PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Trespasz Law Offices, LLP, Bond Counsel to the School District, under existing status and court decisions and assuming continuing compliance with certain tax certifications described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating 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. 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 be "qualified tax-exempt obligations" under Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

$3,000,000

MCGRAW CENTRAL SCHOOL DISTRICT

CORTLAND COUNTY, NEW YORK

GENERAL OBLIGATIONS

$3,000,000 Bond Anticipation Notes, 2025

(referred to herein as the "Notes")

Dated: July 23, 2025 **Due: July 23, 2026**

The Notes are general obligations of the McGraw Central School District, Cortland 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 THE OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

At the option of the purchaser(s), the Notes will be issued as registered notes or registered in the name of the purchaser. If such Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds. In such case, the Notes will be issued as registered in the name of the purchaser in denominations of $5,000 or multiples thereof, as may be determined by such successful bidder(s).

Alternatively, if the Notes are issued as registered notes, the Notes will be registered in the name of Cede & Co. as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as the securities depository for the Notes. Noteholders will not receive certificates representing their ownership interest in the notes purchased if the purchaser(s) elects to register the Notes. Such Notes will be issued in denominations of $5,000 or integral multiples thereof, as may be determined by such successful bidder(s). If the Notes are issued as registered notes, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers registered in the name of the purchaser or registered in "street name". Payment will be the responsibility of such DTC Direct or Indirect Participants and the District, subject to any statutory and regulatory requirements as may be in effect from time to time. 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 Trespasz Law Offices, LLP, Bond Counsel, Syracuse, 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 by the purchaser(s), on or about July 23, 2025.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com on July 10, 2025 until 10:15 A.M., Eastern Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids also may be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or 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.

June 30, 2025

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.

MCGRAW CENTRAL SCHOOL DISTRICT
CORTLAND COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

CHERYL KENYON
President

REBEKAH STULL
Vice President

JUSTIN BAKER
GLENN DORAN
KRISTINA MARICLE
DARRIN OSBORNE
MARISA ZOGG

* * * * *

ADMINISTRATION

TROY BILODEAU
Superintendent of Schools

VADIM TKACHUK
Business Administrator

MICHELLE SCARCELLA
School District Treasurer

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

TRESPASZ LAW OFFICES, LLP
Bond Counsel

No person has been authorized by McGraw 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 South Jefferson Central School District.

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051
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OFFICIAL STATEMENT

of the

MCGRAW CENTRAL SCHOOL DISTRICT
CORTLAND COUNTY, NEW YORK

Relating To

$3,000,000 Bond Anticipation Notes, 2025

This Official Statement, which includes the cover page and appendices, has been prepared by the McGraw Central School District, Cortland County, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of $3,000,000 principal amount of Bond Anticipation Notes, 2025 (referred to herein as 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 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 (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 "NATURE OF THE OBLIGATION" herein and "TAX LEVY LIMITATION LAW" herein.

The Notes are dated July 23, 2025 and mature, without option of prior redemption, on July 23, 2026. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in denominations of $5,000 each or multiples thereof, in either (i) registered in the name of the purchaser, in certificated form with principal and interest payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder(s); or (ii) as registered book-entry-only notes, and, if so issued, registered in the name of Cede & Co. as nominee of 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 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 adopted by the Board of Education on May 9, 2024 authorizing a capital improvement project consisting of reconstruction, renovation and improvements to all District buildings and facilities at a cost not to exceed $17,787,000, and to expend $2,250,000 from the District's Capital Reserve Funds, and the issuance and sale of serial bonds or notes in the amount not to exceed $15,537,000.

The proceeds of the Notes will provide new monies as the first borrowing for the aforementioned purpose.

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 and 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.

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. 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 OR REDEMPTION PREMIUM 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

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 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 in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable 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. The Notes will remain not subject to redemption prior to their stated final maturity date.

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THE SCHOOL DISTRICT

General Information

The District is located in upstate New York and lies in the west-central sector of Cortland County. It is 5 miles southeast of the City of Cortland, 32 miles south of the City of Syracuse, 22 miles northeast of the City of Ithaca and 46 miles north of the City of Binghamton.

Major highways within and in close proximity to the District include U. S. Route #11 and Interstate #81, which extends north to Canada and south to Tennessee. Transportation needs are met by various motor freight lines, Greyhound Bus Lines and various major airlines operating out of Syracuse Hancock International Airport and Tompkins County Airport in Ithaca.

Banking services are provided to the inhabitants of the District by offices of The Chase Manhattan Bank, NBT Bank, N.A. and KeyBank, N.A.

Electric utility and natural gas services are provided by the New York State Electric and Gas Corporation (NYSEG). Police protection is afforded the residents by County and State agencies. Fire protection is provided by the Village's volunteer fire department. Water and sewer facilities are provided by the Village. Waste water treatment is provided by the County.

Source: District officials.

District Population

The District has an estimated 2023 population of 2,933. (Source: U.S. Census Bureau, 2019-2023 American Community Survey data.)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which includes the District, are the Towns and the Counties listed below. The figures set below with respect to such Towns and Counties is included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the Counties is necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2006-2010	2016-2020	2019-2023	2006-2010	2016-2020	2019-2023
Towns of:						
Cortlandville	$ 25,714	$ 33,333	$ 36,247	$ 65,769	$ 78,462	$ 93,431
Freetown	19,765	26,864	31,369	44,375	60,667	75,000
Homer	25,687	35,650	41,599	65,854	72,911	92,250
Solon	18,404	28,147	34,455	49,013	76,917	89,145
Taylor	24,716	26,122	24,939	54,479	47,000	68,750
Truxton	22,907	33,561	46,699	61,250	74,375	106,250
Virgil	27,764	34,302	44,164	66,477	88,750	110,833
County of:						
Cortland	22,078	28,407	33,818	57,743	71,430	85,316
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Note: 2020-2024 American Community Survey estimates are not available as of the date of this Official Statement.

Source: U.S. Census Bureau, 2006-2010 census, 2016-2020 and 2019-2023 American Community Survey data.

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Largest Employers

The following is a summary of the major employers located in the School District:

Name	Type	Employees
Intertek Testing Services	Product Testing	275
McGraw Central School District	Education	116
Higgins Supply Co.	Manufacturing	32
Suit-Kote Corporation	Mining	750 (Apr.-Nov.) 15 (Continuous)
CNY Farm Supply	Retail	38
Refrigerated Transport Electronics	Manufacturing	28
Microbac Laboratories, Inc.	Testing	10
Cazenovia Equipment Co.	Retail	25
Suburban Propane	Energy	12

Source: District officials.

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 Cortland. The information set forth below with respect to the Counties and State of New York is included for informational purposes only. It should not be implied from the inclusion of such data in this Official Statement that the County or the State, are necessarily representative of the District, or vice versa.

Annual Average

	2018	2019	2020	2021	2022	2023	2024
Cortland County	5.1%	4.7%	7.7%	5.1%	3.9%	4.2%	4.2%
New York State	4.1	4.0	9.9	7.0	4.3	4.1	4.3

2025 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun
Cortland County	5.4%	5.4%	4.6%	3.6%	N/A	N/A
New York State	4.6	4.3	4.1	3.6	N/A	N/A

Note: Unemployment rates for May and June 2025 are not available as of the date of this Official Statement.

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 School District consists of seven members with overlapping three-year terms and the number of terms that may be served is unrestricted. Each Board member must be a qualified voter of the School District and no Board member may hold certain other School District offices or position while serving on the Board of Education. The President and the Vice President are selected by the Board members.

Investment Policy

Pursuant to the statutes of the State of New York, the School 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 School District; (6) obligations of a New York public corporation which are made lawful investments by the School 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 School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School 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 School District's current policy to invest in: (1) savings accounts or money market accounts of designated banks; (2) certificates of deposit issued by a bank or trust company located in and authorized to do business in New York State; (3) demand deposit accounts in a bank or trust company located in and authorized to do business in New York State; obligations of New York State; obligations of the United States Government (U.S. Treasury Bills and Notes); (4) repurchase agreements involving the purchase and sale of direct obligations of the United States; (5) all funds except Reserve Funds may be invested in revenue anticipation notes or tax anticipation notes of other school districts and municipalities, with the approval of the State Comptroller; and (6) only reserve funds may be invested in obligations of the District.

Budgetary Procedures and Recent Budget Votes

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the School District for the ensuing fiscal year. A public hearing on such budget is held not less than seven and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote.

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 "Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the District to exceed the Tax Cap also 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 on the 3rd Tuesday in June, 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). Clarification may be needed to determine whether a Board of Education must adopt a budget that requires the same tax levy amount as used in the prior fiscal year, or whether changes to the levy are permitted for such purposes as the permitted school district exclusions or the tax base growth factor. For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION LAW" herein.

Recent Budget Vote Results

The budget for the 2024-25 fiscal year was approved by the qualified voters on May 21, 2024 by a vote of 189 to 56. The District's adopted budget for the 2024-25 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 3.08%, which was below the District tax levy limit of 5.25%.

The budget for the 2025-26 fiscal year was adopted by qualified voters on May 20, 2025 by a vote of 117 to 31. The District's adopted budget for the 2025-26 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 2.95%, which was within to the District tax levy limit of 3.00%.

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 2025-26 fiscal year, approximately 75.21% 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

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. 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. With the exception of the State's fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, twenty-eight (28) days after the April 1 deadline, the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. 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 2025-26 preliminary building aid ratios, the District expects to receive State building aid of approximately 94.7% 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

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

School district fiscal year (2025–2026): The State's 2025-26 Budget includes approximately $37 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 provides 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. The State's 2025-26 Budget also makes 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.

Provisions in the State's 2025-26 Enacted Budget grant 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.

State Aid Litigation

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

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 Campaign for Fiscal Equity 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 Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights 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 available 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.

The State's 2025-26 Budget also makes 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 each of the below completed fiscal years and budgeted new figures comprised of State aid.

Fiscal Year	Total Revenues [(1)]	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	$ 12,222,154	$ 8,784,040	71.87%
2020-2021	12,252,712	8,605,920	70.24
2021-2022	13,905,810	10,262,758	73.80
2022-2023	14,577,463	10,946,903	75.09
2023-2024	15,629,604	11,868,907	75.94
2024-2025 (Budgeted)	15,928,588	12,080,753	75.84
2025-2026 (Budgeted)	16,133,791	12,133,432	75.21

(1) General fund only. Does not include interfund transfers or appropriated fund balance.

Source: Audited financial statements for the 2019-20 through 2023-24 fiscal years, the adopted budget for the 2024-25 and 2025-26 fiscal years. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built
McGraw Elementary School	K-6	234	1966, ’90, 2000, ’09
McGraw High School	7-12	350	1928, ’52, 2000, ’09, ‘20

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2020-2021	555	2025-2026	520
2021-2022	560	2026-2027	520
2022-2023	511	2027-2028	520
2023-2024	512	2028-2029	520
2024-2025	498	2029-2030	520

Source: District officials.

Employees

The District currently employs 112 full-time and no part-time employees. The certain employees are represented by the various bargaining unions listed below:

Employees	Union	Contract Expiration Date
68	McGraw Faculty Association	June 30, 2026
44	McGraw CSEA	June 30, 2027

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 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 vest after ten years of credited service. 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 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.
- 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 will vest in the system after ten years of employment and will continue to make employee contribution throughout employment.

The District is required to contribute at an actuarially determined rate. The actual contributions for the last five years, budgeted figures for the 2024-25 and 2025-26 fiscal years are as follows:

Fiscal Year	ERS	TRS
2019-2020	$ 120,720	$ 387,023
2020-2021	134,602	413,025
2021-2022	126,015	407,784
2022-2023	111,611	426,908
2023-2024	110,616	474,341
2024-2025 (Budgeted)	270,941	620,631
2024-2025 (Unaudited actual)	114,920	534,137
2025-2026 (Budgeted)	304,020	601,806

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.

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 offers a retirement incentive of $25,000 to any MFA member who retires in their first year of eligibility to retire with undiminished benefits under the regulations of the NYS Teachers Retirement System. It is expected that no teachers will be eligible to take advantage of this benefit in 2025-26.

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 rates as a percent of payroll (2021-22 to 2025-26) is shown below:

State Fiscal Year	ERS	TRS
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*

*Estimated.

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 the 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 provides local governments and school districts, 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 rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will 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, includes 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 will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established a reserve fund for the purpose of funding the cost of TRS contributions.

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 accrued 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 school districts 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, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position.

The District contracted with Questar BOCES to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the fiscal years ending June 30, 2023 and June 30, 2024, by source.

Balance beginning at:	July 1, 2022	July 1, 2023
	$ 14,985,925	$ 14,733,468
Changes for the year:		
Service cost	593,833	644,455
Interest on total OPEB liability	542,289	552,210
Changes in Benefit Terms	-	-
Differences between expected and actual experience	-	156,784
Changes in Assumptions or other inputs	(862,301)	(669,119)
Benefit payments	(526,278)	(502,284)
Net Changes	$ (252,457)	$ 182,046
Balance ending at:	June 30, 2023	June 30, 2024
	$ 14,733,468	**$ 14,915,514**

Source: Audited financial reports of the District. For additional information see "APPENDIX – D" 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.

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 to the extent shown in "Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The District retains independent certified public accountants. The last audited report covers the period ending June 30, 2024 and is attached hereto as "APPENDIX – D". Certain financial information of the District may also be found attached hereto as Appendices to the Official Statement.

The District complies with the Uniform System of Accounts as prescribed for school districts in New York 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 is required to issue 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. The District is in full compliance with GASB Statement No. 34.

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.

The State Comptroller's office has not released an audit of the District within the last five years. There are currently no pending audits of the District by the State Comptroller's office.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, nor incorporation herein, nor incorporation thereof.

