory has been recognized to indicate that this does not constitute available spendable resources.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

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Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

***Deferred Inflows of Resources***

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability/asset and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reported in the District-wide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs. The third item is related to State Aid in the General Fund that is not expected to be received within the period of availability.

***Insurance***

The District is self-insured for health insurance. Judgements and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated.

***Compensated Absences***

The School District's employees are granted vacation leave in varying amounts, based primarily on length of service and employment classification. Some earned vacation benefits may be forfeited if not used within designated timeframes, as specified in collective bargaining agreements and administrative policies.

Sick leave eligibility, accumulation, and payout provisions are governed by negotiated labor agreements and individual employment contracts. Upon retirement, resignation, or death, employees may be eligible to receive payment for unused accumulated sick leave, in accordance with those agreements.

In accordance with GASB, a liability is recognized in the district-wide financial statements for vacation, sick leave, and other compensated absences when the benefit is earned by the employee, and it is more likely than not that the leave will be used or paid. The compensated absences liability is measured using the pay rates in effect at year-end and includes salary-related payments such as applicable employer payroll taxes.

In the fund financial statements, a liability is reported only for amounts that have matured—typically when payment is due upon resignation, retirement, or other termination—based on expendable and available financial resources.

***Other Benefits***

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

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting.

***Short-Term Debt***

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

***Unearned Revenue***

Unearned revenue is reported when potential revenues do not meet both the measurable and available criteria for recognition in the current period. Unearned revenues also arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when both

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

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recognition criteria are met, or when the School District has legal claim to the resources, the liability for unearned revenues is removed and revenues are recorded.

***Equity Classifications***

**(a) *District-wide Statements***

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

Net investment in capital assets – consists of net capital and right to use assets (cost less accumulated depreciation and amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction or improvements of those assets.

Restricted net position – reports net position when constraints placed on the assets are either externally imposed by creditors (such as through debt covenants), grantors, contributors, laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

Unrestricted net position – reports all other net position that do not meet the definition of the above two classifications and are deemed to be available for general use by the District.

**(b) *Fund Statements***

The following classifications describe the relative strength of the spending constraints:

***Non-Spendable Fund Balance***

This category includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund and prepaid expense in the General Fund.

***Restricted Fund Balance***

This category includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. Generally, the District's policy is to use restricted resources only when appropriated by the Board of Education. When an expenditure is incurred for purposes for which both restricted and unrestricted net position are available, the School District's policy concerning which to apply first varies with the intended use, and with associated legal requirements.

The School District has established the following restricted fund balances:

- ***Unemployment Insurance Reserve*** – According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.
- ***Reserve for Employee Benefits Accrued Liability*** – According to General Municipal Law §6-p, must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.
- ***Reserve for Health Insurance Stabilization*** – The reserve was created through special legislation General Municipal Law §6-n - Specially NYS Bill A.8295, must be used to stabilize rates as a self-insured entity. Dedicated budgetary appropriations or other legally recognized reserve funds that may be legally appropriated. Insurance industry provides guidance on reasonable balances generally it is 50% of gross plan costs or 3,000,000. This reserve is accounted for in the General Fund.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

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- **Reserve for Insurance** – According to General Municipal Law §6-n, must be used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. This reserve may be established by board action and funded by budgetary appropriations. There is no limit on the amount that may be accumulated; however, the total annual contribution may not exceed 5% of the budget. The reserve is accounted for in the General Fund.
- **Reserve for Liability** – According to Education Law §1709(8-c), must be used to pay for liability claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. The reserve is accounted for in the General Fund.
- **Retirement Contribution Reserve** – According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees’ Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers’ Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.
- **Reserve for Tax Certiorari** – According to Education Law §3651, must be used to accumulate funds to pay judgments and claims resulting from tax certiorari proceedings. Voter approval is not required provided that the monies held do not exceed the anticipated needs of the School District. If no voter approval is obtained, then any excess monies must be returned to the General Fund on or before the first day of the fourth fiscal year after the deposit of the monies. This reserve is accounted for in the General Fund.
- **Workers’ Compensation Reserve** – According to General Municipal Law §6-j, must be used to pay for compensation benefits and other expenses as authorized by Article 2 of the Workers’ Compensation Law, and to pay for expenses associated with administering this self-insurance program. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the next succeeding fiscal year’s budget. The reserve is accounted for in the General Fund.
- **Capital Reserve** – According to NYS Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of reserve, the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The reserve is accounted for in the General Fund.
- **Capital Fund** – This Fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction, or major repair of capital facilities.
- **Debt Service Fund** – This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.
- **Restricted for Scholarships** – This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the Miscellaneous Special Revenue Fund.

**Unrestricted Resources**

When an expenditure is incurred for which committed, assigned, or unassigned fund balances are available, the School District considers amounts to have been spent first out of committed funds, then assigned funds, and finally unassigned funds, as needed, unless the School District has provided otherwise in its commitment or assignment actions.

**Committed** - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision making authority; i.e. the Board of Education. The School District has no committed fund balances as of June 30, 2025.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

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**Assigned** - Includes amounts that are constrained by the School District's intent to be used for specific purposes but are neither restricted nor committed. Intent is expressed by (a) the Board of Education itself or (b) the designated official, such as the District's purchasing agent to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances other than in the Capital Fund are classified as Assigned Fund Balance in the respective fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.

**Unassigned** - Includes all other net position that do not meet the definition of the above classifications and are deemed to be available for general use by the School District. In other Governmental Funds, if expenditures incurred for specific purposes exceed the amounts restricted, committed, or assigned, then it may be necessary to report negative unassigned Fund Balances in the respective fund.

**(d) Order of Use of Fund Balance**

In circumstances where an expenditure is incurred for the purpose for which amounts are available in multiple fund balance classifications, (e.g. expenditures related to reserves) the Board will assess the current financial condition of the School District and then determine the order of expenditures to which the fund balance classification will be charged.

***New Accounting Standards***

Effective for the fiscal year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, Compensated Absences. This standard establishes recognition and measurement guidance for all types of compensated absences, including vacation leave, sick leave, personal leave, and other paid time off. Under GASB 101, a liability is recognized for compensated absences when earned by employees, provided the leave is attributable to services already rendered and is more likely than not to be used or paid.

Prior to the implementation of GASB 101, the District recognized compensated absences liabilities based primarily on vested amounts or payments due at termination. GASB 101 requires the recognition of these liabilities earlier, based on the accrual of leave and historical usage patterns, resulting in a change in the timing and methodology of liability recognition.

The District applied the provisions of GASB 101 prospectively as of July 1, 2024. As a result of the implementation, compensated absences liabilities were remeasured, and a restatement of the beginning net position was made to reflect the cumulative effect of applying the standard. The impact of this restatement is disclosed in Note 17 of these financial statements.

***Future Changes in Accounting Standards***

- GASB Statement No. 103, Financial Reporting Model Improvements, effective for the year ending June 30, 2026.
- GASB Statement No. 104, Disclosure of Certain Capital Assets, effective for the year ending June 30, 2026.

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

**2. EXPLANATION OF DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS**

Due to the differences in the measurement focus and basis of accounting used in the governmental fund statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic resource management focus of the Statement of Activities, compared with the current financial resource management focus of the governmental funds.

