

PRELIMINARY OFFICIAL STATEMENT

RENEWAL

BOND ANTICIPATION NOTES

In the opinion of Timothy R. McGill Law Offices, Bond Counsel to the District, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986 (the "Code"), interest on the Notes is excludable from gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not a specific preference item for purposes of Federal individual alternative minimum tax; however, interest on the Notes is included in "adjusted financial statement income" of certain corporations that are subject to the federal corporate alternative minimum tax. No opinion is expressed regarding other Federal tax consequences arising with respect to the Notes. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX EXEMPTION" herein for a discussion of certain Federal taxes applicable to owners of the Notes.

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

\$33,256,583

CITY SCHOOL DISTRICT OF THE CITY OF NORWICH CHENANGO COUNTY, NEW YORK

\$33,256,583 Bond Anticipation Notes, 2026 (Renewals) (the "Notes")

Dated: June 24, 2026

Due: June 24, 2027

The Notes are general obligations of the City School District of the City of Norwich, Chenango County, New York (the "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 "TAX LEVY LIMITATION LAW" herein.

The Notes are not subject to redemption prior to 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, except for one necessary odd denomination, 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, except for one necessary odd denomination, 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 Timothy R. McGill Law Offices, Fairport, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about June 24, 2026.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on June 10, 2026 until 10:00 A.M., Prevailing 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 may also 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 3, 2026

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HERE FROM 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.



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FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

FERRARA FIORENZA PC
School District Attorney

THE LAW OFFICES OF TIMOTHY R. MCGILL, ESQ.
Bond Counsel

No person has been authorized by the City School District of the City of Norwich (the "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 the District.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
CITY SCHOOL DISTRICT OF THE CITY OF NORWICH
CHENANGO COUNTY, NEW YORK

Relating To
\$33,256,583 Bond Anticipation Notes, 2026 (Renewals)

This Official Statement, which includes the cover page and appendices, has been prepared by the City School District of the City of Norwich, Chenango County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$33,256,583 principal amount of Bond Anticipation Notes, 2026 (Renewals) (the "Notes").

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

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

NATURE OF THE OBLIGATION

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

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

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

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

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

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

“A pledge of the City’s faith and credit is both a commitment to pay and a commitment of the City’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean. So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

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

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

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

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

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

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon.

The Notes will be dated June 24, 2026 and will mature, without option of prior redemption, on June 24, 2027. Interest on the Notes will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) registered form registered in the name of the purchaser, in denominations of \$5,000 each or multiples thereof, except for one necessary odd denomination, as may be determined by the successful bidder(s) or (ii) at the option of the purchaser(s), 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 being issued pursuant to the constitutional statutes of the State of New York, including among other, the Education Law and the Local Finance Law and a bond resolution of the District dated September 22, 2021 authorizing the issuance of up to \$34,300,000 bonds and bond anticipation notes and the use of \$700,000 capital reserve funds to finance certain capital improvements consisting of reconstruction of school buildings and facilities within the School District, site improvements, and the acquisition of certain original furnishings, equipment, apparatus and other incidental improvements required therewith for such construction and school use, as well as a bond resolution dated March 15, 2023 authorizing certain capital improvements consisting of construction and reconstruction of school buildings and facilities, authorizing the issuance of bond anticipation notes and serial bonds in the amount of \$1,100,000 to finance said project. The District also plans to utilize \$8,000,000 of capital reserve funds for a maximum estimated cost of \$9,100,000.

On June 26, 2024 the District issued \$17,600,000 bonds anticipation notes, the proceeds of which, fully redeemed and renewed the outstanding \$13,400,000 bond anticipation notes that matured on June 27, 2024 that were issued as the initial borrowing against the September 22, 2021 authorization as well as provided \$4,200,000 in new money against the same authorization. On March 18, 2025 the District issued \$3,000,000 bond anticipation notes to mature on June 26, 2025, the proceeds of which provided \$3,000,000 in new money against the September 22, 2021 authorization. On June 25, 2025 the District issued \$35,062,583 bond anticipation notes, a \$33,962,583 portion of the proceeds of which, along with \$337,417 available funds of the District redeemed and renewed in part, the \$17,600,000 bond anticipation notes that matured on June 26, 2025, and fully redeemed and renewed the \$3,000,000 bond anticipation notes that also matured on June 26, 2025, and added \$13,700,000 in new money for the aforementioned project.

A \$1,100,000 portion of the proceeds of the \$35,062,583 bond anticipation notes issued on June 25, 2025 provided the initial borrowing and fully exhausted the borrowing power of the March 15, 2023 authorization.

The proceeds of the Notes, along with \$1,806,000 available funds of the District, will redeem and renew in part the outstanding \$35,062,583 bond anticipation notes that mature on June 25, 2026.

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, a limited-purpose trust company organized under the New York Banking Law, is 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.

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, 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 OR REDEMPTION PREMIUM 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, except for one necessary odd denomination. 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.

THE SCHOOL DISTRICT

General Information

The School District is located in Chenango County approximately 40 miles north of Binghamton and 45 miles south of Utica. The School District created in 1954 and has an area of approximately 108 square miles in the City of Norwich and the Towns of Guilford, McDonough, New Berlin, North Norwich, Norwich, Oxford, Pharsalia, Plymouth, Preston and Smyrna in Chenango County.

The City of Norwich is the county seat of Chenango County and serves as the commercial and cultural focus of the largely rural area. The City is home to such manufacturers as Chobani, Unison Industries, QUEST International-Sheffield Products, Inc. and Norwich Aero Products Inc.; which provide employment for the area.

The School District provides public education for grades Pre-K through 12. Opportunities for higher education include State University of New York colleges in Morrisville, Binghamton, Oneonta and Cortland, Colgate University, Syracuse University, Hartwick College and Hamilton College.

Gas and Electric services are provided to the School District by New York State Electric & Gas Corporation; while telephone service is provided by Citizens Telecom. Police protection is provided by the City of Norwich Police, County Sheriff's Departments and the New York State Police.

Source: District officials.

Population

The current estimated population of the District is 12,411. (Source: 2020-2024 American Community Survey 5-Year Estimate.)

Larger Employers

The larger employers located within the area in and around the District include:

<u>Name</u>	<u>Type of Product or Service</u>	<u>Approximate Number of Employees</u>
Unison	Manufacturer – Ignition Systems	700
NBT Bank	Commercial Bank	400
Norwich City School District	Public Education	350
Chenango Memorial Hospital	Health Care Services	300
Agro-Farma Inc. (Chobani Inc)	Manufacturer – Dairy Products	100

Source: District Officials.

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 include the District, are the Towns and the County listed below. The figures set below with respect to such Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Towns or the County are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns of:						
Guilford	\$21,131	\$27,170	\$34,516	\$46,169	\$73,750	\$87,538
McDonough	17,896	34,351	39,957	45,625	73,750	92,941
New Berlin	25,485	28,062	32,483	56,250	70,658	75,260
North Norwich	21,178	34,087	37,701	60,125	73,292	86,250
Norwich	25,237	29,071	32,138	47,028	71,915	86,250
Oxford	19,421	27,494	30,732	52,237	66,026	66,914
Pharsalia	17,308	24,565	28,218	55,375	51,042	78,971
Plymouth	23,200	29,151	40,506	61,188	66,563	87,083
Preston	23,884	32,633	41,847	64,167	78,333	90,000
Smyrna	20,506	21,421	26,518	55,134	48,996	62,589
City of:						
Norwich	20,117	29,682	30,499	42,356	58,571	72,676
County of:						
Chenango	22,036	28,780	32,986	52,229	65,537	76,894
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, 2016-2020, and 2019-2023 5-Year American Community Survey estimates.