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 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 reports of the State Comptroller for the 2022 through 2024 fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2024	No Designation	6.7
2023	No Designation	10.0
2022	No Designation	0.0

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of the accuracy of the information therein, nor incorporation herein, nor incorporation thereof.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Cortlandville	$ 108,885,022	$ 109,533,319	$ 110,691,756	$ 111,229,535	$ 111,641,207
Freetown	2,460,266	2,461,312	2,626,347	2,628,368	2,599,833
Homer	3,632,810	3,807,104	3,877,734	4,058,294	4,066,573
Solon	45,474,392	46,005,048	46,720,874	47,003,485	47,146,361
Taylor	85,810	84,360	83,200	81,880	80,400
Truxton	1,041,309	1,098,751	1,082,241	1,085,212	1,068,150
Virgil	5,695,368	5,745,783	5,778,072	5,791,834	5,814,981
Total Assessed Values	$ 167,274,977	$ 168,735,677	$ 170,860,224	$ 171,878,608	$ 172,417,505
State Equalization Rates					
Towns of:					
Cortlandville	89.00%	85.00%	80.00%	70.00%	65.00%
Freetown	100.00%	100.00%	91.00%	79.00%	71.50%
Homer	95.00%	91.00%	84.00%	69.00%	69.00%
Solon	85.50%	78.00%	70.00%	60.00%	55.00%
Taylor	100.00%	100.00%	95.00%	85.00%	81.50%
Truxton	93.00%	91.00%	80.00%	67.00%	61.00%
Virgil	92.00%	92.00%	78.00%	68.00%	65.00%
Total Taxable Full Valuation	$ 189,209,536	$ 202,025,697	$ 221,459,411	$ 256,680,563	$ 277,801,914

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Cortlandville	$ 19.29	$ 19.27	$ 18.68	$ 18.76	$ 19.24
Freetown	17.17	16.38	16.42	16.62	17.49
Homer	18.07	18.00	17.79	19.03	18.13
Solon	20.08	21.00	21.35	21.89	22.74
Taylor	17.17	16.38	15.73	15.45	15.35
Truxton	18.46	18.00	18.68	19.60	20.51
Virgil	18.66	17.81	19.16	19.31	19.24

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Total Tax Levy	$ 3,248,115	$ 3,309,830	$ 3,309,830	$ 3,371,060	$ 3,475,000
Amount Uncollected (1)	178,279	229,658	201,717	217,224	224,341
% Uncollected	5.49%	6.94%	6.09%	6.44%	6.46%

(1) School District taxes are made whole by the respective Counties. See "Tax Collection Procedure".

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge during the month of September, but a 2% penalty is charged from October 1st to October 31st. After October 31st, uncollected taxes plus penalties are returnable to the County for collection. The School District receives these amounts from the County prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

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 & Tax Items.

Fiscal Year	Total Revenues [(1)]	Total Real Property Taxes & Other Tax Items	Percentage of Total Revenues Consisting of Real Property Taxes & Other Tax Items
2019-2020	$ 12,222,154	$ 3,177,752	26.00%
2020-2021	12,252,712	3,261,835	26.62
2021-2022	13,905,810	3,321,294	23.88
2022-2023	14,577,463	3,334,291	22.87
2023-2024	15,629,604	3,392,258	21.70
2024-2025 (Budgeted)	15,928,588	3,491,210	21.92
2025-2026 (Budgeted)	16,133,791	3,593,934	22.28

(1) General fund only. Does not include interfund transfers or appropriated fund balance.

Source: Audited financial statements for the 2019-20 through 2023-24 fiscal years, the adopted budget for the 2024-25 and 2025-26 fiscal years. This table is not audited.

Larger Taxpayers – 2024 for 2024-2025 Tax Roll

Name	Type	Taxable Assessed Valuation
Niagara Mohawk Power Corp.	Utility	$10,847,592
Dominion Resources	Utility	4,413,100
Suit-Kote	Manufacturing	2,975,700
New York State Electric & Gas	Utility	2,579,944
Intertek Testing Services (ETL)	Independent Testing	2,387,900
Farm East LLC	Lumber/Forestry	1,844,300
Cortland Line	Manufacturing	1,740,200
T E Law	Retail	1,515,000
Verizon	Utility	1,637,367
Shree Jageshwar LLC	Commercial	1,353,000

The ten larger taxpayers listed above have a total taxable assessed valuation of $30,294,103 which represents 10.9% of the 2024-2025 tax base of the District.

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

Source: District officials.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the School District is estimated to be categorized as follows: Residential-70%; Commercial 10%; and Agricultural-20%.

The estimated total annual property tax bill of a $75,000 market value residential property located in the School District is approximately $3,185 (with STAR exemption) and $3,456 (without STAR exemption). These figures include County, Village, Town and School District taxes.

STAR – School Tax Exemption

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

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 $93,200 or less in 2023-2024 and $98,700 or less in 2024-2025, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $81,400 of the full value of a home for the 2023-2024 school year and the first $84,000 of the full value of a home for the 2024-2025 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.

The 2022-23 Enacted State Budget provided $2.2 billion in State funding for a new property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below $250,000 and Enhanced STAR recipients are eligible for the property tax rebate where the benefit is a percentage of the homeowners' existing STAR benefit.

The table below lists the basic and enhanced exemption amounts for the 2024-25 District tax roll for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Cortlandville	$ 55,970	$ 19,500	4/10/2025
Freetown	61,560	21,630	4/10/2025
Homer	59,410	20,700	4/10/2025
Solon	47,360	16,630	4/10/2025
Taylor	70,170	24,450	4/10/2025
Truxton	52,520	19,250	4/10/2025
Virgil	86,100	30,000	4/10/2025

$409,197 of the District's $3,475,000 school tax levy for the 2024-2025 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2025.

Approximately $421,260 of the District's $3,577,500 school tax levy for 2025-26 fiscal year is expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State by January 2026.

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. It was set to expire on June 15, 2020; however, recent legislation has made it permanent. 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.

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

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 maybe 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.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. 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.

Debt Limit. The School District has the power to contract indebtedness for any School District purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking 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 Office of Real Property Services. The Legislature prescribes the manner by which such ratio shall be determined.

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.

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 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. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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.

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).

The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

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 and budget notes (see “Details of Outstanding Indebtedness” herein).

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30th:	2021	2022	2023	2024	2025
Bonds	$ 2,955,000	$ 10,340,000	$ 9,470,000	$ 8,435,000	$ 7,360,000
Bond Anticipation Notes	9,640,000	660,000	619,890	593,596	719,272
Other Debt	0	0	0	0	0
Total Debt Outstanding	$ 12,595,000	$ 11,000,000	$ 10,089,890	$ 9,028,596	$ 8,079,272

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of July 1, 2025.

Type of Indebtedness	Maturity		Amount
Bonds	2025-2036		$ 7,360,000
Bond Anticipation Notes			
Purchase of Buses	October 31, 2025		719,272 [1]
		Total Indebtedness	$ 8,079,272

[1] Expected to be partially redeemed and renewed at maturity with bond anticipation notes and available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin prepared and shown as of July 1, 2025:

Full Valuation of Taxable Real Property			$ 277,801,914
Debt Limit 10% thereof			27,780,191
Inclusions:			
Bonds	$ 7,360,000		
Bond Anticipation Notes (BANs):	719,272		
Total Inclusions prior to issuance of the Notes	8,079,272		
Less: BANs being redeemed from appropriations	-		
Add: New money proceeds of the Notes	3,000,000		
Total Net Inclusions after issuance of the Notes		$ 11,079,272	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness after issuance of the Notes			$ 11,079,272
Net Debt-Contracting Margin			$ 16,700,919
The percent of debt contracting power exhausted is [2]			39.88%

[1] 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 2025-26 Building Aid Ratios, the School District anticipates State building aid of 94.7% 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.

Bonded Debt Service

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

Cash Flow Borrowings

The District has not found it necessary to issue revenue anticipation notes since the 2012 fiscal year and has no plans to issue them in the foreseeable future.

Capital Project Plans

On April 16, 2024, the voters of the District approved a capital improvement project consisting of reconstruction, renovation and improvements to all District buildings and facilities at a cost not to exceed $17,787,000, and to expend $2,250,000 from the District's Capital Reserve Fund, and the issuance and sale of serial bonds or notes in the amount not to exceed $15,537,000. The Notes are being issued as the first borrowing for the aforementioned project. Future borrowings will be pursuant to State approval and construction cash flow needs.

The District issued bond anticipation notes annually for the purpose of purchasing school buses. On May 20, 2025 the District voters approved a proposition for $326,031 for the purchase of buses. The District currently has $719,272 bond anticipation notes outstanding and maturing October 31, 2025. The District plans to bond anticipation notes, along with available funds of the District to partially redeem and renew the bond anticipation notes maturing October 31, 2025 and provide new money to finance the purchase described above.

There are no other capital projects financings authorized and unissued by the District, nor are any contemplated.

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 bonds and bond anticipation notes are listed as of the close of the fiscal year of the respective municipalities.

Municipality	Status of Debt as of	Gross Indebtedness (1)	Exclusions (2)	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Cortland	6/29/2024	$ 20,315,000 (3)	$ 1,200,000	$ 19,115,000	7.52%	$ 1,437,448
Town of:						
Cortlandville	1/8/2025	9,060,000 (3)	1,149,500	7,910,500	18.20%	1,439,711
Freetown	12/31/2022	- (4)	- (5)	-	6.27%	-
Homer	12/31/2023	- (4)	- (5)	-	1.09%	-
Solon	12/31/2023	- (4)	- (5)	-	86.83%	-
Taylor	12/31/2022	- (4)	- (5)	-	0.21%	-
Truxton	12/31/2023	- (4)	- (5)	-	1.45%	-
Virgil	12/31/2023	500,000 (4)	- (5)	500,000	3.03%	15,150
Village of:						
McGraw	5/31/2023	2,614,000 (4)	- (5)	2,614,000	100.00%	2,614,000
					Total:	$ 5,506,309

Notes:

(1) 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.

(2) Water debt, sewer debt and budgeted appropriations as applicable to the respective municipality. Water Indebtedness excluded pursuant to Article VIII, Section 5B of the New York State Constitution. Sewer Indebtedness excluded pursuant to Article VIII, Section 5E of the New York State Constitution, as further prescribed under section 124.10 of the Local Finance Law. Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

(3) Gross indebtedness sourced from local government data provided by the State Comptroller's office for the most recent fiscal year such data is available for the respective municipality.

(4) Gross indebtedness sourced from local government data provided by the State Comptroller's office for the most recent fiscal year such data is available for the respective municipality.

(5) Information regarding excludable debt not available.

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Debt Ratios

The following table sets forth certain ratios relating to the District's Net Indebtedness as of July 1, 2025:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 11,079,272	$ 3,777.45	3.99%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	16,585,581	5,654.82	5.97

[a] The 2023 estimated population of the District is 2,933. (See "THE SCHOOL DISTRICT – District Population" herein.)
[b] The District's full value of taxable real estate for the 2024-25 tax roll is $277,801,914. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
[c] See "Debt Statement Summary" for the calculation of Net Indebtedness, herein.
[d] The District's applicable share of Net Overlapping Indebtedness is estimated to be $5,506,309. (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 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 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 bonds 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 bonds 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 School District and the holder thereof. Under current law, provision is made for contract creditors of the School 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 School 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 School District may not be enforced by levy and execution against property owned by the School 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 School District indebtedness is past due. The School District has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, 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 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 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 several recent 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 SCHOOL DISTRICT – 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 could have an impact 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.

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 Trespasz Law Offices, LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. 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. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – E".

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

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 Trespasz Law Offices, LLP, Bond Counsel. Bond Counsel's opinion will be in substantially the form attached hereto as "APPENDIX – E".

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, the form of which is attached hereto as "APPENDIX – C".

Historical Continuing Disclosure Compliance

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 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

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 upon approval by the District and at the expense of the purchaser(s), 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 which is required by the District's Continuing Disclosure Undertakings.

The District currently does not have an underlying rating on its long-term indebtedness.

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 outstanding bonds or 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.

Trespasz Law Offices, LLP, Syracuse, 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. 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 contact information is as follows: Vadim Tkachuk, Business Administrator, 10 West Academy Street, McGraw, New York 13101, Phone: (607) 836-3640, Email: vtkachuk@mcgrawschools.org.

Additional information may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com.

MCGRAW CENTRAL SCHOOL DISTRICT

Dated: July 1, 2025

PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2020	2021	2022	2023	2024
ASSETS					
Unrestricted Cash	$ 158,228	$ 799,847	$ 1,457,503	$ 1,530,188	$ 1,891,768
Restricted Cash	3,101,688	2,934,298	3,657,763	4,473,166	3,358,142
Due from Other Funds	1,670,984	2,395,985	2,158,200	1,023,573	841,929
State and Federal Aid Receivable	934,646	1,043,414	1,421,770	681,080	699,284
Due from Other Governments	-	-	-	-	-
Prepaid Expenditures	-	-	665	-	-
Other Receivables- Net	20,327	40,556	110,045	48,827	51,737
TOTAL ASSETS	$ 5,885,873	$ 7,214,100	$ 8,805,946	$ 7,756,834	$ 6,842,860
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 19,706	$ 12,787	$ 10,402	$ 81,226	$ 73,596
Accrued Liabilities	57,749	234,978	63,076	145,788	232,405
Due to Other Funds	609,780	1,228,206	2,076,787	983	703
Due to Other Governments	-	-	-	-	-
Due to Teachers' Retirement System	424,474	454,772	563,223	619,889	583,701
Due to Employees' Retirement System	35,960	42,351	30,588	32,547	41,789
Revenue Anticipation Note Payable	-	-	-	-	-
Compensated Absences Payable	41,376	38,620	30,453	42,350	32,196
Unearned Revenues	147	147	105,425	-	147,337
TOTAL LIABILITIES	$ 1,189,192	$ 2,011,861	$ 2,879,954	$ 922,783	$ 1,111,727
FUND EQUITY					
Nonspendable	$ -	$ -	$ 665	$ -	$ -
Restricted	3,101,688	3,834,092	4,596,745	5,415,704	4,408,312
Assigned	629,400	791,102	722,065	767,026	660,411
Unassigned	965,593	577,045	606,517	651,321	662,410
TOTAL FUND EQUITY	$ 4,696,681	$ 5,202,239	$ 5,925,992	$ 6,834,051	$ 5,731,133
TOTAL LIABILITIES and FUND EQUITY	$ 5,885,873	$ 7,214,100	$ 8,805,946	$ 7,756,834	$ 6,842,860

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2019	2020	2021	2022	2023
REVENUES					
Real Property Taxes	$ 2,509,709	$ 2,590,190	$ 2,693,322	$ 2,781,198	$ 2,813,705
Other Tax Items	610,848	587,562	568,513	540,096	520,586
Charges for Services	13,561	1,401	49	1,966	1,601
Use of Money & Property	22,135	26,893	18,621	16,912	15,085
Sale of Property and Compensation for Loss	12,604	4,863	5,810	54,319	5,754
Miscellaneous	193,567	181,767	175,877	170,003	214,025
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	8,622,701	8,784,040	8,605,920	10,262,758	10,946,903
Revenues from Federal Sources	40,842	45,438	184,600	78,558	59,804
Total Revenues	$ 12,025,967	$ 12,222,154	$ 12,252,712	$ 13,905,810	$ 14,577,463
Other Sources:					
Interfund Transfers	-	-	-	-	-
Retirement System Credits	-	-	-	-	-
Total Revenues and Other Sources	$ 12,025,967	$ 12,222,154	$ 12,252,712	$ 13,905,810	$ 14,577,463
EXPENDITURES					
General Support	$ 1,380,494	$ 1,342,928	$ 1,334,746	$ 1,513,443	$ 1,685,590
Instruction	6,367,380	6,516,264	6,305,747	6,666,012	6,918,348
Pupil Transportation	364,005	325,241	323,822	353,851	374,651
Community Services	-	-	-	-	-
Employee Benefits	2,569,264	2,740,039	2,903,567	2,882,442	2,871,549
Debt Service	793,348	817,965	856,524	1,656,459	1,654,621
Total Expenditures	$ 11,474,491	$ 11,742,437	$ 11,724,406	$ 13,072,207	$ 13,504,759
Other Uses:					
Interfund Transfers	1,121,739	116,297	22,744	109,853	164,647
Total Expenditures and Other Uses	$ 12,596,230	$ 11,858,734	$ 11,747,150	$ 13,182,060	$ 13,669,406
Excess (Deficit) Revenues Over Expenditures	(570,263)	363,420	505,562	723,750	908,057
FUND BALANCE					
Fund Balance - Beginning of Year	4,903,522	4,333,259	4,696,681	5,202,239	5,925,992
Prior Period Adjustments (net)	-	-	(4)	3	2
Fund Balance - End of Year	$ 4,333,259	$ 4,696,679	$ 5,202,239	$ 5,925,992	$ 6,834,051