***Total Fund Balances of Governmental Funds Compared to Net Position of Governmental Activities***

Total fund balances of the School District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the additional long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund Balance Sheet.

***Statement of Revenues, Expenditures, and Changes in Fund Balance Compared to Statement of Activities***

Differences between the governmental funds' Statement of Revenues, Expenditures, and Changes in Fund Balance and the Statement of Activities fall into one of six broad categories.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

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**(a) Long-Term Revenue Differences**

Long-term revenue differences arise because governmental funds report revenues only when they are considered “available,” whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

**(b) Capital Related Differences**

Capital related differences include the difference between proceeds for the sale of capital assets reported on governmental fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase or lease of capital items in the governmental fund statements and depreciation and amortization expense on those items as recorded in the Statement of Activities.

**(c) Long-Term Debt Transaction Differences**

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

**(d) Pension Differences**

Pension differences occur as a result of changes in the District’s proportion of the collective net pension asset/liability and differences between the District’s contributions and its proportionate share of the total contributions to the pension systems.

**(e) Employee Benefit Allocation**

Expenditures for employee benefits are not allocated to a specific function on the Statement of Revenues, Expenditures, and Changes in Fund Equity based on the requirements of New York State. These costs have been allocated based on total salary for each function in the Statement of Activities.

**(f) OPEB Differences**

OPEB differences occur as a result of changes in the District’s total OPEB liability and differences between the District’s contributions and OPEB expense.

**3. STEWARDSHIP AND COMPLIANCE**

***Fund Balance Limitations***

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

At June 30, 2025, the School District has an unassigned fund balance of \$1,585,295 in the General Fund or 4.00% of the subsequent year’s budget for the General Fund, which complies with the fund balance limit.

***NYS Real Property Tax Cap***

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments (including school districts) can levy. The tax levy for the 2024-2025 school year was within the NYS Tax Cap Limit. The excess, including interest earned, must be deducted from the prior year levy to begin the calculation of the coming year’s tax levy limit.

***Budgetary Procedures and Budgetary Accounting***

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

The budget is adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Change from Adopted Budget to Revised Budget

Adopted Budget	\$ 38,132,742
Add: Prior Year's Encumbrances	<u>328,470</u>
Original Budget	38,461,212
Add: Transfer To Capital Improvement Project	<u>1,227,000</u>
Final Budget	<u><u>\$ 39,688,212</u></u>

***Encumbrances***

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year-end are presented as reservations of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

**4. CUSTODIAL CREDIT RISK**

***Custodial Credit Risk***

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. While the School District does not have a specific policy for custodial credit risk, New York State statutes govern the School District's investment policies, as discussed previously in these notes.

As of June 30, 2025, the School District's bank balances of \$18,043,767 were fully covered by federal depository insurance and collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name.

As of June 30, 2025, the School District's restricted cash consisted of the following:

	General	Miscellaneous Special Revenue	Debt Service	Capital
Employee Retirement System	\$ 653,166	\$	\$	\$
Capital Fund				12,794,343
Scholarship		60,558		
Reserve for Debt			740	
Total Restricted	<u>\$ 653,166</u>	<u>\$ 60,558</u>	<u>\$ 740</u>	<u>\$ 12,794,343</u>

**5. INVESTMENTS**

Investments are stated at fair value. The School District's categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset.

- Level 1 inputs are quoted prices in active markets for identical assets.
- Level 2 inputs are significant other observable inputs.
- Level 3 inputs are significant unobservable inputs.

The investments consist of only United States Treasury Bills. These securities are considered Level 1 because the valuation is based on quoted market prices. The investments are registered and held by the financial institution's trust department in the name of the City. The net change in the unrealized gain or loss is recognized as investment income. The income received from these investments is to be used to offset future debt service costs.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
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The investments at June 30, 2025, are as follows:

Description	Quantity	Maturity	Cost	Fair Value
U.S. Treasury Bill	8989	7/24/2025	\$ 8,810,802	\$ 8,810,802
<b>Fund</b>				
General Fund				\$ 7,444,570
Debt Service Fund				1,366,232
				\$ 8,810,802

As of June 30, 2025, the School District's restricted investments consisted of the following:

	General	Debt Service
Unemployment Insurance Reserve	\$ 306,708	\$
Employee Benefit Accrued Liability	500,520	
Insurance Reserve	265,482	
Health Insurance Stabilization	1,785,525	
Liability Reserve	538,480	
Retirement Contribution		
Employee Retirement System	1,415,224	
Teachers' Retirement System	1,095,757	
Tax Certiorari	56,626	
Workers Compensation	287,714	
Capital Reserve	1,192,534	
Reserve for Debt		1,366,232
	\$ 7,444,570	\$ 1,366,232

**6. PARTICIPATION IN BOCES**

During the year, the School District was billed \$7,267,517 for BOCES' administrative and program costs. The School District recognized \$2,574,993 as its share of BOCES aid for the year ended June 30, 2025. Financial statements for the BOCES are available from the Madison-Oneida BOCES' administrative office located in Verona, New York.

During the year ended June 30, 2025, the School District issued no debt on behalf of BOCES.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**7. CAPITAL ASSETS AND RIGHT TO USE LEASED ASSETS**

Capital asset activity for the year ended June 30, 2025, is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Capital Assets Not Being Depreciated				
Land	\$ 135,650	\$	\$	\$ 135,650
Construction in Progress	<u>1,449,223</u>	<u>2,255,275</u>	<u>83,154</u>	<u>3,621,344</u>
Total	<u>1,584,873</u>	<u>2,255,275</u>	<u>83,154</u>	<u>3,756,994</u>
Capital Assets Being Depreciated				
Land Improvements	666,250			666,250
Buildings and Improvements	62,275,330	83,154		62,358,484
Furniture, Equipment and Vehicles	<u>4,627,179</u>	<u>572,680</u>		<u>5,199,859</u>
Total	<u>67,568,759</u>	<u>655,834</u>		<u>68,224,593</u>
Accumulated Depreciation				
Land Improvements	663,025	1,280		664,305
Buildings and Improvements	24,089,241	2,226,539		26,315,780
Furniture, Equipment and Vehicles	<u>3,051,716</u>	<u>342,961</u>		<u>3,394,677</u>
Total	<u>27,803,982</u>	<u>2,570,780</u>		<u>30,374,762</u>
Net Capital Assets Being Depreciated	<u>39,764,777</u>	<u>(1,914,946)</u>		<u>37,849,831</u>
Net Capital Assets	<u>\$ 41,349,650</u>	<u>\$ 340,329</u>	<u>\$ 83,154</u>	<u>\$ 41,606,825</u>

Function/Program	
General Support	\$ 591,279
Instruction	1,439,637
Pupil Transportation	411,325
School Lunch	<u>128,539</u>
Total Depreciation	<u>\$ 2,570,780</u>

Right to use leased asset activity for the year ended June 30, 2025 is as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Right to Use Leased Assets				
Leased Equipment	\$ 1,597,122	\$ 189,174	\$	\$ 1,786,296
Accumulated Amortization				-
Leased Equipment	<u>665,327</u>	<u>281,808</u>		<u>947,135</u>
Net Right to Use Leased Assets	<u>\$ 931,795</u>	<u>\$ (92,634)</u>	<u>\$</u>	<u>\$ 839,161</u>