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

	<u>Annual Averages</u>						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Chenango County	4.3%	6.9%	4.6%	3.4%	3.4%	3.4%	3.6%
New York State	3.9%	9.8%	7.1%	4.3%	4.0%	4.2%	4.3%

	<u>2026 Monthly Figures</u>					
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>
Chenango County	4.5%	4.8%	4.3%	3.5%	N/A	N/A
New York State	4.7%	5.2%	4.4%	4.2%	N/A	N/A

Note: Unemployment rates for May and June 2026 are unavailable 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

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education. On the third Tuesday in May each year, an election is held within the District boundaries to elect members to the Board of Education. They are elected for a term of three years. Board Members may serve an unlimited number of terms.

During the first seven days of July of each year, the Board of Education meets for the purpose of reorganization. At that time an election is held within the Board to elect a President and Vice President, as well as to appoint a District Clerk and District Treasurer.

Other administrative officers whose duty it is to implement the policies of the Board of Education and who are appointed by the Board include the following: Superintendent of Schools, Director of Business Services, Director of Teaching, Learning and Personnel, District Treasurer, District Clerk.

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 deposit accounts in, certificates of deposit issued by or a deposit placement program (as provided by statute) with 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) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district or district corporation other than the School District; and (6) in the case of the 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 a pledge of eligible securities, an eligible letter of credit or an eligible surety bond, as each such term is defined in the law, or satisfy the statutory requirements of the deposit placement program.

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

The District is not authorized by State Law to invest in reverse repurchase agreements or similar derivative-type investments.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven days 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. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

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

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the third 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). For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION LAW" herein.

Recent Budget Vote Results

The budget for the 2025-26 fiscal year was approved by the qualified voters on May 20, 2025 with a vote of 313 to 154. The District's budget for 2025-26 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a total tax levy increase of 3.73% which is equal to the District tax levy limit of 3.73%

The budget for the 2026-27 fiscal year was approved by the qualified voters on May 19, 2026 with a vote of 615 to 294. The District's budget for 2026-27 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget calls for a no (0.0%) tax levy increase of which is within the District tax levy limit of 0.23%.

State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2026-27 fiscal year, approximately 72.66% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a "sound basic education" to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

In addition to the amount of State aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program.

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

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

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

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

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

Federal Aid Received by the State

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

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

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

Building Aid

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

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

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

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

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

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget included \$31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also included \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

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

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

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

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

The State’s 2026-27 Enacted Budget was signed into law on May 27, 2026 – fifty-six (56) days after the April 1 start of the fiscal year. The FY 2026-27 Education, Labor and Family Assistance (ELFA) legislation contains several significant provisions affecting New York public school districts. The major school district–related items include:

- **Foundation Aid increase:** The budget provides an approximately \$779 million increase in Foundation Aid, bringing total Foundation Aid to about \$27.1 billion statewide. Every district is guaranteed at least a minimum annual increase.
- **Overall School Aid increase:** Total School Aid for the 2026-27 school year is projected at approximately \$39.3 billion, an increase of roughly \$1.6 billion over the prior year.
- **Universal Pre-K expansion:** The legislation significantly expands funding for universal prekindergarten programs. Districts will receive increased per-pupil funding for four-year-old programs, with the goal of statewide universal full-day Pre-K by the 2028-29 school year.
- **Expense-based aids fully funded:** The budget continues statutory reimbursement formulas for Building Aid, Transportation Aid, BOCES Aid and special education expense aids. These aids are projected to increase by roughly \$282 million statewide.
- **Building Aid for renewable energy projects:** Certain renewable energy improvements, including ground-mounted solar facilities, may now qualify as part of a project’s “primary cost allowance” for Building Aid purposes.

Foundation Aid formula adjustments. The budget continues recent efforts to modernize the Foundation Aid formula by relying more heavily on updated poverty and economic-need data instead of older census metrics and free-and-reduced lunch statistics.

State Aid Litigation

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

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

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

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

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

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

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for each of the below fiscal years and the budgeted figures for the current fiscal year comprised of State aid.

<u>Fiscal Year</u>	Percentage of Total Revenues Consisting of State Aid ⁽¹⁾		
	<u>Total State Aid⁽¹⁾</u>	<u>Total Revenues⁽¹⁾</u>	
2020-2021	\$28,300,310	\$42,216,099	67.04%
2021-2022	29,832,510	43,148,898	69.14
2022-2023	31,907,740	45,534,937	70.07
2023-2024	32,437,726	46,826,667	69.27
2024-2025	33,748,768	48,037,636	70.25
2025-2026 (Budgeted)	34,130,588	47,814,569	71.38
2026-2027 (Budgeted)	36,509,187	50,243,168	72.66

⁽¹⁾ General Fund only.

Source: Audited financial statements for the 2020-2021 fiscal year through and including the 2024-2025 fiscal year and adopted budgets of the District for the 2025-2026 and 2026-2027 fiscal years. This table is not audited.

District Facilities

<u>Building Name</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Date of Last Addition/Alteration</u>	<u>Maximum Capacity</u>
Stanford J. Gibson Primary School	Pre-K – 2	1955	2023	756
Perry Browne Intermediate School	3 – 5	1955	2023	756
Norwich Middle School	6 – 8	1980	2023	650
Norwich High School	9 – 12	1965	2023	1,000

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2021-2022	1,689	2026-2027	1,584
2022-2023	1,640	2027-2028	1,569
2023-2024	1,619	2028-2029	1,555
2024-2025	1,601	2029-2030	1,541
2025-2026	1,599	2030-2031	1,527

Source: District officials.

Employees

The District employs a total of 326 full-time employees, 307 of which are represented by various unions as follows:

<u>Number of Employees</u>	<u>Association</u>	<u>Contract Expiration Date</u>
177	Norwich Educators' Organization	June 30, 2026 ⁽¹⁾
141	Norwich Educational Support Staff Association	June 30, 2028
9	Norwich Association of Certified Administrative & Supervisory Personnel	June 30, 2027

⁽¹⁾ Currently in negotiations

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 had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

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

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022.
- 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. Effective April 20, 2024, this final average salary calculation for ERS Tier VI members has been changed from five years to the three highest consecutive years of earnings. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

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

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$455,409	\$1,031,967
2021-2022	358,940	1,267,254
2022-2023	330,668	1,393,670
2023-2024	424,924	1,356,069
2024-2025	532,063	1,369,673
2025-2026 (Budgeted)	555,000	1,586,000
2026-2027 (Budgeted)	600,000	1,600,000

Source: District officials.

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 does not currently have any early retirement incentive programs.

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

A chart of average ERS and TRS rates as a percent of payroll (2021-22 to 2026-27) is shown below:

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

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 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.

The State’s 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a fund and has fully funded the TRS reserve at \$1,243,046.

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.

District contracted with Capital Region BOCES to calculate its actuarial valuation under GASB 75.

The following outlines the changes to the Total OPEB Liability during the past two fiscal years, by source:

	June 30, 2023	June 30, 2023
Balance beginning at:	\$ 6,276,033	\$ 6,546,176
<u>Changes for the year:</u>		
Service cost	287,214	274,438
Interest	229,667	257,240
Changes of Benefit Terms	429,583	-
Differences between expected and actual experience		(332,955)
Changes in assumptions or other inputs	(129,406)	(517,013)
Benefit payments	(546,915)	(555,478)
Net Changes	\$ 270,143	\$ (873,768)
	June 30, 2024	June 30, 2024
Balance ending at:	<u>\$ 6,546,176</u>	<u>\$ 5,672,408</u>

Note: The above table is not audited. For further information see "APPENDIX – C".

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 bonds and notes are to be issued is the Education Law and the Local Finance Law.

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

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

Other than “Estimated Overlapping Indebtedness”, this Official Statement does not include the financial data of any other political subdivisions of the State having power to levy taxes within the District.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2025 and is attached hereto as “APPENDIX – C”. Certain financial information of the District can be found attached as Appendices to the Official Statement.

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

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

New York State Comptroller Report 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 released an audit report of the District on March 16, 2023. The purpose of the audit was to determine whether District officials appropriately tracked, inventoried and safeguarded information technology (IT) assets acquired or in use during the period July 1, 2019 through March 31, 2022. The audit period was extended through July 5, 2022.