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:	2024 Original Budget	2024 Final Budget	2024 Actual	2025 Adopted Budget	2026 Adopted Budget
REVENUES					
Real Property Taxes	$ 3,371,060	$ 3,371,060	$ 2,913,529	$ 3,475,000	$ 3,577,500
Other Tax Items	15,990	15,990	478,729	16,210	16,434
Charges for Services	7,648	7,648	16	7,648	7,648
Use of Money & Property	8,000	8,000	124,547	8,000	33,000
Sale of Property and Compensation for Loss	8,200	8,200	2,448	200	25,000
Miscellaneous	81,602	81,602	187,574	81,602	81,602
Interfund Revenues	168,789	-	-	259,175	259,175
Revenues from State Sources	11,999,377	11,999,377	11,868,907	12,080,753	12,133,432
Revenues from Federal Sources	-	-	53,854	-	-
Total Revenues	$ 15,660,666	$ 15,491,877	$ 15,629,604	$ 15,928,588	$ 16,133,791
Other Sources:					
Interfund Transfers	20,652	20,652	-	30,000	30,000
Prior Year Surplus	-	601,677	-	-	-
Prior Year Encumbrances	-	165,349	-	-	-
Appropriated Fund Balance	601,677	-	-	601,677	601,677
Appropriated Reserves	-	2,418,789	-	-	-
Total Revenues and Other Sources	$ 16,282,995	$ 18,698,344	$ 15,629,604	$ 16,560,265	$ 16,765,468
EXPENDITURES					
General Support	$ 1,937,949	$ 2,187,018	$ 2,022,209	$ 1,980,926	$ 2,083,438
Instruction	7,957,116	7,884,023	7,150,760	8,030,169	8,279,679
Pupil Transportation	538,498	541,520	394,200	514,251	534,611
Community Services	500	500	-	500	500
Employee Benefits	4,033,857	4,034,458	3,354,540	4,220,944	4,248,048
Debt Service	1,695,075	1,505,671	1,505,671	1,693,475	1,499,192
Total Expenditures	$ 16,162,995	$ 16,153,190	$ 14,427,380	$ 16,440,265	$ 16,645,468
Other Uses:					
Interfund Transfers	120,000	2,545,154	2,545,154	120,000	120,000
Total Expenditures and Other Uses	$ 16,282,995	$ 18,698,344	$ 16,972,534	$ 16,560,265	$ 16,765,468
Excess (Deficit) Revenues Over Expenditures	-	-	(1,342,930)	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	6,834,051	-	-
Prior Period Adjustments (net)	-	-	240,012	-	-
Fund Balance - End of Year	$ -	$ -	$ 5,731,133	$ -	$ -

Source: Audited financial report and budgets of the School District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2026	$ 895,000	$ 350,150.00	$ 1,245,150.00
2027	675,000	318,000.00	993,000.00
2028	525,000	289,500.00	814,500.00
2029	550,000	263,250.00	813,250.00
2030	580,000	235,750.00	815,750.00
2031	605,000	206,750.00	811,750.00
2032	640,000	176,500.00	816,500.00
2033	670,000	144,500.00	814,500.00
2034	705,000	111,000.00	816,000.00
2035	740,000	75,750.00	815,750.00
2036	775,000	38,750.00	813,750.00
TOTALS	$ 7,360,000	$ 2,209,900.00	$ 9,569,900.00

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 Securities and Exchange Commission (the "SEC") pursuant to the Securities Exchange Act of 1934, the School 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 Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the SEC 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 securities, 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 securities, or other material events affecting the tax status of the Note

(g) modifications to rights of Note holders, if material

(h) note calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the Notes

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the School District

(m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material

(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 Note.

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

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

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

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 Note; but the District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

The School 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 aforedescribed material event notices, if any, on or before the date specified.

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

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

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

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MCGRAW CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

For the Fiscal Year Ending June 30, 2024

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. The auditor also has not performed any procedures relating to this Official Statement.

McGraw Central School District
Financial Statements
June 30, 2024

McGraw Central School District

June 30, 2024

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McGraw Central School District

June 30, 2024

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Port, Kashdin & McSherry
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of
McGraw 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 McGraw Central School District, as of and for the year ended June 30, 2024 and the related notes to the financial statements, which collectively comprise the 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 McGraw Central School District, as of June 30, 2024, 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 General 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 McGraw 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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 McGraw 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.

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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 and *Government 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 and *Government 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 McGraw 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 McGraw 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 management's discussion and analysis, budgetary comparison information, schedule of changes in the District's total OPEB liability and related ratio, schedule of the District's proportionate share of net pension asset (liability) and schedule of District contributions on pages 4-12 and 47-50 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the McGraw Central School District's basic financial statements. The accompanying supplemental information as listed in the table of contents and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and is also not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such 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 supplementary information as listed in the table of contents and schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 10, 2024, on our consideration of McGraw 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 ove-6r financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the McGraw 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 McGraw Central School District's internal control over financial reporting and compliance.

Port, Kashdin & McSherry

Certified Public Accountants

Cortland, NY
October 10, 2024

McGraw Central School District
Management's Discussion and Analysis
For the Fiscal Year Ended June 30, 2024

The following is a discussion and analysis of McGraw Central School District's financial performance for the fiscal year ended June 30, 2024. This section is a summary of the District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with McGraw Central School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- During the 2024 and 2023, the General Fund expended less than budgeted by $1,667,702 and $1,448,555 respectively.
- Capital asset additions during 23-24 amounted to $493,393 and included two school buses, truck, minivan, Ventrac tractor, and SSBA project.
- Total fund balance, including reserves, in the General Fund was $5,731,133 at June 30, 2024, which decreased by $1,102,918 due to an excess of expenditures over revenues and other adjustments.
- Expiration of $2,639,349 in Federal Covid Funds over the three years.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: Management's Discussion and Analysis ("MD&A") (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of McGraw Central School District:

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are fund financial statements that focus on individual parts of the District, reporting the District's operations in more detail than the District-wide statements. The fund financial statements concentrate on the District's most significant funds with all other non-major funds listed in total in one column.
- The governmental funds statements tell how basic services such as regular and special education were financed in the short-term as well as what remains for future spending.
- Fiduciary funds statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others.

The financial statements also include notes that explain some of the information in the statements and provide more detailed data. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year.

Figure A-1 summarizes the major features of McGraw Central School District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of this overview section of MD&A highlights the structure and contents of each of the statements.

Figure A-1 Major Features of the District-wide and Fund Financial Statements

		Fund Financial Statements	
	District-wide	Governmental Funds	Fiduciary Funds
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education and building maintenance	Instances in which the District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/ liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities, and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources, expected to be used up and liabilities and deferred inflows of resources that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities, and deferred inflows of resources (if any) both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/ outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-wide Statements

The District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the District's net position and how it has changed. Net position – the difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources – is one way to measure the District's financial health or position.

- Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.
- To assess the District's overall health, you need to consider additional nonfinancial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the District's activities are shown as Governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Fund Financial Statements

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs:

- Some funds are required by State law and by bond covenants.
- The District establishes other funds to control and to manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as Federal grants).

The District has two kinds of funds:

- Governmental Funds: Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- Fiduciary Funds: The District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF
MCGRAW CENTRAL SCHOOL DISTRICT AS A WHOLE

The District's total assets and deferred outflows of resources decreased 2.49% from the prior year to just under $52 million. (See Table I). Current assets increased 43.93%, primarily due to the increase in the unrestricted cash balances over the prior year. Capital assets remained relatively unchanged versus the prior year. The District's noncurrent liabilities decreased 5.61%, primarily due to changes of the District's share of the net pension liability as well as changes in the OPEB calculations during the year. Current liabilities, which include current amounts due on outstanding debt, as well as amounts due to both Teacher and Employee Retirement Systems, increased 5.13%. Net position for the year increased to just over $10 million.

Table I

Condensed Statement of Net Position	Governmental Activities and Total School District		Total Dollar Change
	2023	2024	2023 - 2024
Current Assets	$ 4,906,233	$ 7,061,346	$ 2,155,113
Noncurrent Assets	6,130,216	5,016,928	(1,113,288)
Capital Assets, Net	25,069,844	25,004,948	(64,896)
Total Assets	**$ 36,106,293**	**$ 37,083,222**	**$ 976,929**
OPEB (GASB 75)	1,691,560	1,397,089	(294,471)
State and Federal Aid Receivable	10,641,453	9,419,384	(1,222,069)
Deferred Outflows Related to Pensions	3,493,745	2,736,670	(757,075)
Deferred Outflows of Resources	**$ 15,826,758**	**$ 13,553,143**	**$ (2,273,615)**
Current Liabilities	4,364,332	4,588,110	223,778
Noncurrent Liabilities	25,180,814	23,768,373	(1,412,441)
Total Liabilities	**$ 29,545,146**	**$ 28,356,483**	**$ (1,188,663)**
OPEB (GASB 75)	4,078,455	3,817,863	(260,592)
Deferred Revenues	8,984,403	7,760,598	(1,223,805)
Deferred Inflows Related to Pensions	459,007	616,227	157,220
Deferred Inflows of Resources	**$ 13,521,865**	**$ 12,194,688**	**$ (1,327,177)**
Net Investment in Capital Assets	14,825,359	15,697,554	872,195
Restricted	7,670,094	7,748,422	78,328
Unrestricted	(13,629,413)	(13,360,782)	268,631
Total Net Position	**$ 8,866,040**	**$ 10,085,194**	**$ 1,219,154**

Table II

Changes in Net Position From Operating Results	Governmental and Total School District		Dollar Change	Percentage Change
	2023	2024	2023 - 2024	2023 - 2024
Revenues				
Program Revenues:				
Charges for Services	$ 33,615	$ 28,074	$ (5,541)	-16.48%
Operating Grants and Contributions	2,089,733	1,849,946	(239,787)	-11.47%
General Revenues:				
Property Taxes	3,334,291	3,392,258	57,967	1.74%
State Formula Aid	10,896,135	11,870,643	974,508	8.94%
Federal Aid	59,804	53,854	(5,950)	-9.95%
Interest Earnings	28,102	181,835	153,733	547.05%
Other General Revenues	236,839	172,507	(64,332)	-27.16%
Total Revenues	**$ 16,678,519**	**$ 17,549,117**	**$ 870,598**	**5.22%**
Program Expenses				
General Support	$ 1,594,385	$ 1,969,019	$ 374,634	23.50%
Instruction	8,160,568	8,189,603	29,035	0.36%
Transportation	378,462	355,655	(22,807)	-6.03%
Employee Benefits	2,854,140	3,402,438	548,298	19.21%
Interest	561,035	450,116	(110,919)	-19.77%
Other Post-employment Benefits	720,146	718,209	(1,937)	-0.27%
Capital Outlay	-	-	-	0.00%
Depreciation and Amortization	981,064	998,486	17,422	1.78%
School Lunch Program	474,647	486,447	11,800	2.49%
Total Expenses	**$ 15,724,447**	**$ 16,569,973**	**$ 845,526**	**5.38%**
Increase (Decrease) in Net Position	**$ 954,072**	**$ 979,144**	**$ 25,072**	**-2.63%**

The District’s total revenues increased compared to the prior fiscal year. (See Table II and Figure 1). Property tax revenues increased just under 2% over the prior year and accounted for 19% of total revenues. State Aid increased to over $11.8 million and accounted for 68% of total revenues.

The District’s total expenses for the fiscal year were just over $16.5 million, or a 5.38% increase from the prior year. Of the District’s total expenses, Instruction costs are 49% of the total, while General Support costs (which include Central Services) accounted for 12% of total expenses (See Figure 2). Employee Benefit costs increased to just over $3.4 million, accounting for approximately 21% of the District’s total expenses. Expenses associated with Post-employment Benefits remained relatively flat, accounting for 4% of the District’s total expenses.

For the current year, the overall increase in net position was approximately $979,000, compared with the prior year increase of $954,000.