Amortization expense of \$281,808 is charged to the instruction program.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

**8. SHORT-TERM NOTE PAYABLE**

Short-term bond anticipation note balance and activity are as follows:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Capital Fund					
Reconstruction and Renovation	6/24/25	\$ 10,000,000	6/24/26	4.00	\$ 10,000,000

Description	Outstanding Beginning Balance	Issued	Paid	Outstanding Ending Balance
Governmental Activities				
Reconstruction and Renovation	\$ _____	\$ 10,150,000	\$ 150,000	\$ 10,000,000

Total interest for the year was as follows:

Interest Paid	\$ 70,667
Plus: Interest Accrued in the Current Year	6,666
Less: Interest Accrued in the Prior Year	0
Total Expense	\$ 77,333

**9. NONCURRENT LIABILITIES**

Noncurrent liability balances and activity are as follows:

Description	Beginning Balance	Change in Accounting Principle	Additions	Deletions	Ending Balance	Amounts Due Within One Year
<b>Government Activities</b>						
Bonds Payable	\$ 26,430,000		\$ 550,000	\$ 2,075,000	\$ 24,905,000	\$ 2,260,000
Unamortized Premium	2,786,447			222,900	2,563,547	222,900
Energy Performance Contract	515,000			95,000	420,000	100,000
Total Bonds and Energy Performance Contract	29,731,447		550,000	2,392,900	27,888,547	2,582,900
<b>Other Liabilities</b>						
Compensated Absences	184,344	2,256,529	410,254		2,851,127	314,500
Lease Liability	192,388			61,264	131,124	64,086
OPEB Liability	71,923,748		5,212,115	14,741,901	62,393,962	
Total Other Liabilities	72,300,480	2,256,529	5,622,369	14,803,165	65,376,213	378,586
Total Noncurrent Liabilities	\$ 102,031,927	\$ 2,256,529	\$ 6,172,369	\$ 17,196,065	\$ 93,264,760	\$ 2,961,486

***Serial Bonds***

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit of the local government. The provision to be made in the General Fund's future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
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Interest on long-term debt for the year was composed of:

Interest Paid	\$ 1,198,698
Plus: Interest Accrued in the Current Year	46,892
Plus: Amortization of Premium	(222,900)
Less: Interest Accrued in the Prior Year	(49,432)
Total Expense	\$ 973,258

The following is a statement of serial bonds and energy performance contract outstanding:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund					
Bus Bond	8/3/20	\$ 370,000	8/1/25	1.20-1.30	\$ 85,000
Bus Bond	8/1/21	\$ 275,000	8/1/26	1.2	115,000
Bus Bond	7/21/22	\$ 445,000	8/1/27	3.25-3.50	285,000
Bus Bond	8/1/23	\$ 510,000	8/1/28	4.125-4.20	425,000
Bus Bond	8/7/24	\$ 550,000	8/1/29	4.00-4.25	550,000
Revenue Bond	6/28/23	\$ 18,860,000	7/1/22	3.63-4.00	16,945,000
DASNY Revenue Bond	6/13/13	\$ 830,000	6/15/27	2.00-5.00	155,000
Serial Bond	6/1/19	\$ 10,130,000	9/1/22	1.85-2.125	6,345,000
Energy Performance Contract	6/13/13	\$ 1,319,485	3/1/29	2.468	420,000
Total					\$ 25,325,000

Principal and interest payments due on bonds payable is as follows:

	Principal	Interest	Total
2026	\$ 2,260,000	\$ 1,164,286	\$ 3,424,286
2027	2,285,000	1,070,848	3,355,848
2028	2,240,000	987,196	3,227,196
2029	2,220,000	894,639	3,114,639
2030	2,210,000	807,210	3,017,210
2031-2035	10,135,000	2,680,850	12,815,850
2036-2037	3,555,000	529,000	4,084,000
Total	\$ 24,905,000	\$ 8,134,029	\$ 33,039,029

***Other Debt – Energy Performance Contract***

The Canastota Central School District entered into an energy performance contract during the year ended June 30, 2013. The contract is defined in Section 9-102(4) of the New York State Energy Law as: “an agreement for the provision of energy services, including but not limited to electricity, heating, ventilation, cooling, steam, or hot water, in which a person agrees to install, maintain, or manage energy systems or equipment to improve the energy efficiency of, or produce energy in connection with a building or facility in exchange for a portion of the energy savings or revenues.” The contract is accounted for as a capital lease. The total net present value of the lease liability at June 30, 2025, is \$420,000.

The following is a schedule of future principal and interest payments of the energy performance contract as of June 30, 2025:

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NOTES TO BASIC FINANCIAL STATEMENTS  
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	Principal	Interest	Total
2026	\$ 100,000	\$ 18,148	\$ 118,148
2027	105,000	13,827	118,827
2028	105,000	9,290	114,290
2029	110,000	4,753	114,753
Total	<u>\$ 420,000</u>	<u>\$ 46,018</u>	<u>\$ 466,018</u>

***Unamortized Premium***

The original issue premium on the 2019 and 2023 serial bonds have been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premiums are being amortized using the straight-line method over 15 years, the remaining time to maturity of the respective bond issue. The current year amortization is \$222,900 and the unamortized amount is \$2,563,547 at June 30, 2025.

***Special Provisions Affecting Remedies Upon Default***

In the event of default in the payment of principal of and/or interest of the bonds, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, State Aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the bonds.

***Compensated Absences***

Compensated absences represent the value of earned and unused portion of the liability for compensated absences. The change in compensated absences is the net change if time awarded, used, paid, and/or forfeited.

**10. PENSION PLANS**

**A. New York State and Local Employees' Retirement System (ERS)**

***(a) Plan Description***

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The Net Position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. The Comptroller is an elected official determined in a direct statewide election and serves a four-year term. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System maintains records and accounts, and prepares financial statements using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at [www.osc.state.ny.us/retire/publications/index.php](http://www.osc.state.ny.us/retire/publications/index.php) or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

***(b) Contributions***

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 1, 2010, but prior to April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Employees who joined on or after April 1, 2012 must contribute at a specific percentage of earnings (between 3 and 6%) for their entire career. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2025, were paid.

The required contributions for the current year and two preceding years were:

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	Amount
2023	\$ 292,525
2024	\$ 479,763
2025	\$ 560,676

**(c) Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2025, the School District reported a liability of \$1,589,343 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS System in a report provided to the School District.

At June 30, 2025 and 2024, the School District's proportion was .0092696 percent and .0088793 percent, respectively.

For the year ended June 30, 2025, the School District recognized pension expense of \$411,596. At June 30, 2025, the School District reported deferred outflows and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 394,486	\$ 18,608
Change of assumptions	66,654	
Net difference between projected and actual earnings on pensions plan investments	124,695	
Changes in proportion and differences between contributions and proportionate share of contributions	158,719	8,429
Contributions subsequent to the measurement date	134,454	
Total	\$ 879,008	\$ 27,037

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2026	\$ 322,565
2027	\$ 458,933
2028	\$ (94,338)
2029	\$ 30,357

**(d) Actuarial Assumptions**

The total pension liability at March 31, 2025 was determined by using an actuarial valuation as of April 1, 2024, with update procedures used to roll forward the total pension liability to March 31, 2025.