Key Findings:

- Although District officials conducted a comprehensive annual inventory, they did not appropriately track or maintain complete IT inventory records or establish adequate controls to safeguard IT assets. As a result, officials cannot assure taxpayers that money invested in IT assets has been appropriately spent or safeguarded
- 50 IT assets were selected to confirm their location and that they were inventoried, and 10 additional IT assets were selected to confirm they were inventoried. 12 percent of the sampled assets were not properly accounted for.
- In addition, officials have not adopted a comprehensive written policy for IT equipment inventory

Key Recommendations:

- Ensure District inventory records contain all information as required by the Policy
- Update inventory records to track the assets not currently in District records

The District officials agreed with the recommendations and have initiated or indicated the plan to initiate corrective action. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

The Office of the State Comptroller conducted a Data Security Review in March 2024. A complete scope of the review, findings, and recommendations have not been released as of the date of this Official Statement.

There are no other State Comptroller’s audits of the District that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not included by reference herein.

The State Comptroller’s Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State’s school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller 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 past five fiscal years of the District are as follows:

<u>Fiscal Year Ending</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2025	No Designation	0.0
2024	No Designation	0.0
2023	No Designation	20.0
2022	No Designation	20.0
2021	No Designation	0.0

Source: Website of the Office of the New York State Comptroller.

Note: Reference to website implies no warranty of accuracy of information therein, and the website is not incorporated herein by reference.

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TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
City of:					
Norwich	\$ 145,822,581	\$ 147,242,145	\$ 147,845,351	\$ 148,028,915	\$ 146,578,663
Towns of:					
Guilford	3,413,154	3,469,066	3,471,843	3,475,052	3,475,485
McDonough	6,145,458	6,152,877	6,149,902	6,162,327	6,176,619
New Berlin	1,885,483	1,884,589	1,913,514	1,912,267	1,911,696
North Norwich	21,805,737	22,204,341	22,237,885	22,599,698	22,693,784
Norwich	90,592,171	90,682,807	90,864,816	92,239,036	93,112,472
Oxford	1,604,634	1,619,932	1,619,088	1,620,882	1,617,361
Pharsalia	8,475,467	8,493,445	8,543,883	8,558,498	8,597,204
Plymouth	47,831,716	48,040,951	48,212,575	48,346,643	48,666,782
Preston	8,352,731	8,146,757	8,341,660	8,346,086	8,285,240
Smyrna	202,524	197,345	195,283	193,682	194,265
Total Assessed Values	\$ 336,131,656	\$ 338,134,255	\$ 339,395,800	\$ 341,483,086	\$ 341,309,571

State Equalization Rates

City of:					
Norwich	60.00%	56.00%	51.00%	47.70%	46.00%
Towns of:					
Guilford	100.00%	89.00%	83.00%	81.00%	79.00%
McDonough	73.20%	63.59%	60.46%	59.36%	56.54%
New Berlin	96.00%	82.00%	77.00%	75.00%	70.00%
North Norwich	58.75%	48.90%	45.60%	43.90%	41.20%
Norwich	45.00%	40.00%	36.00%	34.00%	32.00%
Oxford	60.00%	51.60%	44.68%	42.10%	37.00%
Pharsalia	51.10%	45.22%	42.26%	41.10%	33.65%
Plymouth	54.52%	46.20%	39.43%	39.43%	37.55%
Preston	43.50%	36.00%	30.08%	29.40%	28.00%
Smyrna	60.00%	54.60%	50.09%	49.80%	47.00%

Taxable Full Valuations

City of:					
Norwich	\$ 243,037,635	\$ 262,932,402	\$ 289,892,845	\$ 310,333,155	\$ 318,649,267
Towns of:					
Guilford	3,413,154	3,897,827	4,182,943	4,290,188	4,399,348
McDonough	8,395,434	9,675,856	10,171,852	10,381,279	10,924,335
New Berlin	1,964,045	2,298,279	2,485,083	2,549,689	2,730,994
North Norwich	37,116,148	45,407,650	48,767,292	51,479,950	55,082,000
Norwich	201,315,936	226,707,018	252,402,267	271,291,282	290,976,475
Oxford	2,674,390	3,139,403	3,623,742	3,850,076	4,371,246
Pharsalia	16,586,041	18,782,497	20,217,423	20,823,596	25,548,897
Plymouth	87,732,421	103,984,742	122,273,840	122,613,855	129,605,278
Preston	19,201,680	22,629,881	27,731,582	28,388,048	29,590,143
Smyrna	337,540	361,438	389,864	388,920	413,330
Total Taxable Full Valuation	\$ 621,774,425	\$ 699,816,993	\$ 782,138,734	\$ 826,390,037	\$ 872,291,314

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
City of:					
Norwich	\$ 32.33	\$ 31.26	\$ 31.32	\$ 32.39	\$ 33.01
Towns of:					
Guilford	19.40	19.67	19.24	19.07	19.22
McDonough	26.50	26.50	26.42	26.03	26.85
New Berlin	20.21	20.21	20.74	20.60	21.69
North Norwich	33.02	33.02	35.03	35.19	36.85
Norwich	43.11	41.11	44.37	45.44	47.45
Oxford	32.33	32.33	35.75	36.70	41.03
Pharsalia	37.97	37.97	37.80	37.59	45.12
Plymouth	35.76	35.76	40.51	39.18	40.43
Preston	44.60	44.60	53.10	52.55	54.22
Smyrna	32.33	32.33	31.89	31.02	32.30
Tax Rate/\$1,000					
Equalized Value	\$ 19.40	\$ 17.50	\$ 15.97	\$ 15.45	\$ 15.18
Tax Levy as a Percentage of Equalized Value	1.94%	1.75%	1.60%	1.55%	1.52%

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
General Fund Tax Levy	\$ 12,071,311	\$ 12,250,159	\$ 12,493,183	\$ 12,767,457	\$ 13,243,683
Omission/Loss of Exemptions - Prior Year	-	-	-	-	-
Levy for Library	1,018,000	1,025,150	1,028,650	1,048,050	1,123,600
Total Levy for All Purposes	\$ 13,089,311	\$ 13,275,309	\$ 13,521,833	\$ 13,815,507	\$ 14,367,283
Excess/(Deficit) on Tax Rolls	-	-	-	-	-
Taxes Cancelled	-	-	-	-	-
Net Taxes on Roll	\$ 13,089,311	\$ 13,275,309	\$ 13,521,833	\$ 13,815,507	\$ 14,367,283
STAR Program	1,560,481	1,494,152	1,395,152	1,302,319	1,350,320
Net Taxes after STAR	\$ 11,528,830	\$ 11,781,157	\$ 12,126,681	\$ 12,513,188	\$ 13,016,963
Taxes Collected Prior to Return	10,552,327	10,796,545	10,986,886	11,379,438	12,052,953
% Collected Prior to Return	91.53%	91.64%	90.60%	90.94%	92.59%
Uncollected Date of Return ⁽¹⁾	973,809	984,612	1,134,008	1,130,449	1,089,278
% Uncollected	8.45%	8.36%	9.35%	9.03%	8.37%

⁽¹⁾ See "Tax Collection Procedure" herein.

Tax Collection Procedure

The District begins the tax collection process October 1 of each year and continues through March 31. Taxes may be paid in full on or before October 31 or they may be paid in two installments due on October 31 and March 31, without penalty.

If the first installment is paid in the month of November, a 2% penalty applies. The penalty increases 1% each month that taxes are delinquent up to 6% in March. After March 31, all delinquent taxes are returned to either the City of Norwich, for property within the City limits, or the Chenango County Treasurer, for property outside the City limits. The District is reimbursed by the City and County for all unpaid taxes and is thus assured of 100% collection of its annual levy.