Figure 1 – Revenues

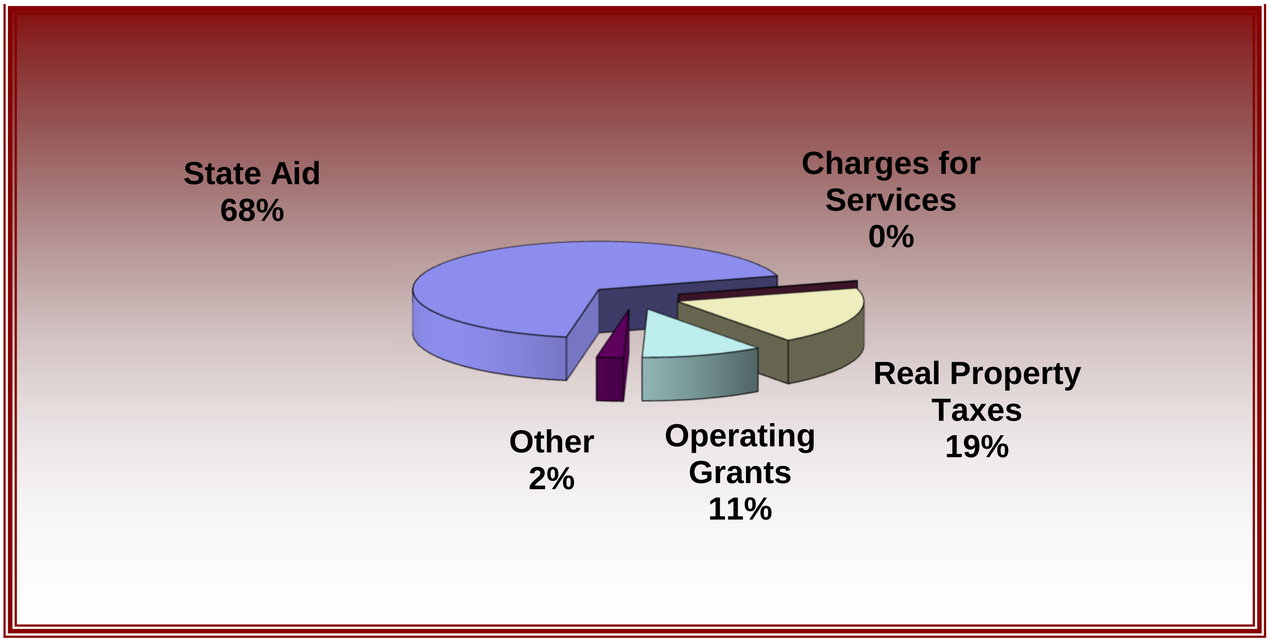
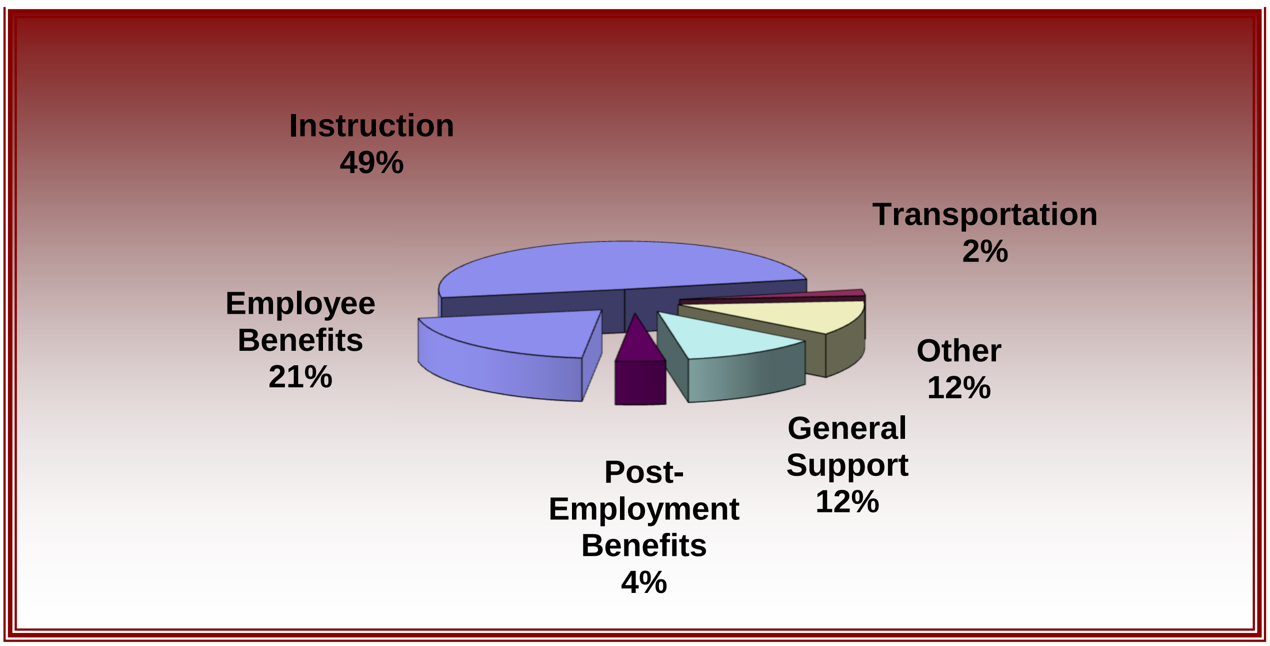


Figure 2 – Expenses



FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

The District's governmental funds ended the fiscal year with a combined decrease of just over $860,000 (see Table III). All funds, except the General Fund, had revenues in excess of expenditures.

Table III

Governmental Fund Balances	2023	2024	Total Dollar Change 2023 - 2024	Total Percentage Change 2023 - 2024
General Fund	$ 6,834,051	$ 5,731,133	$ (1,102,918)	-16.14%
Special Aid	2,247	2,247	-	0.00%
School Lunch	123,080	170,565	47,485	38.58%
Debt Service	1,227,428	1,284,689	57,261	4.67%
Capital Project	(396,562)	1,462,829	1,859,391	-468.88%
	$ 7,790,244	$ 8,651,463	$ 861,219	11.06%

GENERAL FUND BUDGETARY HIGHLIGHTS

Although the General Fund final budget anticipated that expenditures would exceed revenues by $770,466 (the appropriated balance), the actual results for the year report a deficit of $1,342,930, before any adjustments. Actual revenues were above budgeted expectations by $117,075, and expenditures (including encumbrances) were $1,667,076 below budget.

Table IV

Condensed Budgetary Comparison General Fund	Original Budget	Revised Budget	Actual With Encumbrances	Total Dollar Variance
REVENUES				
Real Property Taxes	$ 3,371,060	$ 3,371,060	$ 2,913,529	$ (457,531)
Other Tax Items	15,990	15,990	478,729	462,739
State and Federal Sources	11,999,377	11,999,377	11,922,761	(76,616)
Other Financing Sources	126,102	126,102	314,585	188,483
Total Revenues and Other Financing Sources	**$ 15,512,529**	**$ 15,512,529**	**$ 15,629,604**	**$ 117,075**
Appropriated Fund Balances	**$ 770,466**	**$ 3,185,815**	**$ -**	**$ (3,185,815)**
EXPENDITURES				
General Support	$ 1,937,949	$ 2,187,018	$ 2,037,553	$ 149,465
Instruction	7,957,116	7,884,023	7,193,970	690,053
Pupil Transportation	538,498	541,520	394,380	147,140
Community Service	500	500	-	500.000
Employee Benefits	4,033,857	4,034,458	3,354,540	679,918
Debt Service	1,695,075	1,505,671	1,505,671	-
Operating Transfers Out	120,000	2,545,154	2,545,154	-
Total Expenditures and Other Financing Uses	**$ 16,282,995**	**$ 18,698,344**	**$ 17,031,268**	**$ 1,667,076**

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

During the fiscal year, the District invested $900,288 in additional capital assets, consisting of new buses, instructional and general support, equipment, and the remaining construction in progress. Depreciation expense for the fiscal year was $852,075. In addition, the District reported intangible lease assets of $447,990, offset by accumulated amortization of $146,411.

Long-term Debt

At year-end, the District's long-term debt consisted of $8,435,000 of serial bonds outstanding. The total serial bonds carry an average interest rate that varies between 2% and 5% with a final maturity date of 2037.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The McGraw Central School District has been very aggressive in applying for many types of grants to help fund programs. The District first received an Expanded Prekindergarten Grant in 2017-18 which was used to fully fund one section of Prekindergarten. In 2020-21, the District was able to fund 2 sections of Prekindergarten using this grant. In 2021-22, the District added a 3-year old Prekindergarten classroom. In 2023-24, the District budgeted a $1,061,598 increase in State Aid. The increase was primarily attributable to an increase in Foundation Aid resulting in New York State's commitment to fully fund Foundation Aid by 2023-24. In addition to the increases in State Aid, the District continued to use its $2.6 million in federal stimulus funds to address the impact of COVID-19. These funds were used in the 2021-22, 2022-23, and 2023-24 fiscal years. There have not been significant changes in student enrollment.

In some program areas, the District shifted positions that were previously filled by BOCES itinerants and shared with other districts, to a "District owned" position. Although in some cases, this will result in a decrease in BOCES aid for the District, the District is in a position financially, and with student enrollment, where these programs can no longer be shared. The District continued to contract with BOCES for some business office and food service functions during 2023-24. Shared services are already in place, but the District is committed to pursuing other opportunities that would benefit the District financially while maintaining current programs.

The District is further committing funds to maintain District facilities through annual Capital Outlay Projects. Supply chain delays prevented the 2022-23 project from being completed by June 30, 2023, so the project was completed in 2023-24. Our 2025-26 capital project in the amount of $17,787,000 was approved by the voters and the work will begin in the summer of 2025.

The Employer Contribution Rate for non-instructional Employee Retirement System (ERS) increased but the instructional Teacher Retirement System (TRS) decreased in 2023-24. The District has decided to not opt in to the deferred pension payment plan, as it would be unwise to saddle future boards and District leaders with the cost plus interest. The District has enough reserves in the ERS fund to cover over ten years of payments, putting the District in solid financial position. Employer contribution rates for TRS will increase in 2024-25. The Board of Education authorized the creation of the Retirement Contribution Reserve Sub-Fund in April of 2019, pursuant to Section 6-r of the General Municipal Law, which will be used to offset future TRS related expenses.

The constant increase in health insurance costs also poses a challenge to the District. Rates are expected to continue to increase 5-8% annually. The District was able to control the legacy costs of retiree insurance in its contract negotiations with the CSEA in 2014-15. Future retirees will no longer be eligible for Post-Medicare health insurance coverage, in exchange for a $40,000 health insurance buyout. In 2015-16 this was implemented for Administrative & Exempt employees.

In accordance with GASB 75 the District has completed the analysis by contracting with Questar III BOCES for the service. For year end June 30, 2024, the district's net OPEB is $14,915,514.

The district has collective bargaining agreements in place with the McGraw Faculty Association through June 30, 2026 and the CSEA through June 30, 2027.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

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

Statement of Net Position
June 30, 2024

ASSETS		
Cash - Unrestricted	$	5,813,590
Cash - Restricted		3,358,142
Due from Fiduciary Funds		3,603
State and Federal Aid		2,836,062
Other Receivables		52,866
Inventories		14,011
Capital Assets, not Being Depreciated		804,500
Capital Assets, Being Depreciated, Net of Accumulated Depreciation		23,898,868
Right of Use Asset, Net of Accumulated Amortization		301,580
Total Assets		37,083,222
DEFERRED OUTFLOW OF RESOURCES		
OPEB (GASB 75)		1,397,089
State and Federal Aid Receivable		9,419,384
Pensions		2,736,670
Total Deferred Outflows of Resources		13,553,143
Total Assets and Deferred Outflows of Resources	$	50,636,365
LIABILITIES		
Payables		
Accounts Payable	$	114,749
Accrued Liabilities		248,230
Due to Other Governments		175
Due to Fiduciary Funds		-
Bond Anticipation Notes Payable		593,596
Unearned Revenues		1,828,166
Long-term Liabilities		
Due and Payable Within One Year		
Bonds Payable		1,075,000
Due to Teachers' Retirement System		583,701
Due to Employees' Retirement System		41,789
Lease Liability		102,704
Due and Payable After One Year		
Bonds Payable		7,360,000
Post-employment Benefits		14,915,514
Compensated Absences Payable		469,607
Lease Liability		176,094
Net Pension Liability - Proportionate Share		847,158
Total Liabilities		28,356,483
DEFERRED INFLOWS OF RESOURCES		
Pensions		616,227
Deferred Revenues		7,760,598
OPEB (GASB 75)		3,817,863
Total Deferred Inflows of Resources		12,194,688
NET POSITION		
Net Investment in Capital Assets		15,697,554
Restricted		
Non-spendable		14,011
Restricted		5,456,070
Committed		-
Assigned		2,278,341
Unrestricted (Deficit)		(13,360,782)
Total Net Position		10,085,194
Total Liabilities Deferred Inflows of Resources and Net Position	$	50,636,365

Statement of Activities and Changes in Net Position – Governmental Funds
June 30, 2024

	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants	Net (Expense) Revenue and Changes in Net Position
FUNCTIONS/PROGRAMS				
General Support	$ 1,969,019	$ 16	$ -	$ (1,969,003)
Instruction	8,189,603	-	1,354,991	(6,834,612)
Pupil Transportation	355,655	-	-	(355,655)
Community Service	-	-	-	-
Employee Benefits	3,402,438	-	-	(3,402,438)
Debt Service - Interest	450,116	-	-	(450,116)
School Lunch Program	486,447	28,058	494,955	36,566
Post-employment Benefits	718,209	-	-	(718,209)
Capital Outlay	-	-	-	-
Amortization - Unallocated	146,411	-	-	(146,411)
Depreciation - Unallocated	852,075	-	-	(852,075)
Total Functions and Programs	$ 16,569,973	$ 28,074	$ 1,849,946	(14,691,954)
GENERAL REVENUES				
Real Property Taxes				2,913,529
Other Tax Items				478,729
Nonproperty Taxes				-
Use of Money and Property				181,835
Sale of Property and Compensation for Loss				(25,837)
Miscellaneous				198,344
State Sources				11,870,643
Federal Sources				53,854
Total General Revenues				15,671,097
Change in Net Position				979,144
Total Net Position - Beginning of Year				8,866,040
Other Adjustments to Net Position/Rounding				240,010
Total Net Position - End of Year				$ 10,085,194

Balance Sheet – Governmental Funds
June 30, 2024

	General	Special Aid	School Food Service	Capital Projects	Debt Service	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 1,891,768	$ 8,081	$ 177,943	$ 2,451,129	$ 1,284,669	$ 5,813,590
Restricted	3,358,142	-	-	-	-	3,358,142
Receivables						
Due From Other Funds	841,929	2,306	-	-	20	844,255
State and Federal Aid	699,284	382,203	65,980	29,809	-	1,177,276
Due From Other Governments	-	-	-	-	-	-
Other Receivables	51,737	-	1,129	-	-	52,866
Prepaid Expenditures	-	-	-	-	-	-
Inventories	-	-	14,011	-	-	14,011
Total Assets	$ 6,842,860	$ 392,590	$ 259,063	$ 2,480,938	$ 1,284,689	$ 11,260,140
LIABILITIES						
Payables						
Accounts Payable	$ 73,596	$ 910	$ -	$ 40,243	$ -	$ 114,749
Accrued Liabilities	232,405	34	-	-	-	232,439
Due to Other Funds	703	369,405	86,274	384,270	-	840,652
Due to Other Governments	-	-	175	-	-	175
Due to Teachers' Retirement System	583,701	-	-	-	-	583,701
Due to Employees' Retirement System	41,789	-	-	-	-	41,789
Compensated Absences Liability	32,196	-	-	-	-	32,196
Revenue Anticipation Notes	-	-	-	-	-	-
Bond Anticipation Notes	-	-	-	593,596	-	593,596
Unearned Revenues	147,337	19,994	2,049	-	-	169,380
Total Liabilities	1,111,727	390,343	88,498	1,018,109	-	2,608,677

Balance Sheet – Governmental Funds
June 30, 2024

	General	Special Aid	School Food Service	Capital Projects	Debt Service	Total Governmental Funds
FUND BALANCES						
Non-spendable						
Reserve for Inventory	$ -	$ -	$ 14,011	$ -	$ -	$ 14,011
Restricted						
Reserve for Encumbrances	-	-	-	3,700	-	3,700
Reserve for Employee Benefit Accrued Liability	470,000	-	-	-	-	470,000
Reserve for Retirement Contributions-ERS	1,359,942	-	-	-	-	1,359,942
Reserve for Retirement Contributions-TRS	409,372	-	-	-	-	409,372
Reserve for Tax Certiorari	25,565	-	-	-	-	25,565
Reserve for Unemployment Insurance	151,736	-	-	-	-	151,736
Reserve for Repairs	188,879	-	-	-	-	188,879
Reserve for Workers' Compensation	560,008	-	-	-	-	560,008
Capital Reserve	1,002,794	-	-	-	-	1,002,794
Reserve for Debt	-	-	-	-	1,284,689	1,284,689
Reserve for Liability Claims	240,016	-	-	-	-	240,016
Committed	-	-	-	-	-	-
Assigned						
Reserve for Encumbrances	58,734	-	-	-	-	58,734
Unreserved - Designated for Subsequent Year's Expenditures	601,677	2,247	156,554	1,459,129	-	2,219,607
Unassigned	662,410	-	-	-	-	662,410
Total Fund Balances	5,731,133	2,247	170,565	1,462,829	1,284,689	8,651,463
Total Liabilities and Fund Balances	$ 6,842,860	$ 392,590	$ 259,063	$ 2,480,938	$ 1,284,689	$ 11,260,140

See independent auditor's report and notes to basic financial statements.

Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position
June 30, 2024

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Cash - Unrestricted	$ 5,813,590	$ -	$ -	$ 5,813,590
Cash - Restricted	3,358,142	-	-	3,358,142
Accounts Receivable	-	-	-	-
Due From Other Funds	844,255	-	840,652	3,603
State and Federal Aid Receivable	1,177,276	1,658,786	-	2,836,062
Other Receivables	52,866	-	-	52,866
Inventories	14,011	-	-	14,011
Prepaid Expenditures	-	-	-	-
Capital Assets, Net	-	24,703,368	-	24,703,368
Right Of Use Asset, Net	-	301,580	-	301,580
Net Pension Asset - Proportionate Share	-	-	-	-
Total Assets	11,260,140	26,663,734	840,652	37,083,222
DEFERRED OUTFLOWS OF RESOURCES				
OPEB (GASB 75)	-	1,397,089	-	1,397,089
State and Federal Aid Receivable	-	9,419,384	-	9,419,384
Pensions	-	2,736,670	-	2,736,670
Total Deferred Outflow of Resources	-	13,553,143	-	13,553,143
Total Assets and Deferred Outflows of Resources	$ 11,260,140	$ 40,216,877	$ 840,652	$ 50,636,365
LIABILITIES				
Accounts Payable	$ 114,749	$ -	$ -	$ 114,749
Accrued Liabilities	232,439	15,791	-	248,230
Due to Other Funds	840,652	-	840,652	-
Due to Other Governments	175	-	-	175
Due to Teachers' Retirement System	583,701	-	-	583,701
Due to Employees' Retirement System	41,789	-	-	41,789
Compensated Absences	32,196	437,411	-	469,607
Bond Anticipation Notes Payable	593,596	-	-	593,596
Other Post-employment Benefits	-	14,915,514	-	14,915,514
Unearned Revenues	169,380	1,658,786	-	1,828,166
Bonds Payable	-	8,435,000	-	8,435,000
Lease Liability	-	278,798	-	278,798
Net Pension Liability - Proportionate Share	-	847,158	-	847,158
Total Liabilities	2,608,677	26,588,458	840,652	28,356,483
DEFERRED INFLOWS OF RESOURCES				
OPEB (GASB 75)	-	3,817,863	-	3,817,863
Pensions	-	616,227	-	616,227
Deferred Revenues	-	7,760,598	-	7,760,598
Total Deferred Inflows of Resources	-	12,194,688	-	12,194,688
FUND BALANCE/NET POSITION				
Total Fund Balance/Net Position	8,651,463	1,433,731	-	10,085,194
Total Liabilities, Deferred Inflows of Resources and Fund Balance/Net Position	$ 11,260,140	$ 40,216,877	$ 840,652	$ 50,636,365

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2024

	General	Special Aid	School Food Service	Capital Projects	Debt Service	Total Governmental Funds
REVENUES						
Real Property Taxes	$ 2,913,529	$ -	$ -	$ -	$ -	$ 2,913,529
Other Tax Items	478,729	-	-	-	-	478,729
Charges for Services	16	-	-	-	-	16
Use of Money and Property	124,547	-	27	-	57,261	181,835
Sale of Property and Compensation for Loss	2,448	-	-	-	-	2,448
Miscellaneous	187,574	-	10,892	(122)	-	198,344
Interfund Revenue	-	-	-	-	-	-
State Sources	11,868,907	247,906	87,475	-	-	12,204,288
Federal Sources	53,854	1,107,085	384,406	-	-	1,545,345
Surplus Food	-	-	23,074	-	-	23,074
Sales - Food Service	-	-	28,058	-	-	28,058
Total Revenues	$ 15,629,604	$ 1,354,991	$ 533,932	$ (122)	$ 57,261	$ 17,575,666

Statement of Revenues, Expenditures and Changes in Fund Balance – Governmental Funds
For the Year Ended June 30, 2024

	General	Special Aid	School Food Service	Capital Projects	Debt Service	Total Governmental Funds
EXPENDITURES						
General Support	$ 2,022,209	$ -	$ 141,400	$ -	$ -	$ 2,163,609
Instruction	7,150,760	1,181,921	-	-	-	8,332,681
Pupil Transportation	394,200	2,732	-	-	-	396,932
Community Service	-	-	-	-	-	-
Employee Benefits	3,354,540	181,969	96,324	-	-	3,632,833
Debt Service						
Principal	1,061,294	-	-	-	-	1,061,294
Interest	444,377	-	-	-	-	444,377
Cost of Sales	-	-	248,723	-	-	248,723
Capital Outlay	-	-	-	700,304	-	700,304
Total Expenditures	14,427,380	1,366,622	486,447	700,304	-	16,980,753
OTHER SOURCES (USES)						
BANS Redeemed by Appropriation	-	-	-	26,294	-	26,294
Operating Transfers In	-	11,632	-	2,533,522	-	2,545,154
Operating Transfers (Out)	(2,545,154)	-	-	-	-	(2,545,154)
Total Other Sources (Uses)	(2,545,154)	11,632	-	2,559,816	-	26,294
Excess (Deficiency) Revenues Over Expenditures and Other Sources (Uses)	(1,342,930)	1	47,485	1,859,390	57,261	621,207
Other Adjustments to Fund Balances	240,012	(1)	-	1	-	240,012
Fund Balances - Beginning of Year	6,834,051	2,247	123,080	(396,562)	1,227,428	7,790,244
Fund Balances - End of Year	$ 5,731,133	$ 2,247	$ 170,565	$ 1,462,829	$ 1,284,689	$ 8,651,463

See independent auditor’s report and notes to basic financial statements.

Reconciliation of Governmental Funds Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities
June 30, 2024

	Total Governmental Funds	Long-term Revenue, Expenditures	Capital Related Items	Debt Transactions	Statement of Activities Totals
REVENUES					
Real Property Taxes	$ 2,913,529	$ -	$ -	$ -	$ 2,913,529
Other Tax Items	478,729	-	-	-	478,729
Charges for Services	16	-	-	-	16
Use of Money and Property	181,835	-	-	-	181,835
Sale of Property and Compensation for Loss	2,448	-	(28,285)	-	(25,837)
Miscellaneous	198,344	-	-	-	198,344
Interfund Revenue	-	-	-	-	-
State Sources	12,204,288	1,736	-	-	12,206,024
Federal Sources	1,545,345	-	-	-	1,545,345
Surplus Food	23,074	-	-	-	23,074
Sales - Food Service	28,058	-	-	-	28,058
Total Revenues	17,575,666	1,736	(28,285)	-	17,549,117
EXPENDITURES					
General Support	2,163,609	2,603	(55,793)	-	2,110,419
Instruction	8,332,681	9,037	(152,115)	-	8,189,603
Pupil Transportation	396,932	3,610	(44,887)	-	355,655
Community Service	-	-	-	-	-
Employee Benefits	3,632,833	(134,071)	-	-	3,498,762
Debt Service					
Principal	1,061,294	-	-	(1,061,294)	-
Interest	444,377	-	7,116	(1,377)	450,116
Cost of Sales	248,723	-	-	-	248,723
Amortization	-	-	146,411	-	146,411
Depreciation - Unallocated	-	-	852,075	-	852,075
Capital Outlay	700,304	-	(700,304)	-	-
Other Post-employment Benefits	-	718,209	-	-	718,209
Total Expenditures	16,980,753	599,388	52,503	(1,062,671)	16,569,973
Excess (Deficiency) of Revenues Over Expenditures	594,913	(597,652)	(80,788)	1,062,671	979,144
OTHER SOURCES (USES)					
BANs Redeemed by Appropriation	26,294	-	-	(26,294)	-
Operating Transfers In	2,545,154	-	-	-	2,545,154
Operating Transfers (Out)	(2,545,154)	-	-	-	(2,545,154)
Total Other Sources (Uses)	26,294	-	-	(26,294)	-
Net Change for the Year	$ 621,207	$ (597,652)	$ (80,788)	$ 1,036,377	$ 979,144

Statement of Fiduciary Net Position
June 30, 2024

	Custodial	Private Purpose Trusts
ASSETS		
Cash	$ 115,030	$ 83,756
Due From Governmental Funds	-	-
Accounts Receivable	-	-
Total Assets	$ 115,030	$ 83,756
LIABILITIES		
Due to Governmental Funds	$ -	$ 2,000
Extraclassroom Activity Balances	115,030	-
Other Liabilities	-	-
Total Liabilities	115,030	2,000
NET POSITION		
Reserved for Scholarships	-	81,756
Total Net Position	-	81,756
Total Liabilities and Net Position	$ 115,030	$ 83,756

Statement of Changes in Fiduciary Net Position
June 30, 2024

	Custodial	Private Purpose Trusts
ADDITIONS		
Gifts and Contributions	$ -	$ 21,438
Investment Earnings	-	1
Total Additions	-	21,439
DEDUCTIONS		
Scholarships and Awards	-	16,192
Total Deductions	-	16,192
Change in Net Position	-	5,247
Net Position - Beginning of Year	-	76,509
Net Position - End of Year	$ -	$ 81,756

Notes to Financial Statements
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of McGraw Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied 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. Significant accounting principles and policies used by the District are described below.

Reporting Entity – The McGraw Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of seven 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 District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. 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 District. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria, including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the following is a brief description of certain entities included in the District's reporting entity.

Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office, located at Academy Street, McGraw, NY 13101. The District accounts for assets held as an agent for various student organizations in a custodial fund.

Use of 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, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses/expenditures 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, potential contingent liabilities, and useful lives of long-lived assets.

Restricted Resources – When an expense is incurred for purposes for which both restricted and unrestricted net position are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

Accounts Receivable – Accounts receivable 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 an allowance would not be material.

Notes to Financial Statements
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Joint Venture – The McGraw Central School District is a component school district in the Onondaga-Cortland-Madison Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs that 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 costs 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.

During the year ended, the McGraw Central School District was billed $2,552,187 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $887,687. At June 30, 2024, the District owed BOCES $ -0- and had a receivable from BOCES totaling $400,946.

Participating school districts may issue debt on behalf of BOCES. This debt is reported in the District-wide financial statements when applicable.

Financial statements for Onondaga-Cortland-Madison BOCES are available from the BOCES administrative office at 110 Elwood Davis Road, Liverpool, NY 13088.

Property Taxes – Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on the effective date of the tax warrant. Taxes are collected during the months of September and October.

Uncollected real property taxes are subsequently enforced by the County in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

Other Assets/Restricted Assets – Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment, are classified as restricted assets in the District-wide financial statements and their use is limited by applicable bond covenants.

In the District-wide financial statements, bond discounts and premiums, and any prepaid bond insurance costs are deferred and amortized over the life of the debt issue. Bond issuance costs are recognized as an expense in the period incurred.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation

a. ***District-wide Statements:*** The Statement of Net Position and the Statement of Activities present financial information about the 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 and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

   The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and revenues for each function of the 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, are allocated to functional areas in proportion to the payroll expended for those areas. 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. ***Funds Statements:*** The fund statements provide information about the District's funds, including each type of fiduciary fund. 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.

The District reports the following major governmental funds:

***General Fund**:* This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

***Special Revenue Funds**:* These funds account for the proceeds of specific revenue sources, such as Federal and State grants that are legally restricted to expenditures for specified purposes, child nutrition or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. Special revenue funds include the following:

Special Aid Fund: Used to account for special operating projects or programs supported in whole, or in part, with Federal funds or State or local grants.

School Food Service Fund: Used to account for transactions of the lunch and breakfast programs.

***Capital Projects Fund**:* These funds are used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. Details for each project are reported in the supplemental schedules.

***Debt Service Fund**:* This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of related bonds outstanding.

Notes to Financial Statements
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Basis of Presentation (Continued)

Fiduciary Funds: Fiduciary activities are those in which the 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 District, and are not available to be used. There are two classes of fiduciary funds:

***Private Purpose Trust Funds*:** These funds are used to account for trust arrangements under which principal and income benefit individuals, private organizations, or other governments. A scholarship is an example of a Private Purpose Trust Fund. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

***Custodial Funds*:** These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

***Measurement Focus and Basis of Accounting* –** Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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. Non-exchange transactions, in which the 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 State Aid is recognized in the fiscal year it is appropriated by the State. 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 District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

Notes to Financial Statements
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Vested Employee Benefits

***Compensated Absences* –** Compensated absences consist of unpaid accumulated annual sick leave and vacation time. Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick pay.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

***Other Benefits* –** District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

District employees may choose to participate in the District's elective deferral compensation plans established under Internal Revenue Code Sections 403(b) and 457.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement. Substantially all of the District's employees may become 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 post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

***Cash and Cash Equivalents* –** The 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 District's investment policies. Resources must be deposited in 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 are stated at fair value.

Notes to Financial Statements
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Capital Assets – Capital assets are reported at actual cost for acquisitions subsequent to June 30, 2002. For assets acquired prior to June 30, 2002, estimated historical costs, based on appraisals conducted by independent third-party professionals were used. Donated assets are recorded at their estimated fair market value as of the date received. The District maintains a capitalization threshold (the dollar value above which asset acquisitions are added to the capital asset accounts) of one thousand dollars.

All reported capital assets except for land and construction in progress are depreciated over the remaining useful lives of the related capital assets. Depreciation is computed using the straight-line method over the following useful lives:

Description	Estimated Lives
Buildings and Improvements	20-50 years
Furniture and Equipment	3-10 years
Vehicles	3-5 years

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 full in a timely manner from current financial resources. Claims and judgments, other post-employment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the funds 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.

Inventories and Prepaid Items – Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value that approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year-end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amounts is recorded at the time of receipt and/or purchase, and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these non-liquid assets (inventories and prepaid items) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

Intangible Leases – Intangible leases are reported at the present value of remaining future lease payments to be made during the lease term. The discount rate utilized is either the interest rate implicit within the lease agreement, or if not readily determinable, the District's estimated incremental borrowing rate. The intangible leases are amortized over the shorter of the lease term or the useful life of the underlying asset.