Significant actuarial assumptions used in the April 1, 2024 valuation was as follows:

Investment rate of return (net of investment expense, including inflation)	5.9%
Cost of Living Adjustment	1.5%
Salary scale	4.3%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience
Inflation rate	2.9%

**CANASTOTA CENTRAL SCHOOL DISTRICT  
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Annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021.

The actuarial assumptions used in the April 1, 2024 valuation is based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2025 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return *
Domestic equity	25%	3.54%
International equity	14%	6.57%
Private equity	15%	7.25%
Real estate	12%	4.95%
Opportunistic/Absolute return strategies	3%	5.25%
Credit	4%	5.40%
Real assets	4%	5.55%
Fixed Income	22%	2.00%
Cash	1%	0.25%
	100%	

\*The real rate of return is net of the long-term inflation assumption of 2.90%.

**(e) Discount Rate**

The discount rate used to calculate the total pension asset/liability was 5.9%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset/liability.

**(f) Sensitivity of the Proportionate Share of the Net Pension Liability (Asset) to the Discount Rate Assumption**

The following presents the School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9 percent, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Proportionate share of the net pension liability (asset)	\$ 4,599,759	\$ 1,589,343	\$ (924,356)

**(g) Pension Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately issued ERS financial report.

**(h) Payables to the Pension Plan**

The School District has recorded an amount due to ERS in amount of \$134,454 at June 30, 2025. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2025-2026 billing cycle and has been accrued as an expenditure in the current year.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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**B. New York State Teachers' Retirement System (TRS)**

**(a) Plan Description**

The School District participates in the New York Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The system provides retirement benefits as well as death and disability benefits.

The TRS was created and exists pursuant to Article 11 of the New York State Education Law. TRS is administered by the system and governed by a ten-member board to provide these benefits to teachers employed by participating employers in the State of New York, excluding New York City. The System provides benefits to plan members and beneficiaries as authorized by the New York State Law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and membership class (6 tiers). The System's financial statements are prepared using the accrual basis of accounting. Contributions are recognized when due. Benefit payments are recognized when due and payable. Investments are recognized at fair value. TRS issues a publicly available financial report that contains basic financial statements and required supplementary information for the System. For additional plan information please refer to the NYSTRS Comprehensive Annual Financial Report which can be found on the TRS website located at [www.nystrs.org](http://www.nystrs.org) or obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395.

**(b) Contributions**

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. Tier 3 and Tier 4 members who have less than 10 years of service or membership are required by law to contribute 3% of salary to the System. Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the Retirement and Social Security Law, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

The required employer contributions for the current year and two preceding years were:

	Amount
2023	\$ 1,088,953
2024	\$ 1,065,995
2025	\$ 1,111,316

**(c) Pension Assets, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

At June 30, 2025, the School District reported a net pension liability (asset) of (\$1,706,715) for its proportionate share of the net pension asset. The net pension liability (asset) was measured as of June 30, 2024, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of June 30, 2023. The School District's proportion of the net pension liability (asset) was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2025 and 2024, the School District's proportion was .057203 percent 057299 percent, respectively.

For the year ended June 30, 2025, the School District recognized a pension expense of \$931,367. At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
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	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,837,818	\$
Changes of assumptions	1,020,961	171,735
Net difference between projected and actual earnings on pensions plan investments		1,896,305
Changes in proportion and differences between contributions and proportionate share of contributions	188,765	163,714
Contributions subsequent to the measurement date	1,111,316	
Total	\$ 4,158,860	\$ 2,231,754

Amounts reported as deferred outflows/inflows of resources related to pensions resulting from School District contributions subsequent to the measurement date, if any, will be recognized as a reduction of the net pension liability. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Amount
2025	\$ (861,435)
2026	\$ 2,108,655
2027	\$ (363,972)
2028	\$ (387,523)
2029	\$ 233,848
Thereafter	\$ 86,218

**(d) Actuarial Assumptions**

The total pension liability (asset) at June 30, 2024 measurement date was determined by using an actuarial valuation as of June 30, 2023, with update procedures used to roll forward the total pension liability (asset) to June 30, 2024. The actuarial valuation used the following actuarial assumptions.

Significant actuarial assumptions used in the June 30, 2023 valuation were as follows:

Investment Rate	
of Return	6.95% compounded annually, net of pension plan investment expense, including inflation.
Salary scale	Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

Service	Rate
5	5.18%
15	3.64%
25	2.50%
35	1.95%

Projected COLAs	1.3% compounded annually.
Inflation rate	2.40%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on the Society of Actuaries Scale MP-2021, applied on a generational basis. Active member mortality rates are based on plan member experience.

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020.

The long-term expected rate of return on pension plan investments was determined in accordance with Actuarial Standard of Practice (ASOP) No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations*. ASOP No. 27 provides guidance on the selection of an appropriate assumed investment rate of return. Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

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NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the valuation date of June 30, 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic Equity	33.0%	6.6%
International Equity	15.0%	7.4%
Global Equities	4.0%	6.9%
Real Estate Equities	11.0%	6.3%
Private Equities	9.0%	10.0%
Domestic Fixed Income Securities	16.0%	2.6%
Global Bonds	2.0%	2.5%
Private Debt	2.0%	5.9%
Real Estate Debt	6.0%	3.9%
High-Yield Bonds	1.0%	4.8%
Cash Equivalents	1.0%	0.5%
	100.0%	

\* Real rates of return are net pension plan investment expenses and long-term inflation expectations.

**(e) Discount Rate**

The discount rate used to calculate the total pension (asset)/liability was 6.95%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members will be made at the current member contribution rates and that contributions from school districts will be made at statutorily required rates, actuarially determined. Based on those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

**(f) Sensitivity of the Proportionate Share of the Net Pension Asset to the Discount Rate Assumption**

The following presents School District's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.95 percent, as well as what the School District's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rate:

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate share of the net pension liability (asset)	\$ 7,883,413	\$ (1,706,715)	\$ (9,772,270)

**(g) Pension Plan Fiduciary Net Position**

Detailed information about the Plan's fiduciary net position is available in the separately issued TRS financial report.

**(h) Payables to the Pension Plan**

The School District has recorded an amount due to TRS in amount of \$1,111,316 (excluding employees share) in the General Fund at June 30, 2025. This amount represents contribution for the 2024-2025 fiscal year that will be made in 2025-2026 and has been accrued as an expenditure in the current year.

**11. POST EMPLOYMENT HEALTH CARE BENEFITS**

**(a) Plan Description**

The School District administers the payment of Postemployment Healthcare Benefits for retirees of the School District (the Plan) as a single-employer defined benefit Other Postemployment Benefit plan. The benefits provided to employees upon retirement are based on provisions in various contracts that the school district has in place with difference classifications of employees. The

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

District acquires health insurance through a consortium known as Central New York Health Insurance Cooperative. Dental insurance is provided by Excellus and Ameritas. The District’s plan covers medical and pharmaceutical costs. Refer to the plan documents for the specifics and limitations of the coverage offered to retirees. Many of the services in the plan require co-payments at various levels depending on the nature of the service.