Ten Largest Taxpayers – 2025 Assessment Roll for 2025-26

<u>Name</u>	<u>Type</u>	Full Valuation
New York State Electric & Gas Corp.	Utility	\$37,901,362
State of New York	Forest Land	23,112,782
Wal-Mart Real Estate Business	Commercial	14,478,125
Frontier Communications	Utility	8,660,296
Lowe’s Home Improvement	Retail	8,073,438
Widewaters Route 12 Associates	Commercial	7,409,203
NBT Bank, N.A.	Financial Institution	6,875,951
Unison Industries, Inc.	Industrial	4,276,272
Kerry Biofunctional Ingr Inc.	Manufacturing	4,153,313
Sky Norwich, LLC	Commercial	3,906,250

The ten largest taxpayers listed above have a total full valuation of \$118,846,992 which represents approximately 13.62% of the tax base of the District for the 2025-2026 fiscal year.

As of the date of this Continuing Disclosure Statement, the District currently does not have any pending or outstanding tax certioraris that, if decided adversely to the District, would have a material impact on the District.

Source: District officials.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities (“STAR Adjusted Gross Income”) of \$98,700 or less in the 2024-2025 school year, increased annually according to a cost of living adjustment, are eligible for a “full value” exemption of 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 2019-2020 State Budget made several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to \$250,000, compared with a \$500,000 limit for the credit. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually. Homeowners with STAR Adjusted Gross Income of \$250,000 or less have the option to select the credit or the exemption.

The 2020-2021 State Budget further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemptions and credits are not impacted by this program; they may continue to receive STAR benefits even if their property taxes are delinquent.

The 2022-2023 State Budget provided \$2.2 billion in State funding for a new one-year 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.

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The below table lists the basic and enhanced exemption amounts for the 2025-2026 District tax roll for the municipalities applicable to the District:

<u>Municipality</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
City of:			
Norwich	\$ 40,710	\$ 13,800	4/10/2026
Towns of:			
Guilford	69,920	23,700	4/10/2026
McDonough	50,040	16,960	4/10/2026
New Berlin	61,950	21,000	4/10/2026
North Norwich	36,460	12,360	4/10/2026
Norwich	28,320	9,600	4/10/2026
Oxford	32,750	11,290	4/10/2026
Pharsalia	31,500	10,970	4/10/2026
Plymouth	33,230	11,270	4/10/2026
Preston	24,780	8,400	4/10/2026
Smyrna	41,600	14,100	4/10/2026

\$1,350,320 of the District’s \$13,243,683 tax levy for the 2025-2026 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State by January 2026.

Approximately \$1,275,500 of the District’s \$13,243,683 tax levy for the 2026-2027 fiscal year is expected to be exempt by the STAR Program. The District expects to receive full reimbursement of such exempt taxes from the State by January 2027.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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 otherwise contract indebtedness. Such constitutional limitations in summary form, and as generally applicable to the District and the Notes 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 corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The School 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 determined by statute; unless substantially level or declining annual debt service is authorized by the Board of Education and utilized, no installment may be more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds or such required annual installments on its notes.

Statutory Procedure

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

The District has the power to contract indebtedness for any School District purpose provided that the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District as required by the Local Finance Law and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by dividing the assessed valuation of taxable real estate for the last completed assessment roll by the equalization rate established by the State Office of Real Property Services in accordance with applicable State law.

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

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

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

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in 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 School 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).

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).

STATUS OF INDEBTEDNESS

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30:</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$ 11,345,000	\$ 7,790,000	\$ 4,080,000	\$ 3,690,000	\$ 3,285,000
Bond Anticipation Notes	0	0	0	17,600,000	35,062,583
Leases ⁽¹⁾	0	2,618,535	2,456,217	2,071,729	1,439,964
Other Debt ⁽²⁾	<u>3,167,698</u>	<u>2,914,686</u>	<u>2,665,206</u>	<u>2,389,091</u>	<u>2,116,171</u>
Total Debt Outstanding	<u>\$ 14,512,698</u>	<u>\$ 13,323,221</u>	<u>\$ 9,201,423</u>	<u>\$ 25,750,820</u>	<u>\$ 41,903,718</u>

⁽¹⁾ In 2022, the District implemented GASB Statement No. 87 for accounting and reporting leases. See "Lease Liability" herein.

⁽²⁾ Represents an Energy Performance Contract (EPC). See "Energy Performance Contract" herein.

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Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of June 3, 2026:

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Amount</u>
<u>Bonds</u>	2025-2033	Various	\$ 3,285,000
<u>Bond Anticipation Notes</u>			
Capital Project	June 25, 2026	3.50%	<u>35,062,583</u> ⁽¹⁾
		Total Indebtedness	<u>\$38,347,583</u>

⁽¹⁾ To be redeemed and renewed in part with the proceeds of the Notes and \$1,806,000 available funds of the District.

Note: The figures above do not include any energy performance contract, capital lease, or installment purchase obligations, to the extent that any such obligations may be applicable to the District, which, although such obligations do not constitute general obligation indebtedness do count towards the debt limit of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 3, 2026:

Full Valuation of Taxable Real Property	\$ 872,291,314
Debt Limit – 10% thereof	87,229,131

Inclusions:

Bonds.....	\$ 3,285,000	
Bond Anticipation Notes	<u>35,062,583</u>	
Total Inclusions prior to issuance of the Notes	<u>\$38,347,583</u>	
Less: BANs being redeemed from appropriations	1,806,000	
Add: New money proceeds of the Notes	<u>0</u>	
..... Total Net Inclusions after issuance of the Notes		\$36,541,583

Exclusions:

Building Aid ⁽¹⁾	<u>\$ 0</u>	
Total Exclusions.....		<u>\$ 0</u>

Total Net Indebtedness	<u>\$ 36,541,583</u>
Net Debt-Contracting Margin	<u>\$ 50,687,548</u>
The percent of debt contracting power exhausted is	41.89%

⁽¹⁾ Based on 2026-2027 preliminary building aid estimates, the District anticipates State Building aid of 94.7% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The 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 District will receive in relation to the outstanding bonds.

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

Note: The figures above do not include any energy performance contract, capital lease, or installment purchase obligations, to the extent that any such obligations may be applicable to the District, which, although such obligations do not constitute general obligation indebtedness do count towards the debt limit of the District.

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Capital Project Plans

On March 15, 2023, the District's Board of Education approved a bond resolution authorizing certain capital improvements consisting of construction and reconstruction of school buildings and facilities, authorizing the issuance of bond anticipation notes and serial bonds in the amount of \$1,100,000 to finance said project. The District also plans to utilize \$8,000,000 of capital reserve funds for a maximum estimated cost of \$9,100,000. On May 16, 2023, the qualified voters of the District approved the abovementioned capital improvement project. On June 25, 2025 the District issued \$35,062,583 bond anticipation notes, a \$1,100,000 portion said notes, provided the initial borrowing and fully exhausted the borrowing power of the aforementioned authorization.

On September 22, 2021, the District's Board of Education approved a bond resolution authorizing certain capital improvements consisting of reconstruction of school buildings and facilities, authorizing the issuance of bond anticipation notes and serial bonds in the amount of \$34,300,000 to finance said project. The District also plans to utilize \$700,000 in existing capital reserve fund for a maximum estimated cost of \$35,000,000. On November 19, 2021, District voters approved the abovementioned capital improvement project. The District anticipates issuing bond anticipation notes based on cash flow needs of the project and subsequently issuing serial bonds to permanently finance the project upon completion. The School District received the consent of the Board of Regents and the Office of the State Comptroller on April 12, 2023 to exceed its debt limit in connection with the issuance of bond anticipation notes and serial bonds related to this authorization. The District issued \$13,400,000 bond anticipation notes on July 13, 2023 as the first borrowing against this authorization. On June 26, 2024, the District issued \$17,600,000 bond anticipation notes to mature on June 26, 2025, the proceeds of which fully redeemed and renewed the \$13,400,000 bond anticipation notes that matured on June 27, 2024 and provided \$4,200,000 in new money for the aforementioned project. On March 18, 2025 the District issued \$3,000,000 bond anticipation notes which matured on June 26, 2025, the proceeds of which provided \$3,000,000 in new money for the aforementioned project. \$33,962,583 of the \$35,062,583 bond anticipation notes issued on June 25, 2025, along with \$337,417 available funds of the District, redeemed and renewed in part the outstanding \$17,600,000 bond anticipation notes and fully redeemed and renewed the \$3,000,000 bond anticipation notes which matured on June 26, 2025 and additionally, \$13,700,000 of new money was issued for the aforementioned project.