Capitalization thresholds (the dollar value above which intangible leases are added to the intangible lease), amortization methods, and estimated useful lives of intangible leases reported in the District-Wide Financial Statements follow the same thresholds as noted for capital leases.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications

District-wide Statements

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

- *Net Investment in Capital Assets*: Consists of net capital assets (cost less accumulated depreciation) 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 or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislations.
- *Unrestricted Net Position*: Reports the balance of net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

Funds Statements

In the fund basis statements there are five classifications of fund balance:

- *Non-spendable*: 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 Food Service Fund of $14,011.
- *Restricted*: 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. All encumbrances of funds other than the General fund are classified as restricted fund balance. The District has established the following restricted fund balances:

  Unemployment Insurance Payment Reserve Fund – According to General Municipal Law §6-m, all expenditures made from the unemployment insurance payment reserve fund 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 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.

  Capital Reserve Fund – According to Education Law §3651, all expenditures made from the capital reserve fund 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 the 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 form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

  Liability Claims Reserve – According to Education Law §1709(8-c), must be used to pay for liability claims and property loss incurred. Separate funds for liability claims and property loss are required, and these reserves may not in total exceed 3% of the annual budget or $15,000, whichever is greater. This type of reserve fund may be utilized only by school districts with a population under 125,000. This reserve is accounted for in the General Fund.

Notes to Financial Statements
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

***Equity Classifications* (*Continued*)**

Employee Benefit Accrued Liability Reserve Fund – According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund 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.

Repair Reserve Fund – According to General Municipal Law §6-d, expenditures made from the repair reserve fund must be used to pay the cost of repairs to capital improvements or equipment, which repairs are of a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this reserve may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the Reserve Fund over the next two subsequent fiscal years. This reserve is accounted for in the General Fund.

Tax Certiorari Reserve Fund – According to Education Law §3651.1-a, funds must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the reserve shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceedings in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies. This reserve is accounted for in the General Fund.

Workers' Compensation Reserve Fund – According to General Municipal Law §6-j, all expenditures made from the workers' compensation reserve fund must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of 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 the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

Retirement Contributions Reserve Fund – According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board action and is funded by budgetary appropriations and such other funds as 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, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r.

Notes to Financial Statements
June 30, 2024

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Equity Classifications (Continued)

Debt Service Reserve Fund – According to General Municipal Law §6-l, must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

Encumbrances – Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

- *Committed*: Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the District's highest level of decision-making authority, i.e., the Board of Education. The District has no committed fund balances as of June 30, 2024.
- *Assigned*: Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the general fund, and in funds other than the general fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances in the General Fund amounted to $58,734. Appropriated fund balance in the General Fund amounted to $601,677. Any remaining fund balance in other funds is considered assigned.
- *Unassigned*: Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned portion is used to report a deficit fund balance, resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable 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.

Order of Use of Fund Balance

The District's policy is to apply expenditures against non-spendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance at the end of the fiscal year. For all funds, non-spendable fund balances are determined first and then restricted fund balances for specific purposes are determined. Any remaining fund balance amounts for funds other than the General Fund are classified as restricted fund balance. In the General Fund, committed fund balance is determined next and then assigned. The remaining amounts are reported as unassigned. Assignments of fund balance cannot cause a negative unassigned fund balance.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Interfund Transactions – The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The 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 expenditures and revenues to provide financing or other services.

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying Governmental Funds Balance Sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenue activity.

Deferred Outflows and Inflows 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 government 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 asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District contribution to the pension systems (TRS & ERS systems) and OPEB subsequent to the measurement date. The third 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.

In addition to liabilities, the Statement of Net Position or Balance Sheet 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 (TRS and ERS Systems) 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 the deferred credit on refunding reported in the government wide State of Net Position. A deferred credit on refunding results from the difference in the carrying value of the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Implementation of New Accounting Standards – The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2024, the District implemented the following new standards issued by GASB:

- Statement No. 99, *Omnibus 2022* – This statement addresses a variety of topics, including derivative instruments, leases, public-private and public-public partnership arrangements (“PPP’s”), subscription based information technology arrangements (“SBITAs”), London interbank offered rate (“LIBOR”), and pledges of future revenues. Many of the requirements are effective immediately. The requirements related to leases, PPPs, and SBITAs are effect for year beginning after June 15, 2022. The requirements related to financial guarantees and derivative instruments are effective for fiscal year ended June 30, 2024.
- Statement No. 100, *Accounting Changes and Error Corrections* – This statement provides clarification and guidance for accounting and financial reporting related to accounting changes and error corrections (“ACEC”). GASB 100 also addresses disclosure requirements for ACEC, and how these items should be presented in Required Supplementary Information and Supplementary Information. The requirements of this statement are effective for ACECs made for fiscal year ending June 30, 2024.

Future Changes in Accounting Standards – The following pronouncements will be evaluated by the District to determine their impact and applicability:

- Statement No. 101, *Compensated Absences* – This statement is effective for the year ending June 30, 2025. This Statement requires that a liability for certain types of compensated absences – including parental leave, military leave, and jury duty leave – not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used.
- Statement No. 102, *Certain Risk Disclosures* – This statement is effective for the year ending June 30, 2025. This Statement’s objective is to provide users of governmental financial statements with essential information about risks related to a government’s vulnerabilities due to certain concentrations or constraints.
- Statement No. 103, *Financial Reporting Model Improvements* – This statement is effective for the year ending June 30, 2026. This Statement’s objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government’s accountability. Additionally, the statement also addresses certain application issues.

Notes to Financial Statements
June 30, 2024

NOTE 2 – COMMITMENTS AND CONTINGENCIES

The 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 years' experience, the District's administration believes disallowances, if any, will be immaterial.

NOTE 3 – DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for the purposes of student scholarships.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 4 – CASH AND CASH EQUIVALENTS – CUSTODIAL CREDIT AND CONCENTRATION OF CREDIT RISK

The District's aggregate bank balances included balances insured or collateralized as follows:

Uncollateralized	$ -
Insured by the Federal Deposit Insurance Corporation	681,439
Collateralized with securities held by the pledging financial institution's trust department or agency in the District's name.	9,490,620

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes $3,358,142 restricted for various fund balance reserves in the general fund, $115,030 restricted for extra-classroom in the fiduciary fund, and $81,756 restricted for scholarships in the fiduciary funds.

NOTE 5 – SHORT-TERM DEBT

The District may issue Bond Anticipation Notes (BANs), 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 BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. One BAN was outstanding at June 30, 2024.

	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2024
BANs	11/2/2023	11/1/2024	5%	$ 593,596

Total interest expense on short term debt amounts to $25,477 at June 30, 2024.

NOTE 6 – EXPLANATION OF CERTAIN 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 focus of the District-wide Statements, compared with the current financial resources focus of the governmental funds.

a. Total Fund Balances of Governmental Funds vs. Net Position of Governmental Activities:

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the Governmental Fund Balance Sheets, as applied to the reporting of capital assets and long term liabilities, including pensions and other post-employment benefits.

b. Statement of Revenues, Expenditures and Changes in Fund Balance vs. 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 five broad categories. The amounts shown below represent:

i) Long-term revenue and expense 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.

ii) Capital related differences:

Capital related differences include the difference between proceeds for the sale of capital assets reported on 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 of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-term debt transaction differences:

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the 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.

iv) 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.

v) 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.

Notes to Financial Statements
June 30, 2024

NOTE 7 – INTERFUND BALANCES AND ACTIVITY

	Receivable	Payable	Revenues	Expenditures
General Fund	$ 841,929	$ 703	$ -	$ 2,545,154
Special Aid Fund	2,306	369,405	11,632	-
School Food Service Fund	-	86,274	-	-
Capital Projects	-	384,270	2,533,522	-
Debt Service Fund	20	-	-	-
Total Government Activities	844,255	840,652	2,545,154	2,545,154
Trust & Agency	2,000	-	-	-
ms	-	-	-	-
Totals	$ 846,255	$ 840,652	$ 2,545,154	$ 2,545,154

The District typically transfers from the General Fund to the Capital Projects fund to fund the Net Zero Projects. The District also typically transfers to the Special Aid Fund to fund the local share of summer school expenditures.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

NOTE 8 – LONG-TERM RECEIVABLES

Building aid on the 2014 serial bond and building project is being amortized over fifteen (15) years and transportation aid is amortized over five (5) years. The following is a summary of future State Aid to be received:

	Beginning Balance	Earned	Received	Ending Balance	Amounts Due Within One Year
Government Activities					
State Aid:					
Building Aid	$ 11,742,202	$ 79,852	$ 1,549,290	$ 10,272,764	$ 1,465,031
Transportation Aid	556,301	423,164	174,059	805,406	193,755
Total Long-term Receivabes	$ 12,298,503	$ 503,016	$ 1,723,349	$ 11,078,170	$ 1,658,786

NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund. The voters of the 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) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These 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.

NOTE 9 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (CONTINUED)

Budgets are adopted annually on a basis consistent with generally accepted accounting principles (GAAP). Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year. The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2024.

Budgets are established and used for individual capital project fund expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

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 restrictions or assignments 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.

Fund Balances

At June 30, 2024 the District-wide Statement of Net Position had an unrestricted net deficit of $13,360,782. This is the result of the requirement to record other postemployment benefit liability with no requirement or mechanism to fund this liability (see note 12). This deficit is not expected to be eliminated during the normal course of operations.

NOTE 10 – LONG-TERM OBLIGATIONS

- Serial Bonds: The District borrows money in order to acquire land and equipment, construct buildings and 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.
- Due to Retirement Systems: Represents funds accrued for the District's share of the net (asset)/liability.
- Compensated Absences: Represents the value of the earned and unused portion of the liability for compensated absences. This liability is liquidated from the General and School Food Service Funds.
- Other Post-employment Benefits: Represents the net obligation of the District for other post-employment benefits, including medical and prescription drug insurances.

Notes to Financial Statements
June 30, 2024

NOTE 10 – LONG-TERM OBLIGATIONS (CONTINUED)

The changes in the District's indebtedness during the year ended June 30, 2024 are summarized as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government Activities:					
Bonds and Notes Payable:					
2022 Refunding Bonds	$ 1,820,000	$ -	$ 605,000	$ 1,215,000	$ 620,000
2022 Serial Bonds	7,650,000	-	430,000	7,220,000	455,000
Net Bond and Notes Payable	9,470,000	-	1,035,000	8,435,000	1,075,000
Other Liabilities					
Compensated Absences	464,511	5,096	-	469,607	-
Net Pension Liablity,					
Proportionate Share	1,393,240	-	546,082	847,158	-
Other Post-employment Benefits	14,733,468	182,046	-	14,915,514	-
Total Long-term Liabilities	$ 26,061,219	$ 187,142	$ 1,581,082	$ 24,667,279	$ 1,075,000

Interest paid on the serial bond varies from year to year, in accordance with the interest rates specified in the bond agreement.

The following is a summary of the maturity of long-term indebtedness. Payment of self-insurance claims, judgments, and compensated absences are dependent upon future factors and therefore the timing of such payments cannot be determined.

	Principal	Interest	Total
Fiscal Year Ended June 30,			
2025	$ 1,075,000	$ 385,300	$ 1,460,300
2026	895,000	350,150	1,245,150
2027	675,000	318,000	993,000
2028	525,000	289,500	814,500
2029-2033	3,045,000	1,026,750	4,071,750
2034-2036	2,220,000	225,500	2,445,500
	$ 8,435,000	$ 2,595,200	$ 11,030,200

Existing serial and statutory bond obligations:

Description	Issue Date	Final Maturity	Interest Rate
2022 Refunding Bonds	3/25/2022	6/15/2027	2%
2022 Serial Bonds	6/15/2022	6/15/1936	5%

Interest on long-term indebtedness amounted to $419,900 for June 30, 2024. Total outstanding indebtedness represented approximately 95.80% of its debt limit, exclusive of building aid estimates.

Notes to Financial Statements
June 30, 2024

NOTE 11 – PENSION PLANS

Provisions and Administration

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits, as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10-member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. 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 Statue. The New York State TRS issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report and additional information may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSTRS Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer 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. System benefits are established under the provisions of the New York State Retirement and Social Security Law (NYSRSSL). 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 be enactment of a state statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. 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/publication/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31.

Notes to Financial Statements
June 30, 2024

NOTE 11 – PENSION PLANS (CONTINUED)

Funding Policies (Continued)

The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions based on covered payroll paid for the current and two preceding years were:

	NYSTRS	NYSERS
2021-2022	$ 454,974	$ 162,174
2022-2023	563,223	122,352
2023-2024	619,889	131,782

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2024, the District reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2024 for ERS and June 30, 2023 for TRS. The total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The District's proportion of the net pension (asset)/liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	TRS	ERS
Measurement Date	6/30/2023	3/31/2024
District's Proportionate Share of the Net Pension (Asset)/Liability	$ 334,136	$ 513,022
District's Portion of the Plan's total Net Pension (Asset)/Liability	0.029218%	0.0034842%

For the year ended June 30, 2024, the District's recognized its proportionate share of pension expense of $213,111 for ERS and the actuarial value of $915,725 for TRS. At June 30, 2024, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Differences Between Expected and Actual Experience	$ 810,190	$ 165,244	$ 2,002	$ 13,989
Changes of Assumptions	719,384	193,962	156,786	-
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	170,803	-	-	250,608
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	705	14,704	143,462	49,380
District's Contributions Subsequent to the Measurement Date	619,889	41,789	-	-
Total	$ 2,320,971	$ 415,699	$ 302,250	$ 313,977

NOTE 11 – PENSION PLANS (CONTINUED)

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

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension (asset)/liability in the year ended June 30, 2024. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	TRS	ERS
Year Ended:	June 30	March 31
2024	$ 103,448	$ -
2025	(204,602)	(103,533)
2026	1,314,526	86,357
2027	73,977	141,319
2028	62,731	(64,210)
Thereafter	48,752	-

Actuarial Assumptions

The total pension (asset)/liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension (asset)/liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement Date	June 30, 2023	March 31, 2024
Actuarial Valuation Date	June 30, 2022	April 1, 2023
Interest Rate	6.95%	5.90%
Salary Scale	1.95%-5.18%	4.40%
Decrement Tables	July 1, 2015 - June 30, 2020 System's Experience	April 1, 2015 - March 31, 2020 System's Experience
Inflation Rate	2.40%	2.90%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2021.

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

Notes to Financial Statements
June 30, 2024

NOTE 11 – PENSION PLANS (CONTINUED)

Actuarial Assumptions (Continued)

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 data and plan performance.