The Plan does not issue a standalone publicly available financial report since no assets are accumulated in a trust that meets all of the criteria in GASB Statement No. 75, paragraph 4.

**(b) Benefits Provided**

The Plan provides for continuation of medical, dental, and vision insurance benefits for certain retirees and their spouses and can be amended by action of the School District subject to applicable collective bargaining and employment agreements as follows:

- **Plan Types** – The School District provides medical, Medicare Part B, dental, and vision benefits to its eligible retirees. The benefits are provided through fully insured plans for individual or family coverage that are sponsored by a regional health insurance consortium. One retiree receives a life insurance benefit.
- **Eligibility** – Employees are required to reach age 55 and provide 5 to 10 years of service to the School District to qualify for benefits.
- **Benefit Cost Sharing** – The School District pays from 80% to 85% of the retiree’s medical benefits depending on the employee group. The School District also reimburses some employees and dependents for the full cost of Medicare Part B.
- **Surviving Spouse Benefit** – Surviving beneficiaries of retired teachers shall have such coverage continued for one year following the month of death under the same premium arrangement under which the employee participated. The current Superintendent and one retired Superintendent receive survivor benefits for the lifetime of the surviving beneficiary. Surviving beneficiaries for all other retired employees pay 100% of the cost of their coverage after the death of a retired employee.

**(c) Employees Covered by Benefit Terms**

	Total
Actives	219
Retirees	168
Beneficiaries	7
Spouses of Retirees	73
Total	467

**(d) Total OPEB Liability**

The District’s total OPEB liability of \$62,393,962 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2023.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

**(e) Changes in the Net OPEB Liability**

Changes in the District's total OPEB liability were as follows:

	<u>Total OPEB Liability</u>
Balances, June 30, 2024	\$ 71,923,748
Changes recognized for the year:	
Service cost	2,340,795
Interest on Total OPEB Liability	2,871,320
Effect of assumptions changes or inputs	(12,312,512)
Benefit payments	(2,429,389)
Net changes	(9,529,786)
Balances, June 30, 2025	\$ 62,393,962

**(f) Sensitivity of the total OPEB liability to changes in the discount rate**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current discount rate:

	1% Decrease 4.20%	Current Assumption 5.20%	1% Increase 6.20%
Total OPEB liability	\$ 71,801,577	\$ 62,393,962	\$ 54,744,761

**(g) Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates**

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability	\$ 53,211,827	\$ 62,393,962	\$ 74,043,715

Sensitivity analysis for healthcare cost inflation (trend) rate is illustrated as of end of year.

**(h) OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB**

For the year ended June 30, 2025, the District recognized OPEB expense of \$3,328,961. At June 30, 2025, the District reported deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 578,490	\$ 3,940,895
Changes of assumptions	578,490	14,922,898
	\$ 578,490	\$ 18,863,793

Contributions subsequent to the measurement date will be recognized in the subsequent year. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

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NOTES TO BASIC FINANCIAL STATEMENTS  
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Year ended June 30:	Amount
2026	\$ (4,463,040)
2027	(4,515,760.0)
2028	(3,494,112.0)
2029	(2,647,710.0)
2030	(2,578,371.0)
Thereafter	(586,310.0)

**(i) Actuarial Methods and Assumptions**

The total OPEB liability was determined by an actuarial valuation as of July 1, 2023 rolled forward to June 30, 2025, the measurement date. The following actuarial assumptions applied to all periods in the measurement, unless otherwise specified:

**Actuarial Assumptions**

Valuation Date	7/1/2023
Measurement and Reporting Date	6/30/2025
Actuarial Cost Method	Entry Age Normal - Level Percentage of Salary
Plan Type	Single Employer Defined Benefit Plan
Inflation rate	2.4%
Healthcare Cost Trend Rates	7.5% to 3.7, over 67 years
Discount Rate	5.20% (Prior year discount was 3.93%.)
Rate of Compensation Increase	2.4%
Mortality	MP-2021 Ultimate Scale

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

**12. INTERFUND TRANSACTIONS**

The following is a summary of the Interfund Transactions for the year ended June 30, 2025:

Fund	Interfund Receivables	Payables	Interfund Revenues	Expenditures
General	\$ 1,777,282	\$ 1,625,611	\$ 1,227,016	\$ 1,457,282
School Lunch		50,553		
Special Aid		493,264	147,128	2
Debt Service	227,615	1,227,000		1,227,000
Capital Fund	1,544,884	146,888	1,310,154	
Miscellaneous Special Revenue		6,465		
Fiduciary Fund				14
<b>Total</b>	<b>\$ 3,549,781</b>	<b>\$ 3,549,781</b>	<b>\$ 2,684,298</b>	<b>\$ 2,684,298</b>

- Interfund receivables and payables are considered temporary. The School District intends to repay the amounts within the next fiscal year.
- The School District made a transfer of \$147,128 from the General Fund to the Special Aid Fund, as the required local match for Federal and State grants.
- The School District transferred \$1,310,154 from the General Fund to the Capital Fund for current capital projects.
- The School District transferred \$1,227,000 from the Debt Service Fund to the General Fund for funds originating from prior years' bonds with no respective debt remaining.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

**13. FUND BALANCE**

(a) The following is the disaggregation of the fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2025:

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Nonspendable	\$ 521	\$ 24,559	\$	\$	\$	\$	\$ 25,080
Restricted							
Unemployment Insurance Reserve	306,708						306,708
Employee Benefit Accrued Liability	500,520						500,520
Insurance Reserve	265,482						265,482
Health Insurance Stabilization	1,785,525						1,785,525
Liability Reserve	538,480						538,480
Employee Retirement System	2,068,391						2,068,391
Teachers' Retirement System	1,095,757						1,095,757
Tax Certiorari	56,626						56,626
Workers Compensation	287,714						287,714
Capital Reserve	1,192,534						1,192,534
Scholarships				54,093			54,093
Capital Projects						2,634,293	2,634,293
Debt Service					391,628		391,628
Total Restricted	<u>8,097,737</u>			<u>54,093</u>	<u>391,628</u>	<u>2,634,293</u>	<u>11,177,751</u>
Assigned							
General Support	140,939						140,939
Instruction	104,970		225,000				329,970
School Lunch		131,318					131,318
Appropriated for Subsequent Year's Budget	<u>1,191,776</u>						<u>1,191,776</u>
Total Assigned	<u>1,437,685</u>	<u>131,318</u>	<u>225,000</u>				<u>1,794,003</u>
Unassigned	<u>1,585,295</u>						<u>1,585,295</u>
Total Fund Balance	<u>\$ 11,121,238</u>	<u>\$ 155,877</u>	<u>\$ 225,000</u>	<u>\$ 54,093</u>	<u>\$ 391,628</u>	<u>\$ 2,634,293</u>	<u>\$ 14,582,129</u>

(b) The following is a summary of the change in General Fund restricted reserve funds during the year ended June 30, 2025:

Reserve	Beginning Balance	Increase	Decrease	Ending Balance
<b>General Fund</b>				
Unemployment Insurance	\$ 293,820	\$ 12,888	\$	\$ 306,708
Employee Benefit Accrued Liability	532,058	24,151	55,689	500,520
Insurance	254,326	11,156		265,482
Health Insurance Stabilization	1,649,496	136,029		1,785,525
Liability	515,852	22,628		538,480
Retirement Contribution				
Employee Retirement System	2,038,524	93,518	63,651	2,068,391
Teachers' Retirement System	957,013	138,744		1,095,757
Tax Certiorari	54,247	2,379		56,626
Workers' Compensation	275,623	12,091		287,714
Capital	<u>693,987</u>	<u>498,547</u>		<u>1,192,534</u>
Total	<u>\$ 7,264,946</u>	<u>\$ 952,131</u>	<u>\$ 119,340</u>	<u>\$ 8,097,737</u>

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

**14. RISK MANAGEMENT**

***General Information***

The School District is exposed to various risks of loss related to tax certioraris, torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. Except for tax certiorari, these risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years. Sufficient reserves exist to cover any unfavorable settlements of the tax certiorari.

***Workers' Compensation Pool***

Canastota Central School District participates with 33 other school districts in the Madison-Oneida-Herkimer Consortium for its workers' compensation insurance coverage. Entities joining the plan must remain members for a minimum of one year; a member may withdraw from the plan after that time by submitting a notice of withdrawal 30 days prior to the plan's year end. Plan members are subject to a supplemental assessment in the event of deficiencies. If the plan's assets were to be exhausted, members would be responsible for the plan's liabilities. The plan uses a reinsurance agreement to reduce its exposure to large losses on insured events. Reinsurance permits recovery of a portion of losses from the reinsurer, although it does not discharge the liability of the plan as direct insurer of the risks reinsured. The plan establishes a liability for both reported and unreported insured events, which includes estimates of both future payments of losses and related claim adjustment expenses. However, because actual claims' costs depend on complex factors, the process used in computing claims' liabilities does not necessarily result in an exact amount. Such claims are based on the ultimate cost of claims (including future claim adjustment expenses) that have been reported but not settled and claims that have been incurred but not reported. Adjustments to claims' liabilities are charged or credited to expense in the periods in which they are made. The Consortium is a shared-risk public entity risk pool, whereby each district pays annual premiums based on the expected aggregate claims for all enrollees. Paid claims are also accounted for in the aggregate with individual district activity not being traced separately. Due to this arrangement, a possible contingent liability exists for Canastota Central School District as a result of the possibility that any participating school district may have actual claims less than the annual premium and try to recover its portion due to it through the Consortium participants. During the current year, the School District paid \$118,091 in net fees.

The School District continues to carry commercial insurance for all other risks of loss, including general liability and employee health and accident insurance.

**15. CONTINGENCIES AND COMMITMENTS**

***Potential Grantor Liability***

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

***Self Insured***

The School District is self-insured for health insurance. For the School District's health insurance plan, the School District has aggregate and specific excess loss insurance. In aggregate, the School District is covered for medical and prescriptions up to \$1,000,000 for losses that exceed a calculated amount that cannot be less than \$7,135,943 for active employees and \$8,809,960 for retirees. The School District also has specific excess loss insurance for each participant in excess of \$110,000 for each contract period. The School District currently reports its risk management activities in the fund in which the liability is incurred. Claims expenditures/expenses and liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These losses include an estimate of claims that have been incurred but not reported.

	Beginning of Year Liability	Current Year Claims and Changes on Estimates	Claim Payments	End of Year Liability
2023	\$ 391,153	\$ 4,473,263	\$ 4,450,885	\$ 413,531
2024	\$ 413,531	\$ 5,559,400	\$ 5,422,627	\$ 550,304
2025	\$ 550,304	\$ 6,154,093	\$ 6,123,133	\$ 581,264

The liability for health insurance is recorded in the General fund as accrued liabilities.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2025**

***Construction Commitments***

The School District has awarded construction contracts in the aggregate amount of \$25,749,400 during the year. At June 30, 2025, the remaining balance to complete these contracts including retainage was \$24,300,897.

***Litigation***

The School District is involved in lawsuits arising from the normal conduct of business. Some of these lawsuits seek damage which may be in excess of the District's insurance coverage. However, it is not possible to determine the District's potential exposure, if any, at this time.

***Encumbrances***

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, Special Revenue Funds, and Capital Projects Fund. At June 30, 2025, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Encumbrances included in governmental fund balances are as follows:

	Assigned General Fund
General Support	\$ 140,939
Instruction	104,970
Total Encumbrances	\$ 245,909

**16. NET POSITION DEFICIT – DISTRICT WIDE**

The District-wide net position had a net position deficit at June 30, 2025 of \$51,749,054. The deficit is primarily the result of the recognition of an unfunded liability for Other Postemployment Benefits of \$62,393,962 at June 30, 2025. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

**17. CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE**

As a result of implementing GASB Statement No. 101, *Compensated Absences*, the District has restated the beginning net position (deficit) in the Statement of Net Position for Governmental Activities, effectively decreasing the net position as of July 1, 2024 by \$2,256,529. The decrease results from restating the non-current liabilities by increasing the liability for Compensated Absences as required by the new accounting principle.

**CANASTOTA CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**For the Year Ended June 30, 2025**

	Original Budget	Final Budget	Actual		Final Budget Variance With Actual
<b>Revenues</b>					
Local Sources					
Real Property Taxes	\$ 13,576,462	\$ 13,576,462	\$ 11,928,751		\$ (1,647,711)
STAR and Other Real Property Tax Items	225,000	225,000	1,851,030		1,626,030
Charges for Services			3,349		3,349
Use of Money and Property	60,000	60,000	578,848		518,848
Sale of Property and Compensation for Loss			43,810		43,810
Miscellaneous	1,140,000	1,140,000	507,903		(632,097)
State Aid	21,635,018	21,635,018	21,327,812		(307,206)
Federal Aid	75,000	75,000	44,994		(30,006)
Total Revenues	<u>36,711,480</u>	<u>36,711,480</u>	<u>36,286,497</u>		<u>(424,983)</u>
<b>Other Financing Sources</b>					
Transfers from Other Funds		1,227,000	1,227,016		16
Premium on Obligations			76,547		76,547
Appropriated Fund Balance	1,749,732	1,749,732			(1,749,732)
Total Revenues and Other Financing Sources	<u>\$ 38,461,212</u>	<u>\$ 39,688,212</u>	<u>37,590,060</u>		<u>\$ (2,098,152)</u>
<b>Expenditures</b>					
General Support					
Board of Education	\$ 37,850	\$ 39,266	34,111		\$ 5,155
Central Administration	237,500	238,655	232,295		6,360
Finance	571,800	590,095	579,044		11,051
Staff	197,500	169,359	136,923	15,000	17,436
Central Services	2,546,089	2,436,148	2,112,676	125,939	197,533
Special Items	401,877	402,040	402,040		
Total General Support	<u>3,992,616</u>	<u>3,875,563</u>	<u>3,497,089</u>	<u>140,939</u>	<u>237,535</u>
Instruction					
Instruction, Administration, and Improvement	1,835,029	1,763,479	1,613,415		150,064
Teaching - Regular School	8,632,923	8,518,685	8,061,079	101,376	356,230
Programs for Children With Special Needs	4,836,001	4,795,960	4,429,146	3,041	363,773
Occupational Education	1,169,925	1,167,195	1,160,630		6,565
Teaching - Special School	370,700	383,013	362,384		20,629
Instructional Media	953,967	1,014,114	833,868		180,246
Pupil Services	1,769,920	2,116,772	1,932,335	553	183,884
Total Instruction	<u>19,568,464</u>	<u>19,759,218</u>	<u>18,392,857</u>	<u>104,970</u>	<u>1,261,391</u>
Pupil Transportation	1,602,297	1,705,324	1,564,385		140,939
Employee Benefits	9,238,000	9,061,272	8,443,152		618,120
Debt Service - Principal	2,570,000	2,570,000	2,381,264		188,736
Debt Service - Interest	1,189,835	1,189,835	1,276,031		(86,196)
Total Expenditures	<u>38,161,212</u>	<u>38,161,212</u>	<u>35,554,778</u>	<u>245,909</u>	<u>2,360,525</u>
<b>Other Financing Uses</b>					
Transfers to Other Funds	300,000	1,527,000	1,457,282		69,718
Total Expenditures and Other Financing Uses	<u>\$ 38,461,212</u>	<u>\$ 39,688,212</u>	<u>37,012,060</u>	<u>\$ 245,909</u>	<u>\$ 2,430,243</u>
<b>Net Change in Fund Balance</b>			578,000		
<b>Fund Balances - Beginning of Year</b>			<u>10,543,238</u>		
<b>Fund Balances - End of Year</b>			<u>\$ 11,121,238</u>		