The proceeds of the Notes along with \$1,806,000 available funds of the District will redeem and renew in part the outstanding \$35,062,583 bond anticipation notes that mature on June 25, 2026.

There are presently no other capital projects authorized and unissued by 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, historically, has not found it necessary to issue Tax Anticipation Notes or Revenue Anticipation Notes. The District did find it necessary to issue \$3,500,000 Revenue Anticipation Notes, 2020 for the 2020-2021 fiscal year. The District did not issue revenue anticipation notes in the previous five fiscal years and does not anticipate issuing revenue or tax anticipation notes in the 2026-2027 fiscal year.

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Energy Performance Contract

On May 26, 2016, the District entered into an installment purchase contract with Bank of America, N.A. in the amount of \$4,118,205 to finance the purchase of equipment and building improvements. The financing contract requires interest payments beginning in the fiscal year 2017 and principal payments beginning in the fiscal year 2018 with an interest rate of 2.54%. The final principal payment is scheduled to be paid in 2032.

Annual debt service payments of the installment purchase as of June 30, 2025 are as follows:

\$4,118,205					
2016					
Energy Performance Contract					
Dated May 26, 2016					
Fiscal Year	12/15 Principal	6/15 Principal	12/15 Interest	6/15 Interest	Total
2026	139,066.10	140,832.94	26,885.96	25,119.12	331,904.12
2027	142,622.22	144,434.24	23,329.84	21,517.82	331,904.12
2028	146,269.27	148,127.63	19,682.79	17,824.43	331,904.12
2029	150,009.59	151,915.46	15,942.47	14,036.60	331,904.12
2030	153,845.54	155,800.15	12,106.52	10,151.91	331,904.12
2031	157,779.59	159,784.18	8,172.47	6,167.88	331,904.12
2032	161,814.24	163,870.09	4,137.82	2,081.97	331,904.12
2033	-	-	-	-	-
2034	-	-	-	-	-
Total	1,051,406.55	1,064,764.69	110,257.87	96,899.73	2,323,328.84

Source: Audited Financial Statement of the District, attached hereto as "APPENDIX -D".

Lease Liability

The District enters into lease agreements for certain equipment that are considered leases. The following is a summary of the District's debt service requirements for its leases as of June 30, 2025:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,079,999	\$ 44,190	\$ 1,124,189
2027	205,030	15,458	220,488
2028	110,954	7,337	118,291
2029	43,981	2,083	46,064
TOTAL	\$ 1,439,964	\$ 69,068	\$ 1,509,032

Source: Audited Financial Statement of the District, attached hereto as "APPENDIX -D".

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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 respective municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:				
Chenango	12/31/2024	-	23.52%	-
City of:				
Norwich	12/31/2024	7,393,400	100.00%	7,393,400
Town of:				
Guilford	12/31/2024	440,299	2.12%	9,334
McDonough	12/31/2024	-	11.44%	-
New Berlin	12/31/2024	775,050	1.35%	10,463
North Norwich	12/31/2024	-	40.19%	-
Norwich	12/31/2024	200,000	87.35%	174,700
Oxford	12/31/2024	-	1.58%	-
Pharsalia	12/31/2024	-	29.52%	-
Plymouth	12/31/2024	30,106	88.44%	26,626
Preston	12/31/2024	-	36.33%	-
Smyrna	12/31/2024	-	0.42%	-
			Total:	\$ 7,614,523

⁽¹⁾ Outstanding bonds and bond anticipation notes are as of the close of the respective fiscal years and are not adjusted to include subsequent bond or note sales, if any.

Note: Gross indebtedness sourced from local government data provided by the State Comptroller's office. Information regarding applicable exclusions, such as water debt, sewer debt, and budgeted appropriations for respective municipalities is not currently available from source.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 3, 2026:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 36,541,583	\$ 2,944.29	4.19%
Net Indebtedness Plus Gross Overlapping Indebtedness ⁽³⁾	44,156,106	3,557.82	5.06

- ^(a) The current population of the District is estimated to be 12,411. (See "THE SCHOOL DISTRICT – Population" herein.)
- ^(b) The District's full value of taxable real estate for 2025-2026 fiscal year using Regular State Equalization Rates is \$872,291,314. (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 Gross Overlapping Indebtedness is estimated to be \$7,614,523. (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

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

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. 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 or interest on the Notes.

In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

The Federal Bankruptcy Code allows public bodies, such as the District, 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 to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While these Local Finance Law provisions do not apply to school districts, there can be no assurance that they will not be made so applicable in the future.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

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

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."

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

MARKET AND RISK FACTORS

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

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

The District is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In 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").

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

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 and Notes be and remain excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code. The District has covenanted to comply with such requirements. Failure by the District to comply with such requirements may cause interest on the Notes to be includable in gross income for federal income tax purposes retroactive to the date of initial issuance of the Notes. In the opinion of Bond Counsel, to be delivered at the time of initial issuance of the Notes, under existing statute, regulations and court decisions, interest on the Notes is excludable from gross income for federal income tax purposes pursuant to Section 103 of the Code and will continue to be so excluded if the District complies with all such requirements; and under the Code, interest on the Notes is not a specific item of tax preference for purposes of the federal alternative minimum tax, 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 other federal income tax consequences caused by the receipt or accrual of interest on the Notes.

Among other things, the Code requires that, under certain circumstances, the yield on investments acquired with the proceeds of debt obligations be restricted and that an amount equal to the net arbitrage earnings from the investment of the proceeds thereof be paid to the Federal Government. If, in those circumstances, the School District intentionally failed to restrict the yield on such investments, or failed to make the required payments to the Federal Government within the periods and in the manner specified by the Code with regard to both the Notes and any obligations refunded with proceeds of the Notes, or failed to comply with certain other provisions of the Code, interest on the Notes would be subject to the Federal Government on a timely basis, such noncompliance was not due to willful disregard and relief was sought from, and granted by, the Internal Revenue Service. The School District will covenant in its arbitrage and closing certificate with respect to the Notes that it will take all actions on its part necessary under the Code to cause interest on the Notes not be includable in the gross income of the owners thereof for Federal income tax purposes, including compliance with the requirements set forth above, to the extent the same are applicable, and refrain from taking any action which would cause interest on the Notes to be includable in the gross income of the owners thereof for Federal income tax purposes,

The opinion of Bond Counsel described herein with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable Federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

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In addition to the matters referred to in the preceding paragraph, prospective purchasers of the Notes should be aware of other federal income tax consequences of acquiring the Notes, including, without limitation, that (i) with respect to certain insurance companies, the Code reduces the deduction for loss reserves by a portion of the sum of certain items, including interest on the Notes, (ii) interest on the Notes earned by certain foreign corporations doing business in the United States may be subject to a branch profits tax imposed by the Code, (iii) passive investment income, including interest on the Notes, may be subject to federal income taxation under the Code for certain S corporations that have certain earnings and profits, and (iv) the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in determining gross income, receipts or accruals of interest on the Notes. In addition, the Code, subject to the limited exception hereinafter described, denies the interest deduction for indebtedness, incurred or continued by banks, thrift institutions and certain other financial institutions to purchase or carry tax-exempt obligations, such as the Notes. The denial to such financial institutions of 100% of the deduction for interest paid on funds allocable to tax-exempt obligations applies to those tax-exempt obligations acquired by such financial institutions after August 7, 1986, for taxable years ending after December 31, 1986. The Code, however, contains a limited exception to this provision which permits a deduction for interest for such financial institutions to the extent that they purchase, directly or in the secondary market, obligations of certain governmental units that together with all subordinate or "on behalf of" entities thereof (and other governmental units with respect to which they are an "behalf of" entity) do not reasonably expect to issue in the aggregate more than \$10,000,000 of tax-exempt obligations [other than certain current refunding obligations and private activity bonds except for qualified 501(c)(3) bonds] in a calendar year and that designate such obligations as qualifying for such exception, unless such obligations are deemed so designated pursuant to the Code. In the record of proceedings providing for the issuance of the Notes, the District has (i) represented that there is no other governmental unit with respect to which the District would be a subordinate or "on behalf of" entity, (ii) represents that it reasonably expects that it, together with any subordinate or "on behalf of" entity thereof, will issue in the aggregate more than \$10,000,000 of such tax-exempt obligations during the relevant calendar year, and (iii) does NOT designate the Notes as qualifying for such exception, and the Notes are not deemed so designated pursuant to the Code for such purpose.