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 the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	TRS	ERS
Measurement Date	June 30, 2023	March 31, 2024
Asset Type:		
Domestic Equity	6.80%	4.00%
Private Equity	10.10%	7.25%
International Equity	7.60%	6.65%
Real Estate Equity	6.30%	4.60%
Global Equities	7.20%	N/A
Private Debt	6.00%	N/A
Real Estate Debt	3.20%	N/A
High Yield Bonds	4.40%	N/A
Opportunistic	N/A	5.25%
Domestic Fixed Income Securities	2.20%	N/A
Credit	N/A	5.40%
Short Term	0.30%	0.25%
Global Bonds	1.60%	N/A
Real Assets	N/A	5.79%
Fixed Income Securities	N/A	1.50%

Discount Rate

The discount rate used to calculate the total pension (asset)/liability was 5.90% for ERS and 6.95% for TRS. 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 Systems' 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.

Notes to Financial Statements
June 30, 2024

NOTE 11 – PENSION PLANS (CONTINUED)

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

The following presents the District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.90% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension (asset)/liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.90% for ERS and 5.95% for TRS) or 1 percentage point higher (6.90% for ERS and 7.95% for TRS) than the current rate:

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
District's Proportionate Share of the Net Pension (Asset)/Liability	$ 5,089,054	$ 334,136	$ (3,664,956)

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
District's Proportionate Share of the Net Pension (Asset)/Liability	$ 1,612,992	$ 513,022	$ (405,682)

Pension Plan Fiduciary Net Position

The components of the current-year net pension (asset)/liability of the employers as of the respective valuation dates, were as follows:

	Amounts in thousands	
	TRS	ERS
Measurement Date	June 30, 2023	March 31, 2024
Employers' Total Pension (Asset)/Liability	$ 138,365,122	$ 240,696,851
Plan Net Position	137,221,537	225,972,801
Employers' Total Pension (Asset)/Liability	$ 1,143,585	$ 14,724,050
Ratio of Plan Net Position to the Employers' Total Pension (Asset)/Liability	99.17%	93.88%

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to $41,789. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November through a State Aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to $583,701.

Notes to Financial Statements
June 30, 2024

NOTE 12 – CAPITAL AND INTANGIBLE LEASE ASSETS

Capital asset, and intangible lease asset, balances and activities were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Land	2,538	$ -	$ -	$ 2,538
Construction in Progress	395,067	406,895	-	801,962
Total Nondepreciable Cost	397,605	406,895	-	804,500
Buildings	32,584,809	-	-	32,584,809
Machinery and Equipment	2,023,388	137,309	(43,824)	2,116,873
Infrastructure	150,526	-	-	150,526
Licensed Vehicles	1,414,608	356,084	(231,816)	1,538,876
Land Improvements	99,264	-	-	99,264
Total Depreciable Cost	36,272,595	493,393	(275,640)	36,490,348
Total Capital Asset Cost	36,670,200	900,288	(275,640)	37,294,848
Less Accumulated Depreciation:				
Buildings	(9,599,860)	(611,098)	-	(10,210,958)
Machinery and Equipment	(1,480,425)	(63,003)	3,165	(1,540,263)
Infrastructure	(150,527)	-	-	(150,527)
Licensed Vehicles	(557,380)	(177,974)	144,886	(590,468)
Land Improvements	(99,264)	-	-	(99,264)
Total Accumulated Depreciation	(11,887,456)	(852,075)	148,051	(12,591,480)
Net Capital Asset Cost	$ 24,782,744	$ 48,213	$ (127,589)	$ 24,703,368
Intangible Lease Assets				
Furniture & Equipment	$ 790,728	$ 180,065	$ (301,751)	$ 669,042
Total Intangible Lease Assets being amortized	790,728	180,065	(301,751)	669,042
Less Accumulated Amortization				
Furniture & Equipment	(503,631)	(165,582)	301,751	(367,462)
Total Accumulated Amorization	(503,631)	(165,582)	301,751	(367,462)
Total Intangible Lease Assets, net	$ 287,097	$ 14,483	$ -	$ 301,580

In accordance with the provisions of GASB Statement No 87, Leases, the District has recognized a lease liability obligation and an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various items and other equipment with implicit interest rates ranging from 3.17% to 3.52%.

Notes to Financial Statements
June 30, 2024

NOTE 13 – RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. 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.

Consortiums

Workers' Compensation

The McGraw Central School District incurs costs related to a workers' compensation plan (Plan) sponsored by Onondaga Cortland Madison BOCES. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law. The Plan's objectives are to formulate, develop and administer a program of insurance to obtain lower costs for that coverage, and to develop a comprehensive loss control program. District's 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 resolution passed by the District's Board of Education prior to May 1, to withdraw by the end of the fiscal year. Plan members include twenty-nine districts and two BOCES. 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 costs 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.

During the year ended June 30, 2024, the District incurred premium or contribution expenditures totaling $51,959.

Health Insurance

The District participates in the BOCES sponsored Cooperative Health Insurance Fund of Central New York (fund), a non-risk-retained public entity risk pool for its employees' health insurance coverage. The pool is operated for the benefit of 29 Districts and 1 BOCES and is sponsored by Onondaga-Cortland-Madison BOCES. The District pays an annual premium to the fund for this health insurance coverage. Fund members are subject to a supplemental assessment in the event of deficiencies. If the fund's assets were to be exhausted, members would be responsible for the fund's liabilities.

During the year ended June 30, 2024, the District incurred premium or contribution expenditures totaling $1,996,231.

Notes to Financial Statements
June 30, 2024

NOTE 14 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information About the OPEB Plan

Plan Description and Benefits Provided: The District provides medical benefits to retired employees and their eligible dependents. The benefits provided to employees upon retirement are based on provisions in various contracts that the District has in place with different classifications of employees.

The District acquires health insurance through a consortium known as the Central New York Health Insurance Consortium. Benefits provided by the Central New York Health Insurance Consortium are administered by Excellus BlueCross BlueShield Classic Blue Region-wide.

Employees Covered by Benefit Terms: At July 1, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefit Payments	76
Inactive Employees Entitled to but not yet Receiving Benefit Payments	-
Active Employees	123
	199

Total OPEB Liability

The District's total OPEB liability of $14,915,514 was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

Actuarial Assumptions and Other Inputs: The total OPEB liability in the June 30, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods including in the measurement, unless otherwise specified:

Inflation	2.40 Percent
Discount Rate	3.93 Percent
Healthcare Cost Trend Rates	6.4 Percent to 3.8 percent over 55 years.
Retirees' Share of Benefit-Related Costs	Varies based upon contribution requirements at date of retirement.

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

Mortality rates were based on the MP-2021 Ultimate Scale, as appropriate, with adjustments for mortality improvements based on the MP-2021 Ultimate Scale.

NOTE 14 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED)

Changes in the Total OPEB Liability

July 1, 2023	$ 14,733,468
Changes for the Year -	
Service Cost	644,455
Interest	552,210
Changes of Benefit Terms	-
Differences Between Expected and Actual Experience	156,784
Changes in Assumptions or Other Inputs	(669,119)
Benefit Payments	(502,284)
Net Changes	182,046
Balance at June 30, 2024	$ 14,915,514

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 (2.93%) or 1 percentage point higher (4.93%) than the current rate:

	1% Decrease (2.93%)	Discount Rate (3.93%)	1% Increase (4.93%)
Total OPEB Liability	$ 17,521,160	$ 14,915,514	$ 12,844,856

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 (5.40%) or 1 percentage point higher (7.40%) than the current healthcare cost trend rate:

	1% Decrease (5.40% Decreasing to 2.80%)	Cost Trend Rates (6.40% Decreasing to 3.80%)	1% Increase (7.40% Decreasing to 4.80%)
Total OPEB Liability	$ 12,452,912	$ 14,915,514	$ 18,163,763

Notes to Financial Statements
June 30, 2024

NOTE 14 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS (CONTINUED)

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended June 30, 2024, the District recognized OPEB expense of $718,209. At, June 30, 2024 the District reported deferred outflows of resources and 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	$ 151,923	$ (1,401,194)
Changes of Assumptions or Other Inputs	1,245,166	(2,416,669)
Contributions Subsequent to the Measurement Date	-	-
	$ 1,397,089	$ (3,817,863)

Amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended	Amount
June 30:	
2025	$ 478,456
2026	352,622
2027	361,284
2028	714,421
2029	376,536
Thereafter	137,455

NOTE 15 – SUBSEQUENT EVENTS

In preparing these financial statements, the District has evaluated events and transactions for potential recognition or disclosure through October 10, 2024, the date the financials were available to be issued.

REQUIRED AND OTHER SUPPLEMENTAL SCHEDULES

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual (Budgetary Basis)	Final Budget Variance With Budgetary Actual
REVENUES				
Local Sources				
Real Property Taxes	$ 3,371,060	$ 3,371,060	$ 2,913,529	$ (457,531)
Other Tax Items	15,990	15,990	478,729	462,739
Charges for Services	7,648	7,648	16	(7,632)
Use of Money and Property	8,000	8,000	124,547	116,547
Sale of Property and Compensation for Loss	8,200	8,200	2,448	(5,752)
Miscellaneous	81,602	81,602	187,574	105,972
Interfund Revenues	-	-	-	-
Total Local Sources	3,492,500	3,492,500	3,706,843	214,343
State Sources	11,999,377	11,999,377	11,868,907	(130,470)
Federal Sources	-	-	53,854	53,854
Total Revenues	15,491,877	15,491,877	15,629,604	137,727
Other Financing Sources				
Transfers From Other Funds	20,652	20,652	-	(20,652)
Premium on Obligations	-	-	-	-
Total Other Financing Sources	20,652	20,652	-	(20,652)
Total Revenues and Other Sources	15,512,529	15,512,529	$ 15,629,604	$ 117,075
Appropriated Fund Balance				
Prior Year Surplus	601,677	601,677		
Prior Year Encumbrances	-	165,349		
Appropriated Reserves	168,789	2,418,789		
Total Appropriated Fund Balance	770,466	3,185,815		
Total Revenues, Other Sources and Appropriated Fund Balance	$ 16,282,995	$ 18,698,344		

Required Supplementary Information
Schedule of Revenues, Expenditures and Changes in Fund Balance Budget (Non-GAAP Basis) and Actual – General Fund
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual (Budgetary Basis)	Year-End Encumbrances	Final Budget Variance With Budgetary Actual
EXPENDITURES					
General Support					
Board of Education	$ 19,371	$ 16,190	15,770	$ 420	$ -
Central Administration	229,623	406,330	406,330	-	-
Finance	332,455	331,897	331,877	20	-
Staff	90,453	124,398	124,398	-	-
Central Services	1,148,847	1,191,181	1,033,367	14,904	142,910
Special Items	117,200	117,022	110,467	-	6,555
Total General Support	1,937,949	2,187,018	2,022,209	15,344	149,465
Instruction					
Instruction, Administration and Improvements	514,324	434,430	431,843	-	2,587
Teaching - Regular School	3,363,590	3,339,541	3,125,202	32,379	181,960
Programs for Children With Handicapping Conditions	2,158,061	2,145,227	1,846,165	78	298,984
Occupational Education	378,300	377,821	377,821	-	-
Teaching - Special School	54,344	42,743	22,844	-	19,899
Instructional Media	762,856	796,534	695,276	2,751	98,507
Pupil Services	725,641	747,727	651,609	8,002	88,116
Total Instruction	7,957,116	7,884,023	7,150,760	43,210	690,053
Pupil Transportation	538,498	541,520	394,200	180	147,140
Community Services	500	500	-	-	500
Employee Benefits	4,033,857	4,034,458	3,354,540	-	679,918
Debt Service	1,695,075	1,505,671	1,505,671	-	-
Total Expenditures	16,162,995	16,153,190	14,427,380	58,734	1,667,076
OTHER USES					
Interfund Transfer	120,000	2,545,154	2,545,154	-	-
Total Expenditures and Other Uses	$ 16,282,995	$ 18,698,344	16,972,534	$ 58,734	$ 1,667,076
Net Change in Fund Balance			(1,342,930)		
Fund Balance - Beginning			6,834,051		
Rounding and other Adjustments			240,012		
Fund Balance - Ending			$ 5,731,133		

Note to Required Supplementary Information: Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting, consistent with accounting principles generally accepted in the United States of America.

Required Supplementary Information
Schedules of Changes in the District's Total OPEB Liability and Related Ratios
For the Year Ended June 30, 2024

Measurement Date	**June 30, 2024**	**June 30, 2023**	**June 30, 2022**	**June 30, 2021**	**June 30, 2020**	**June 30, 2019**	**June 30, 2018**
Total OPEB Liability							
Service Cost	$ 644,455	$ 593,833	$ 679,888	$ 734,796	$ 516,791	$ 540,030	$ 524,301
Interest	552,210	542,289	405,300	398,578	502,590	450,569	434,921
Changes in Benefit Terms	-	-	789.000	-	-	-	-
Differences Between Expected and Actual Experience in the Measurement of the Total OPEB Liability	156,784	-	(2,198,094)	-	(256,665)	-	54,187
Changes in Assumptions or Other Inputs	(669,119)	(862,301)	(1,735,155)	155,460	3,200,565	(1,132,510)	-
Expected Benefit Payments	(502,284)	(526,278)	(498,933)	(511,443)	(498,614)	(490,239)	(524,624
Net Change in Total OPEB Liability	182,046	(252,457)	(3,346,205)	777,391	3,464,667	(632,150)	488,785
Total OPEB Liability - Beginning	14,733,468	14,985,925	18,332,130	17,554,739	14,090,072	14,722,222	14,233,437
Total OPEB Liability - Ending	$ 14,915,514	$ 14,733,468	$ 14,985,925	$ 18,332,130	$ 17,554,739	$ 14,090,072	$ 14,722,222
Covered Payroll	$ 6,436,040	$ 5,422,000	$ 5,422,000	$ 5,231,878	$ 5,231,878	$ 5,232,600	$ 5,232,600
Total OPEB liability as a Percentage of Covered Payroll	231.75%	271.73%	276.39%	350.39%	335.53%	269.27%	281.36%

The District does not have assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* to pay OPEB benefits. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

10 years of historical information will not be 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.