Notes to Required Supplementary Information:

The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund, the only fund with a legally adopted budget.

The budget is adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

**CANASTOTA CENTRAL SCHOOL DISTRICT**  
**SCHEDULES OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**For the Year Ended June 30, 2025**

Measurement Date	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019
<b>Total OPEB Liability</b>							
Service cost	\$ 2,340,795	\$ 2,410,947	\$ 2,114,143	\$ 2,350,636	\$ 2,822,416	\$ 1,809,701	\$ 2,118,131
Interest on Total OPEB Liability	2,871,320	2,717,124	2,505,294	1,780,471	1,761,761	2,097,197	1,887,710
Effect of plan changes		706,921					
Effect of demographic gains or losses		(1,691,720)		(7,122,773)			
Effect of assumptions changes or inputs	(12,312,512)	(3,092,342)	1,051,541	(6,158,727)	712,735	16,775,995	(4,880,367)
Benefit payments	(2,429,389)	(2,295,378)	(2,299,324)	(2,251,264)	(1,975,222)	(1,874,170)	(1,713,834)
Net change in total OPEB Liability	(9,529,786)	(1,244,448)	3,371,654	(11,401,657)	3,321,690	18,808,723	(2,588,360)
Total OPEB Liability - Beginning	71,923,748	73,168,196	69,796,542	81,198,199	77,876,509	59,067,786	61,656,146
Total OPEB Liability - Ending	<u>\$ 62,393,962</u>	<u>\$ 71,923,748</u>	<u>\$ 73,168,196</u>	<u>\$ 69,796,542</u>	<u>\$ 81,198,199</u>	<u>\$ 77,876,509</u>	<u>\$ 59,067,786</u>
Covered payroll	\$ 11,703,847	\$ 11,703,847	\$ 11,142,224	\$ 11,142,224	\$ 9,947,347	\$ 9,947,347	\$ 13,126,687
Total OPEB Liability as a percentage of covered payroll	533.11%	614.53%	656.67%	626.41%	816.28%	782.89%	449.98%

\* 10 years of historical information was not available upon implementation. An additional year of historical information will be added each year subsequent to the year of implementation until 10 years of historical data is available.

**Notes to Required Supplementary Information:**

The District does not currently maintain assets in an OPEB trust.

**Actuarial Assumptions**

The actuarial methods and assumptions used to calculate the total OPEB liability are described in Note 9 to the financial statements.

**Changes to Assumptions**

The discount rate changed from 3.93% to 5.20%, which is a prescribed discount rate under GASB 75, and is based on the Bond Buyer General Obligation 20-Bond Municipal Index.

**CANASTOTA CENTRAL SCHOOL DISTRICT  
SCHEDULES OF SCHOOL DISTRICT CONTRIBUTIONS  
For the Year Ended June 30, 2025**

<b>ERS Pension Plan Last 10 Fiscal Years</b>										
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually Required Contribution	\$ 560,676	\$ 479,763	\$ 292,525	\$ 368,948	\$ 425,186	\$ 388,483	\$ 362,629	\$ 358,063	\$ 369,218	\$ 361,985
Contributions in Relation to the Contractually Required Contribution	<u>560,676</u>	<u>479,763</u>	<u>292,525</u>	<u>368,948</u>	<u>425,186</u>	<u>388,483</u>	<u>362,629</u>	<u>358,063</u>	<u>369,218</u>	<u>361,985</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
School District's Covered-ERS Employee Payroll	\$ 3,502,162	\$ 3,502,162	\$ 3,189,002	\$ 2,509,753	\$ 2,871,521	\$ 2,833,038	\$ 2,651,089	\$ 2,550,805	\$ 2,561,421	\$ 2,279,213
Contributions as a Percentage of Covered-Employee Payroll	16.01%	13.70%	9.17%	14.70%	14.81%	13.71%	13.68%	14.04%	14.41%	15.88%

<b>TRS Pension Plan Last 10 Fiscal Years</b>										
	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
Contractually Required Contribution	\$ 1,111,316	\$ 1,065,995	\$ 1,088,953	\$ 1,033,904	\$ 902,813	\$ 803,349	\$ 1,047,282	\$ 945,807	\$ 1,051,769	\$ 1,180,084
Contributions in Relation to the Contractually Required Contribution	<u>1,111,316</u>	<u>1,065,995</u>	<u>1,088,953</u>	<u>1,033,904</u>	<u>902,813</u>	<u>803,349</u>	<u>1,047,282</u>	<u>945,807</u>	<u>1,051,769</u>	<u>1,180,084</u>
Contribution Deficiency (Excess)	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
School District's Covered-TRS Employee Payroll	\$ 10,992,245	\$ 10,922,080	\$ 10,582,634	\$ 10,550,041	\$ 9,473,379	\$ 9,067,144	\$ 9,861,412	\$ 9,651,092	\$ 8,974,138	\$ 8,899,578
Contributions as a Percentage of Covered-Employee Payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%

**CANASTOTA CENTRAL SCHOOL DISTRICT**  
**SCHEDULES OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY**  
**For the Year Ended June 30, 2025**