The Code has been continuously subject to legislative modifications, amendments and revisions and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. Future or pending proposals, if enacted into law, regulations, rulings or court decisions may cause interest on the Bonds to be subject, directly or indirectly to federal income taxation or to State or local taxation, or may otherwise prevent beneficial owners from realizing the full benefit of the tax status of such interest. No representation is made as to the likelihood of such proposals being enacted in the current or similar form, or if enacted, the effective date of any such legislation and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Bonds or the tax consequences of ownership on the Bonds. Prospective purchasers should consult their tax advisors regarding any pending or proposed federal or State tax legislations, regulations, rulings or litigation.

For example, various proposals have been made in Congress and by the President (the "Proposed Legislation") which, if enacted, would subject interest on the bonds that is otherwise excludable from gross income for federal income tax purposes, including interest on the Bonds to a tax payable by certain bondholders that are individuals, estates or trusts with adjusted gross income in excess of thresholds specified in the Proposed Legislation. It is unclear if the Proposed Legislation would be enacted, whether in its current or amended form, or if other legislation that would subject interest on the Bonds to a tax or cause interest on the Bonds to be included in the computation of a tax, will be introduced or enacted. Prospective purchasers should consult their tax advisors as to the effect of the Proposed Legislation, if enacted in its current form or as it may be amended, or such other legislation on their individual situations.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

LEGAL MATTERS

The validity of the Notes will be covered by the unqualified legal opinion of Timothy R. McGill, Esq., Fairport, New York, Bond Counsel to the District, such opinion to be delivered with the Notes. The proposed form of such opinion is attached hereto as "APPENDIX – E."

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the genuineness of the signatures appearing upon such public records, documents and proceedings, and such certifications; (ii) the scope of Bond Counsel's 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 therein; (iii) the opinions expressed therein 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 District, together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the 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 the light of the circumstances under which they were made, not misleading.

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 ("The Rule"), the District will enter into an Undertaking to Provide Notice of Material Events Certificate, a description of which is attached hereto as "APPENDIX – C".

Historical Compliance

Except as noted below, the District is in compliance, in all material respects, with all previous undertakings made pursuant to the Rule.

The District filed its Annual Financial Information and Operating Data for the fiscal year ended June 30, 2022 (the "AFIOD") on January 3, 2023. The filing of the AFIOD was therefore late with respect to said undertaking of the District.

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 municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement. The fees to be paid by the District to the Municipal Advisor 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.

RATING

The Notes are not rated. Subject to the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, such as a rating action that may require the filing of a material event notification to EMMA, and/or the provision of a supplement to the final Official Statement.

The District does not currently have underlying ratings from Moody's Investors Service, S&P Global Ratings, or Fitch Ratings.

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.

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.

Timothy R. McGill Law Offices, Fairport, 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: Todd Griffin, Assistant Superintendent for Business, 89 Midland Dr, Norwich, New York 13815, Phone: (607) 334-1600 x5505, Fax: (607) 336-8652, Email: tgriffin@norwichcsd.org.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., Phone: (315) 752-0051, or at www.fiscaladvisors.com.

CITY SCHOOL DISTRICT OF THE CITY OF NORWICH

Dated: June 3, 2026

CHRISTOPHER OLDS
PRESIDENT OF THE BOARD OF EDUCATION

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 3,113,387	\$ 561,761	\$ -	\$ 3,270,268	\$ 1,538,248
Restricted Cash	7,640,881	6,977,573	2,162,071	1,470,450	-
Investments	-	4,998,988	10,297,320	14,087,457	13,672,537
Taxes Receivable	812,881	761,532	679,393	582,399	722,696
Due from Other Funds	2,103,308	4,299,989	7,685,171	9,159,734	10,783,685
State and Federal Aid Receivable	1,530,352	1,726,193	1,598,424	829,666	2,197,643
Due from Other Governments	1,558,674	1,471,962	1,617,255	2,008,192	1,812,344
Other Receivables	116,279	45,794	141,161	177,999	69,335
Prepaid Expenditures	-	15,000	15,000	15,000	-
TOTAL ASSETS	\$ 16,875,762	\$ 20,858,792	\$ 24,195,795	\$ 31,601,165	\$ 30,796,488
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 341,822	\$ 246,605	\$ 294,728	\$ 1,345,534	\$ 213,739
Accrued Liabilities	277,663	356,201	332,548	863,247	539,604
Due to Other Funds	-	262,456	472,890	-	1,017,406
Due to Teachers' Retirement System	1,132,272	1,414,570	1,611,098	1,589,885	1,715,239
Due to Employees' Retirement System	133,350	76,939	93,703	134,068	151,409
Due to Other Governments	482	32,356	356	357	356
Deferred Revenues	3,229,481	3,192,971	3,320,608	2,497,802	4,088,508
TOTAL LIABILITIES	5,115,070	5,582,098	6,125,931	6,430,893	7,726,261
<u>FUND EQUITY</u>					
Nonspendable	\$ -	\$ -	\$ -	\$ 15,000	\$ -
Restricted	7,640,881	11,991,561	15,360,844	15,557,907	8,559,426
Assigned	884,866	1,445,324	863,168	777,034	1,794,220
Unassigned	3,234,945	1,839,809	1,845,852	8,820,331	12,716,581
TOTAL FUND EQUITY	11,760,692	15,276,694	18,069,864	25,170,272	23,070,227
TOTAL LIABILITIES and FUND EQUITY	\$ 16,875,762	\$ 20,858,792	\$ 24,195,795	\$ 31,601,165	\$ 30,796,488