Required Supplementary Information
Schedule of District Contributions
For the Last Ten Fiscal Years Ended June 30, 2024

NYSLRS Pension Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	$ 78,168	$ 133,034	$ 115,065	$ 115,019	$ 119,811	$ 135,320	$ 146,234	$ 162,174	$ 122,352	$ 131,782
Contributions in relation to the contractually required contribution	78,168	133,034	115,065	115,019	119,811	135,320	146,234	162,174	122,352	131,782
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	791,616	834,283	863,672	865,675	918,289	1,091,566	1,096,124	1,192,253	1,146,458	1,318,512
Contributions as a percentage of covered-employee payroll	9.87%	15.95%	13.32%	13.29%	13.05%	12.40%	13.34%	13.60%	10.67%	9.99%

NYSTRS Pension Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Contractually required contribution	$ 667,146	$ 747,887	$ 558,683	$ 505,554	$ 441,368	$ 491,306	$ 424,467	$ 454,974	$ 503,660	$ 619,889
Contributions in relation to the contractually required contribution	667,146	747,887	558,683	505,554	441,368	491,306	424,467	454,974	503,660	619,889
Contribution deficiency (excess)	-	-	-	-	-	-	-	-	-	-
District's covered-employee payroll	3,987,429	4,082,750	4,074,790	4,199,536	4,340,567	4,450,791	4,467,253	4,457,222	5,139,390	5,396,357
Contributions as a percentage of covered-employee payroll	16.73%	18.32%	13.71%	12.04%	10.17%	11.04%	9.50%	10.21%	9.80%	11.49%

Required Supplementary Information
Schedule of District's Proportionate Share of the Net Pension (Asset)/Liability
For the Last Ten Fiscal Years Ended June 30, 2024

NYSLRS Pension Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension (asset)/liability	$ 77,440	$ 391,300	$ 274,316	$ 93,978	$ 246,929	$ 958,185	$ 3,783	$ (292,157)	$ 836,549	$ 334,136
District's proportionate share of the net pension (asset)/liability	0.0022923%	0.0024380%	0.0029194%	0.0029118%	0.0034851%	0.0036184%	0.0037987%	0.0035740%	0.0039011%	0.0034842%
District's covered-employee payroll	791,616	834,283	863,672	865,675	918,289	1,091,566	1,096,124	1,192,253	1,146,458	1,318,512
District's proportionate share of the net pension (asset)/liability as a percentage of its covered-employee payroll	9.78%	46.90%	31.76%	10.86%	26.89%	87.78%	0.35%	-24.50%	72.97%	25.34%
Plan fiduciary net position as a percentage of the total pension (asset)/liability	97.95%	90.70%	94.70%	98.24%	96.27%	86.39%	99.95%	-103.65%	90.78%	93.88%

NYSTRS Pension Plan
Last 10 Fiscal Years

	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
District's proportion of the net pension (asset)/liability	$ (2,930,283)	$ (2,804,429)	$ 274,293	$ (195,441)	$ (463,781)	$ (673,868)	$ 724,589	$ (4,550,666)	$ 556,691	$ 513,022
District's proportionate share of the net pension (asset)/liability	0.0263060%	0.0270000%	0.0256100%	0.0257130%	0.0256480%	0.0259380%	0.0262220%	0.0262600%	0.0290110%	0.0292180%
District's covered-employee payroll	3,987,429	4,082,750	4,074,790	4,199,536	4,340,567	4,450,791	4,467,253	4,457,222	5,139,390	5,396,357
District's proportionate share of the net pension (asset)/liability as a percentage of its covered-employee payroll	-73.49%	-68.69%	6.73%	-4.65%	-10.68%	-15.14%	16.22%	-102.10%	10.83%	9.51%
Plan fiduciary net position as a percentage of the total pension (asset)/liability	-111.48%	-110.46%	99.01%	-100.66%	-101.53%	-102.20%	97.80%	-113.25%	98.57%	99.17%

Schedule of Change from Adopted Budget to Final Budget and Use of Unreserved Fund Balance – General Fund
For the Year Ended June 30, 2024

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	$ 16,282,995
Add: Prior Year's Encumbrances	165,349
Adjusted Budget	16,448,344
Budget Revision:	2,250,000
Final Budget	$ 18,698,344

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-25 Voter-Approved Expenditure Budget		$ 16,560,265
Maximum Allowed (4% of 2024-2025 Budget)		662,413
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:		
Unrestricted Fund Balance		
Committed Fund Balance	$ -	
Assigned Fund Balance	660,411	
Unassigned Fund Balance	662,410	
Total Unrestricted Fund Balance	1,322,821	
Less:		
Appropriated Fund Balance	601,677	
Insurance Recovery Reserve	-	
Tax Reduction Reserve	-	
Encumbrances Included in Committed and Assigned Fund Balance	58,734	
Total Adjustments	660,411	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 662,410
Actual Percentage		4.00%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", updated April 2011 (originally issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

Schedule of Project Expenditures – Capital Projects Fund
For the Year Ended June 30, 2024

			Expenditures				Methods of Financing				
Project Title	Original Appropriation	Revised Appropriation	Prior Years	FYE 2024	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Fund Balance (Deficit) June 30, 2024
2008 Capital Project	$ 8,635,000	$ 8,635,000	$ 8,656,629	$ -	$ 8,656,629	$ (21,629)	$ 8,119,749	$ 68,883	$ 520,629	$ 8,709,261	$ 52,632
2014 Capital Reserve	25,000	25,000	25,000	-	25,000	-	-	-	-	-	(25,000)
2018 Buses	205,000	205,000	201,328	-	201,328	3,672	201,328	-	-	201,328	-
2019 Bus & Truck Purchase	250,000	250,000	244,635	-	244,635	5,365	212,963	-		212,963	(31,672)
SSBA Project	670,945	670,945	446,310	104,005	550,315	120,630	-	446,310	29,558	475,868	(74,447)
2020 Elementary Project	2,615,139	2,615,139	2,940,057	-	2,940,057	(324,918)	2,459,200	-	469,800	2,929,000	(11,057)
2020 High School Project	6,492,565	6,492,565	6,086,813	-	6,086,813	405,752	5,257,600	-	1,004,400	6,262,000	175,187
2020 Garage Project	892,296	892,296	919,682	-	919,682	(27,386)	763,200	-	145,800	909,000	(10,682)
2020 Buses	210,000	210,000	206,526	-	206,526	3,474	123,916	-	-	123,916	(82,611)
2021 Buses	225,000	225,000	207,487	-	207,487	17,513	82,995	-	-	82,995	(124,492)
2021 Net Zero VIII	100,000	100,000	100,000	-	100,000	-	-	-	100,000	100,000	-
2021 Emergency Project	20,000	20,000	19,160	-	19,160	840	-	-	20,000	20,000	840
2022 Buses	213,000	208,909	208,909	-	208,909	-	41,782	-	-	41,782	(167,127)
2022 Capital Outlay	100,000	100,000	92,092	1,238	93,330	6,670	-	-	100,000	100,000	6,670
ES Emergency Project	75,000	60,000	57,883	25,622	83,505	(23,505)	-	-	57,883	57,883	(25,622)
2023 Buses	250,490	180,489	180,489	-	180,489	(0)	-	-	-	-	(180,489)
2023 Emergency Project	30,000	30,000	-	-	-	30,000	-	-	-	-	-
Elementary School Boiler 2023	95,000	95,000	-	80,640	80,640	14,360	-	-	80,640	80,640	-
High School Boiler 2023	60,000	60,000	-	47,702	47,702	12,298	-	-	73,205	73,205	25,503
2023 Capital Outlay	100,000	98,762	-	98,762	98,762	-	-	-	100,000	100,000	1,238
2024 Buses	189,404	189,404	-	189,404	189,404	-	-	-	-	-	(189,404)
2024 Capital Project	17,787,000	17,787,000	-	152,932	152,932	17,634,068	-	-	2,250,000	2,250,000	2,097,068
BANS Redeemed 2024	-	-	-	-	-	-	26,294	-	-	26,294	26,294
	$ 39,240,839	$ 39,150,509	$ 20,593,000	$ 700,305	$ 21,293,305	$ 17,857,204	$ 17,289,026	$ 515,193	$ 4,951,915	$ 22,756,134	$ 1,462,829

Supplementary Information
Net Investment in Capital Assets
For the Year Ended June 30, 2024

Capital Assets, Net		$ 25,004,948
Deduct:		
Short-term Portion of Bonds Payable	1,075,000	
Long-term Portion of Bonds Payable	7,360,000	
Total Bonds Payable		8,435,000
Bond Anticipation Note		
Bond Anticipation Note	593,596	
Total Bond Anticipation Notes		593,596
Short-term portion of Lease Liability	102,704	
Long-term portion of Lease Liability	176,094	
Total Leases		278,798
Net Investment in Capital Assets		$ 15,697,554

Port, Kashdin & McSherry
CERTIFIED PUBLIC ACCOUNTANTS

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*

To the Board of Education of
McGraw Central School District

We have audited, in accordance with the 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 McGraw Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise McGraw Central School District's basic financial statements, and have issued our report thereon dated October 10, 2024.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered McGraw 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 McGraw Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of McGraw 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 entity'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.

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Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether McGraw Central School District's financial statements are free from 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 entity'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 entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Port, Kashdin & McSherry

Certified Public Accountants

Cortland, New York
October 10, 2024

Port, Kashdin & McSherry
CERTIFIED PUBLIC ACCOUNTANTS

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Board of Education of
McGraw Central School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited McGraw Central School District's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of McGraw Central School District's major federal programs for the year ended June 30, 2024. McGraw Central School District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, McGraw Central School District, complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibility for the Audit of Compliance section of our report.

We are required to be independent of McGraw Central School District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements related to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of McGraw Central School District's federal programs.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, regulations, rules, and provisions of contracts or grants agreements applicable to McGraw Central School District's federal programs

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Auditor's Responsibility for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on McGraw Central School District's compliance based on our audit. 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, Government Auditing Standards and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually, or in the aggregate, it would influence the judgement made by a reasonable user of the report on compliance about McGraw Central School District's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 McGraw Central School District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of McGraw Central School District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of McGraw Central School District's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, amount other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on Internal Control Over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibility for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Port, Kashdin & McSherry

Certified Public Accountants

Cortland, New York
October 10, 2024.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

Federal Grantor/ Pass-through Grantor/ Program Title	Federal CFDA Number	Agency or Pass-through Grantor's Number	Pass-through to Subrecipients	Federal Expenditures
U.S. DEPARTMENT OF EDUCATION				
Passed through New York State Department of Education:				
Special Education Cluster:				
* IDEA, Part B PL-142	84.027	0032-24-0986	$ -	$ 164,884
* Special Education Preschool Grants PL99-457	84.173	0033-24-0986	-	6,042
Total Special Education Cluster			$ -	$ 170,926
Education Stabilization Funds:				
America Rescue Plan - Elementary and Secondary School Emergency Relief	84.425U	5884-22-0555	$ -	$ 379,044
Elementary and Secondary School Emergency Relief Fund	84.425D	5891-21-0555	-	366,750
Total Education Stabilization Funds			$ -	$ 745,794
Title I Grants to Local Education Agencies	84.010	0021-24-3385	-	139,527
Supporting Effective Instruction State Grants	84.367	0147-24-3385	-	17,172
Rural Education Achievement Program	84.395	0006-24-3385	-	23,385
Student Support and Academic Enrichment Program	84.424	0204-24-0565	-	10,281
TOTAL DEPARTMENT OF EDUCATION			$ -	$ 1,107,085
DEPARTMENT OF AGRICULTURE				
Pass-through New York State Department of Education:				
Child Nutrition Cluster:				
* National School Lunch Program	10.555		$ -	$ 261,886
* National School Breakfast Program	10.553		-	93,200
* Summer Food Service Program	10.559		-	10,042
* Government Surplus Program	10.550		-	42,352
Total Child Nutrition Cluster			$ -	$ 407,480
TOTAL DEPARTMENT OF AGRICULTURE			$ -	$ 407,480
TOTAL FEDERAL EXPENDITURES			$ -	$ 1,514,565

* Denotes major program.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

NOTE 1 – BASIS OF PRESENTATION

The accompanying Schedule of Expenditures of Federal Awards (the Schedule) presents the activity of Federal award programs administered by the District, which is described in Note 1 to the District's accompanying financial statements, using the modified accrual basis of accounting. Therefore, some amounts presented in this Schedule may differ from amounts presented in, or used in the preparation of, the District financial statements. Federal awards that are included in the Schedule may be received directly from Federal agencies, as well as Federal awards that are passed through from other government agencies.

The information presented in the Schedule is presented in accordance with requirements of Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Costs Principles and Audit Requirements* (Uniform Guidance).

NOTE 2 – SUMMARY OF CERTAIN SIGNIFICANT ACCOUNTING POLICIES

Expenditures reported on the Schedule are reported on the modified accrual basis of accounting. The amounts reported as Federal expenditures were obtained from the Federal financial reports for the applicable program and periods. The amounts reported in these reports are prepared from records maintained for each program, which are reconciled with the District's financial reporting system.

The Federal expenditures are recognized under the Uniform Guidance.

NOTE 3 – INDIRECT COST RATE

The District did not elect to use the 10% de minimus cost rate.

Indirect costs may be included in the reported expenditures, to the extent that they are included in the Federal financial reports used as the source for the data presented. The District's policy is not to charge Federal award programs with indirect costs.

NOTE 4 – NON-CASH ASSISTANCE

The Nonmonetary assistance is reported in the Schedule at the fair market value of the commodities received and disbursed. For the year ended June 30, 2024, the District received food commodities totaling $23,074.

NOTE 5 – SCOPE OF AUDIT

The District is an independent municipal corporation. All Federal grant operations of the District are included in the scope of the single audit.

NOTE 6 – OTHER DISCLOSURES

No insurance is carried specifically to cover equipment purchased with Federal funds. Equipment purchased with Federal funds is covered by the District's casualty insurance policies.

There were no loans or loan guarantees outstanding at year end.

Schedule of Expenditures of Federal Awards
For the Year Ended June 30, 2024

SECTION 1 – SUMMARY OF AUDITOR'S RESULTS

1. The Auditor's report expresses an unmodified opinion on the general-purpose financial statements of the McGraw Central School District.
2. No reportable conditions were disclosed during the audit of the financial statements.
3. No instances of noncompliance material to the financial statements of the McGraw Central School District, which would be required to be reported in accordance with Government Auditing Standards, were disclosed during the audit.
4. No reportable conditions were disclosed during the audit of internal control over major federal award programs.
5. The Auditor's report on compliance for the major federal award programs for the McGraw Central School District expresses an unqualified opinion on all major federal programs.
6. There were no audit findings relative to the major federal award programs for McGraw Central School District.
7. The programs tested as major programs included:

Project Title	CFDA #
IDEA, Part B PL-142	84.027
Special Education Preschool Grants PL99-457	84.173
National School Lunch Program	10.555
National School Breakfast Program	10.553
Summer Food Service Program	10.559
Government Surplus Program	10.550

8. The threshold for distinguishing between Type A and Type B programs was $750,000.
9. The McGraw Central School District qualified as a high risk auditee.

SECTION 2 – FINANICAL STATEMENT FINDINGS

SECTION 3 – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

FORM OF BOND COUNSEL OPINION

July 23, 2025

McGraw Central School District
County of Cortland,
State of New York

Re: McGraw Central School District, Cortland County, New York
$3,000,000 Bond Anticipation Notes, 2025

Ladies and Gentlemen:

We have examined a record of proceedings relating to the issuance of $3,000,000 Bond Anticipation Notes, 2025 (referred to herein as the “Notes”), of the McGraw Central School District, Cortland County, State of New York (the "District"). The Notes are dated July 23, 2025 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 July 23, 2025 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, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Code, and is excluded from adjusted gross income for purposes of New York State and New York City personal income taxes. Interest on the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code. 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. 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,

Trespasz Law Offices, LLP