**ERS Pension Plan**

**Last 10 Fiscal Years**

	<b>2025</b>	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>
District's proportion of the net pension asset/liability	0.0092696%	0.0088793%	0.0080107%	0.0073676%	0.0078101%	0.0076253%	0.0076888%	0.0081388%	0.0079169%	0.0080930%
District's proportionate share of the net pension liability (asset)	\$ 1,589,343	\$ 1,307,397	\$ 1,717,824	\$ (602,268)	\$ 7,777	\$ 2,019,218	\$ 544,776	\$ 262,675	\$ 743,891	\$ 1,298,950
District's covered-employee payroll	\$ 3,502,162	\$ 3,502,162	\$ 3,189,002	\$ 2,509,753	\$ 2,871,521	\$ 2,833,038	\$ 2,651,089	\$ 2,550,805	\$ 2,561,421	\$ 2,279,213
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.38%	37.33%	53.87%	-24.00%	0.27%	71.27%	20.55%	10.30%	29.04%	56.99%
Plan fiduciary net position as a percentage of total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%

**TRS Pension Plan**

**Last 10 Fiscal Years**

	<b>2024</b>	<b>2023</b>	<b>2022</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
District's Proportion of the net pension asset/liability	0.057203%	0.057299%	0.059553%	0.055814%	0.053431%	0.059080%	0.059250%	0.056631%	0.057673%	0.056587%
District's proportionate share of the net pension liability (asset)	\$ (1,706,715)	\$ 655,263	\$ 1,142,765	\$ (9,671,984)	\$ 1,476,441	\$ (1,534,903)	\$ (1,071,388)	\$ (430,451)	\$ 617,706	\$ (5,877,546)
District's covered-employee payroll	\$ 10,922,080	\$ 10,582,634	\$ 10,550,041	\$ 9,473,379	\$ 9,067,144	\$ 9,861,412	\$ 9,651,092	\$ 8,974,138	\$ 8,899,578	\$ 8,500,080
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	-15.63%	6.19%	10.83%	-102.10%	16.28%	-15.56%	11.10%	-4.80%	6.94%	-69.15%
Plan fiduciary net position as a percentage of total pension liability	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

**CANASTOTA CENTRAL SCHOOL DISTRICT**  
**SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET**  
**AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION**  
**For the Year Ended June 30, 2025**

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**Change from Adopted Budget to Revised Budget**

Adopted Budget	\$ 38,132,742
Add: Prior Year's Encumbrances	<u>328,470</u>
Original Budget	<u>38,461,212</u>
Add: Capital Improvement Project	<u>1,227,000</u>
Final Budget	<u>\$ 39,688,212</u>

**Section 1318 of Real Property Tax Law Limit Calculation**

2024-25 Voter Approved Expenditure Budget	\$ <u>39,632,455</u>
<b>Maximum allowed (4% of 2024-25 Budget)</b>	<u>\$ 1,585,298</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :

Unrestricted fund balance:	
Assigned fund balance	\$ 1,437,685
Unassigned fund balance	<u>1,585,295</u>
Total unrestricted fund balance	<u>3,022,980</u>
Less:	
Appropriated fund balance	1,191,776
Encumbrances included in committed and assigned fund balance	<u>245,909</u>
Total adjustments	<u>1,437,685</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	\$ <u>1,585,295</u>
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Actual percentage	4.00%
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**CANASTOTA CENTRAL SCHOOL DISTRICT**  
**NET INVESTMENT IN CAPITAL ASSETS**  
**For the Year Ended June 30, 2025**

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Capital Assets, Net	\$ 41,606,825
Right to Use Leased Assets, Net	<u>839,161</u>
Total	<u>42,445,986</u>
Add:	
Capital Cash	<u>12,794,343</u>
Deduct:	
Due to Other Funds and Other Liabilities	(1,704,934)
Bond Anticipation Note	(10,000,000)
Lease Liability	(131,124)
Serial Bonds Payable	(24,905,000)
Energy Performance Contract Payable	<u>(420,000)</u>
	<u>(37,161,058)</u>
Net Investment in Capital Assets	<u>\$ 18,079,271</u>

**CANASTOTA CENTRAL SCHOOL DISTRICT**  
**SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND**  
**For the Year Ended June 30, 2025**

	Original Budget	Revised Budget	Expenditures			Unexpended Authorizations	Methods of Financing				Fund Balance (Deficit) June 30, 2025
			Prior Years	Current Year	Total		Proceeds of Obligations	State Aid	Local Sources	Total	
<b>Capital Projects</b>											
Buses - 2005	\$ 218,157	\$ 218,157	\$ 218,157	\$	\$ 218,157	\$	\$	\$	\$ 218,137	\$ 218,137	\$ (20)
Buses - 2012	286,000	286,000	285,365		285,365	635	286,000			286,000	635
Buses - 2013	296,000	296,000	294,711		294,711	1,289	296,000			296,000	1,289
Buses - 2014	296,500	296,500	305,578		305,578	(9,078)	306,000			306,000	422
Buses - 2016	320,000	320,000	315,263		315,263	4,737	320,000			320,000	4,737
Buses - 2017	468,000	468,000	451,382		451,382	16,618	468,000			468,000	16,618
Buses - 2018	365,000	365,000	352,572		352,572	12,428	365,000			365,000	12,428
Buses - 2019	470,000	470,000	468,166		468,166	1,834	470,000			470,000	1,834
Buses - 2021	388,000	388,000	372,733		372,733	15,267	387,000			387,000	14,267
Buses - 2022	275,000	275,000	248,042		248,042	26,958	275,000			275,000	26,958
Buses - 2023	445,000	445,000	416,106		416,106	28,894	445,000			445,000	28,894
Buses - 2025	550,000	550,000		547,990	547,990	2,010	550,000			550,000	2,010
<b>Total Buses</b>	<u>4,377,657</u>	<u>4,377,657</u>	<u>3,728,075</u>	<u>547,990</u>	<u>4,276,065</u>	<u>101,592</u>	<u>4,168,000</u>		<u>218,137</u>	<u>4,386,137</u>	<u>110,072</u>
Smart School Bond Act	1,357,828	1,357,828	1,328,110		1,328,110	29,718		1,171,471	156,640	1,328,111	1
2019 Capital Project	25,890,000	25,890,000	25,853,203	27,998	25,881,201	8,799	18,860,000		7,030,001	25,890,001	8,800
2023 Capital Project	30,000,000	30,000,000	1,449,223	2,095,358	3,544,581	26,455,419			6,060,001	6,060,001	2,515,420
Capital Outlay 2024-2025	100,000	100,000		83,154	83,154	16,846			83,154	83,154	
<b>Total Capital Projects</b>	<u>\$ 61,725,485</u>	<u>\$ 61,725,485</u>	<u>\$ 32,358,611</u>	<u>\$ 2,754,500</u>	<u>\$ 35,113,111</u>	<u>\$ 26,612,374</u>	<u>\$ 23,028,000</u>	<u>\$ 1,171,471</u>	<u>\$ 13,547,933</u>	<u>\$ 37,747,404</u>	<u>\$ 2,634,293</u>

See Independent Auditor's Report.

**Independent Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With Government Auditing Standards**

Board of Education  
Canastota Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Canastota Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Canastota Central School District's basic financial statements, and have issued our report thereon dated October 14, 2025.

**Report on Internal Control Over Financial Reporting**

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

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

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

**Report on Compliance and Other Matters**

As part of obtaining reasonable assurance about whether Canastota Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the school district's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the school district's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

D'Arcangelo + Co., LLP

October 14, 2025

Rome, New York