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:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 10,537,889	\$ 10,554,305	\$ 10,773,350	\$ 11,142,934	\$ 11,348,121
Real Property Tax Items	92,616	89,364	86,800	85,552	72,993
Other Tax Items	1,702,693	1,608,751	1,560,896	1,490,836	1,399,289
Charges for Services	1,026	66,974	57,027	148,546	283,441
Use of Money & Property	24,720	10,918	402,116	577,117	728,545
Sale of Property and Compensation for Loss	38,253	1,158	957	15,913	16,840
Miscellaneous	626,528	488,273	523,104	725,195	356,527
Revenues from State Sources	28,300,310	29,832,510	31,907,740	32,437,726	33,748,768
Revenues from Federal Sources	892,064	496,645	222,947	202,848	83,112
Total Revenues	<u>\$ 42,216,099</u>	<u>\$ 43,148,898</u>	<u>\$ 45,534,937</u>	<u>\$ 46,826,667</u>	<u>\$ 48,037,636</u>
Other Sources:					
Interfund Transfers	-	-	-	-	-
Proceeds of Obligations	-	-	-	-	-
Total Revenues and Other Sources	<u>42,216,099</u>	<u>43,148,898</u>	<u>45,534,937</u>	<u>46,826,667</u>	<u>48,037,636</u>
<u>EXPENDITURES</u>					
General Support	\$ 5,274,488	\$ 5,261,058	\$ 5,766,096	\$ 6,048,004	\$ 6,936,688
Instruction	15,464,374	18,135,194	21,002,408	21,041,864	21,582,934
Pupil Transportation	1,300,872	1,387,144	1,610,597	1,496,563	1,399,477
Community Services	9,256	2,263	1,225	656	21,001
Employee Benefits	7,972,430	8,312,326	8,586,349	8,814,675	9,854,092
Debt Service	4,538,305	5,113,203	5,113,352	2,185,182	2,896,550
Total Expenditures	<u>\$ 34,559,725</u>	<u>\$ 38,211,188</u>	<u>\$ 42,080,027</u>	<u>\$ 39,586,944</u>	<u>\$ 42,690,742</u>
Other Uses:					
Interfund Transfers	<u>66,530</u>	<u>1,421,708</u>	<u>661,740</u>	<u>139,315</u>	<u>7,446,939</u>
Total Expenditures and Other Uses	<u>34,626,255</u>	<u>39,632,896</u>	<u>42,741,767</u>	<u>39,726,259</u>	<u>50,137,681</u>
Excess (Deficit) Revenues Over Expenditures	<u>7,589,844</u>	<u>3,516,002</u>	<u>2,793,170</u>	<u>7,100,408</u>	<u>(2,100,045)</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	4,170,848	11,760,692	15,276,694	18,069,864	25,170,272
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 11,760,692</u>	<u>\$ 15,276,694</u>	<u>\$ 18,069,864</u>	<u>\$ 25,170,272</u>	<u>\$ 23,070,227</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2025			2026	2027
	Original Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 12,767,457	\$ 12,767,457	\$ 11,348,121	\$ 13,243,683	\$ 13,243,683
Real Property Tax Items	-	-	72,993	58,298	58,298
Other Tax Items	120,174	120,174	1,399,289	75,000	75,000
Charges for Services	-	-	283,441	-	-
Use of Money & Property	29,000	29,000	728,545	37,000	87,000
Sale of Property and Compensation for Loss	-	-	16,840	-	-
Miscellaneous	110,000	110,000	356,527	145,000	145,000
Revenues from State Sources	33,678,893	33,678,893	33,748,768	34,130,588	36,509,187
Revenues from Federal Sources	150,000	150,000	83,112	125,000	125,000
Total Revenues	\$ 46,855,524	\$ 46,855,524	\$ 48,037,636	\$ 47,814,569	\$ 50,243,168
Other Sources:					
Appropriated Fund Balance	500,000	500,000	-	1,500,000	1,500,000
Encumbrances Carried Forward from Prior Year	277,034	277,034	-	-	-
Interfund Transfers	-	7,068,580	-	-	-
Total Revenues and Other Sources	47,632,558	54,701,138	48,037,636	49,314,569	51,743,168
EXPENDITURES					
General Support	\$ 7,589,281	\$ 7,661,449	\$ 6,936,688	7,577,520	8,147,181
Instruction	22,554,914	22,323,759	21,582,934	22,236,234	22,419,798
Pupil Transportation	2,069,524	1,515,914	1,399,477	2,204,847	2,596,332
Community Services	38,500	49,000	21,001	85,415	111,859
Employee Benefits	12,017,250	12,006,250	9,854,092	12,768,997	14,042,567
Debt Service	2,963,089	3,680,106	2,896,550	4,066,556	4,124,506
Total Expenditures	\$ 47,232,558	\$ 47,236,478	\$ 42,690,742	\$ 48,939,569	\$ 51,442,243
Other Uses:					
Interfund Transfers	400,000	7,464,660	7,446,939	375,000	300,925
Total Expenditures and Other Uses	47,632,558	54,701,138	50,137,681	49,314,569	51,743,168
Excess (Deficit) Revenues Over Expenditures	-	-	(2,100,045)	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	25,170,272	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	\$ -	\$ -	\$ 23,070,227	\$ -	\$ -

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	\$ 405,000	\$ 148,650.00	\$ 553,650.00
2027	435,000	128,400.00	563,400.00
2028	455,000	106,650.00	561,650.00
2029	410,000	83,900.00	493,900.00
2030	425,000	63,400.00	488,400.00
2031	430,000	42,150.00	472,150.00
2032	350,000	29,250.00	379,250.00
2033	375,000	18,750.00	393,750.00
TOTALS	\$ 3,285,000	\$ 621,150.00	\$ 3,906,150.00

Note: The totals above do not include Energy Performance Contracts or Lease Liabilities. See "Energy Performance Contract" and "Lease Liability" herein.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	\$4,118,205 2016		\$7,430,000 2019A	
	Energy Performace Contract		DASNY - Capital Project	
	12/15 & 6/15	12/15 & 6/15	7/15	6/15 & 12/15
	Principal	Interest	Principal	Interest
2026	\$ 279,899	\$ 52,005.08	\$ 405,000	\$ 148,650.00
2027	287,056	44,847.66	435,000	128,400.00
2028	294,397	37,507.22	455,000	106,650.00
2029	301,925	29,979.07	410,000	83,900.00
2030	309,646	22,258.43	425,000	63,400.00
2031	317,564	14,340.35	430,000	42,150.00
2032	325,684	6,219.79	350,000	29,250.00
2033	-	-	375,000	18,750.00
TOTAL	\$ 2,116,171	\$ 207,157.60	\$ 3,285,000	\$ 621,150.00

Note: EPC figures are not included in the totals on APPENDIX - B.

MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

**CITY SCHOOL DISTRICT OF THE CITY OF NORWICH
CHENANGO COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

FOR THE FISCAL YEAR ENDED

JUNE 30, 2025

The Audited Financial Statements, including opinion, 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.

**NORWICH CITY
SCHOOL DISTRICT**

Norwich, New York

FINANCIAL REPORT

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



NORWICH CITY SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

Board of Education
Norwich City School District
Norwich, New York

Report on the Audit of the Financial Statements

Opinions

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

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the School District, as of June 30, 2025, and the respective changes in financial position thereof 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 (GAAS) and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of a Matter

During the year ended June 30, 2025, the School District implemented GASB Statement No. 101, "Compensated Absences." As discussed in Note 18 to the financial statements, governmental activities net position as of June 30, 2024 was restated to reflect this change in accounting principle.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the 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.

Auditors' 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 auditors' 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 GAAS 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 GAAS 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 the School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the School District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; budgetary comparison schedules; the Schedules of School District's Contributions - NYSLRS and NYSTRS Pension Plans; the Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability; Schedule of Changes in the District's Total OPEB Liability and Related Ratios; and related notes 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 (GASB), 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 GAAS, 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 School District's basic financial statements. The Schedules of Change from Adopted Budget to Final Budget and the Real Property Tax Limit; Schedule of Project Expenditures - Capital Projects Fund; Schedule of Net Investment in Capital Assets; Balance Sheet - Non-Major Governmental Funds; and Statement of Revenues, Expenditures, and Changes in Fund Balance - Non-Major Governmental Funds (supplementary information); are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 15, 2025, on our consideration of the School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the 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 the School District's internal control over financial reporting and compliance.

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 15, 2025

NORWICH CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

The following is a discussion and analysis of the Norwich City School District's (the School District) financial performance for the fiscal year ended June 30, 2025. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the District-wide and Governmental Fund financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements, and supplementary information, both required and not required. The basic financial statements include two kinds of statements that present different views of the School District.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

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 School District's budget for the year; Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plans; School District's Proportionate Share of the Net Pension (Asset)/Liability; and Changes in the School District's Total OPEB Liability and Related Ratios.

District-Wide Financial Statements

The District-wide financial statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position includes all of the School 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 financial statements report the School District's net position and how they have changed. Net position (the difference between the School District's assets, deferred outflows and inflows of financial resources, and liabilities) is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

NORWICH CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School 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 School District's funds, focusing on its most significant or "Major" Funds and not on the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The School District has two kinds of funds:

- **Governmental Funds:** Most of the School 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 one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds statements explains the relationship (or differences) between them.
- **Fiduciary Funds:** The School District is the trustee, or fiduciary, for assets that belong to others, such as the Student Activities Funds. The School 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 School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The School District's combined net position for the fiscal year ended June 30, 2025 increased by \$5,314,907. Our analysis below focuses on the net position (*Figure 1*) and changes in net position (*Figure 2*) of the School District's Governmental Activities.

NORWICH CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

Figure 1

<i>Condensed Statement of Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2025</i>	<i>2024</i>	
<i>Current Assets</i>	\$ 23,272,071	\$ 13,362,819	\$ 9,909,252
<i>Noncurrent Assets</i>	18,301,247	18,922,241	(620,994)
<i>Capital Assets, Net</i>	95,622,746	81,751,209	13,871,537
<i>Total Assets</i>	\$ 137,196,064	\$ 114,036,269	\$ 23,159,795
<i>Total Deferred Outflows of Resources</i>	\$ 8,727,241	\$ 10,888,591	\$ (2,161,350)
<i>Current Liabilities</i>	41,576,199	24,208,871	17,367,328
<i>Noncurrent Liabilities</i>	14,459,748	17,619,081	(3,159,333)
<i>Total Liabilities</i>	\$ 56,035,947	\$ 41,827,952	\$ 14,207,995
<i>Total Deferred Inflows of Resources</i>	\$ 6,196,877	\$ 4,721,334	\$ 1,475,543
<i>Net Investment in Capital Assets</i>	51,716,510	54,702,467	(2,985,957)
<i>Restricted</i>	10,333,664	16,828,891	(6,495,227)
<i>Unrestricted</i>	21,640,307	6,844,216	14,796,091
<i>Total Net Position</i>	\$ 83,690,481	\$ 78,375,574	\$ 5,314,907

Significant changes from the prior year are as follows:

- Current assets increased primarily due to increases in cash and investments as a result of operations and use of capital reserve fund monies to finance ongoing capital projects.
- Noncurrent assets and restricted net position decreased primarily due to Board approved decreases in general fund reserves partially offset by increases in the District's proportionate share of the TRS net pension asset.
- Capital assets increased due to capital outlay exceeding depreciation expense, largely due to ongoing capital projects.
- The changes in noncurrent liabilities, deferred inflows of resources, and deferred outflows of resources are primarily related to changes in the actuarially determined proportionate share of the pension systems plan's net pension (asset)/liability and related deferred outflows and inflows of resources, along with recognition of GASB Statement No. 75, based on an actuarial valuation of the School District's OPEB plan, partially offset by principal payments on liabilities.
- Current liabilities increased primarily due to the issuance of \$35,062,583 of Bond Anticipation Notes (BAN) during the year which remains outstanding at year end.
- Net investment in capital assets decreased based on debt and BAN proceeds and depreciation expense exceeding capital outlay and debt principal payments for the current year.
- Unrestricted net position increased due to results of operations and changes in other net position classifications.

NORWICH CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

Our analysis in *Figure 2* considers the operations of the School District's activities.

Figure 2

<i>Changes in Net Position</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2025</i>	<i>2024</i>	
<i>REVENUES</i>			
<i>Program Revenues:</i>			
<i>Charges for Services</i>	\$ 317,637	\$ 173,242	\$ 144,395
<i>Operating Grants</i>	4,139,231	4,128,538	10,693
<i>Capital Grants</i>	-	1,858,841	(1,858,841)
<i>General Revenues:</i>			
<i>Real Property Taxes</i>	11,466,396	11,114,445	351,951
<i>Real Property Tax Items</i>	1,472,282	1,576,388	(104,106)
<i>State Sources</i>	35,288,893	31,711,126	3,577,767
<i>Use of Money and Property</i>	836,748	977,197	(140,449)
<i>Medicaid Reimbursement</i>	83,112	202,848	(119,736)
<i>Other General Revenues</i>	(206,788)	772,886	(979,674)
<i>Total Revenues</i>	\$ 53,397,511	\$ 52,515,511	\$ 882,000
<i>PROGRAM EXPENSES</i>			
<i>General Support</i>	\$ 8,588,635	\$ 8,337,950	\$ 250,685
<i>Instruction</i>	34,202,840	34,743,989	(541,149)
<i>Pupil Transportation</i>	2,823,491	2,845,516	(22,025)
<i>Community Services</i>	104,897	77,899	26,998
<i>School Lunch Program</i>	1,623,715	1,684,744	(61,029)
<i>Interest on Debt</i>	739,026	704,192	34,834
<i>Total Expenses</i>	\$ 48,082,604	\$ 48,394,290	\$ (311,686)
<i>INCREASE IN NET POSITION</i>	\$ 5,314,907	\$ 4,121,221	\$ 1,193,686

Significant changes from the prior year are as follows:

- Total revenues for the School District's Governmental Activities increased by 1.68%, and total expenses decreased by 0.64%.
- Capital grant revenue decreased due to receipt of previously deferred Smart Schools bond revenue in the prior year.
- State sources increased due to additional state allocation increases in the current year.
- Other general revenues decreased primarily as a result of losses on capital asset disposals in the current year.
- Expenses as a whole decreased as a result of changes in OPEB and pension related obligations, partially offset by budgeted increases due to inflation, salary increases, and interest payments due.

NORWICH CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

Figure 3 shows the change in the School District's fund balances for the year.

As the School District completed the year, its Governmental Funds, as presented in the Balance Sheet, reported a combined fund balance deficit of \$3,555,093. The \$10,653,033 decrease in fund balance is primarily a result of capital outlay along with expenditures exceeding revenues in the General Fund, largely due to transfer of reserves to fund ongoing capital projects.

Figure 3

<i>Governmental Fund Balances</i>	<i>2025</i>	<i>2024</i>	<i>Total Dollar Change</i>
<i>Major Fund:</i>			
<i>General Fund</i>	\$ 23,070,227	\$ 25,170,272	\$ (2,100,045)
<i>Capital Projects Funds</i>	(28,434,195)	(19,389,842)	(9,044,353)
<i>Non-Major Funds:</i>			
<i>School Lunch Fund</i>	259,769	71,088	188,681
<i>Debt Service Fund</i>	332,300	89,647	242,653
<i>Miscellaneous Special Revenue Fund</i>	1,216,806	1,156,775	60,031
<i>Total Governmental Fund Balance (Deficit)</i>	\$ (3,555,093)	\$ 7,097,940	\$ (10,653,033)

Significant changes from the prior year are as follows:

- General Fund fund balance decreased due to funding of ongoing capital projects from capital reserve funds, partially offset by other revenues in excess of expenditures for the year.
- Capital Projects Fund fund balance varies based on the progress of capital projects, as projects begin BAN proceeds are obtained along with funding from the General Fund, which covers the ongoing costs of the project. The Capital Projects Fund reports deficit fund balance until expenditures are complete and long-term financing is obtained and the deficits are resolved.

GENERAL FUND BUDGETARY HIGHLIGHTS

Over the course of the year, the Superintendent approves budgetary transfers that revise the School District budget line items and the Board reviews the transfers. Typically, these budget amendments consist of budget transfers between functions, which do not increase the overall budget. During the current year, the budget was increased to account for prior year encumbrances and other adjustments.

The School District received \$1,182,112 more in General Fund revenues and other financing sources than budgeted. Expenditures and other financing uses were lower than the revised budget (with carryover encumbrances) by \$4,269,237.

Figure 4 summarizes the original and final budgets, the actual expenditures (including encumbrances), and the variances for the year ended June 30, 2025.

NORWICH CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

Figure 4

<i>Condensed Budgetary Comparison General Fund - 2025</i>	<i>Original Budget</i>	<i>Revised Budget</i>	<i>Actual w/ Encumbrances</i>	<i>Favorable (Unfavorable) Variance</i>
REVENUES				
<i>Real Property Taxes</i>	\$ 12,767,457	\$ 12,767,457	\$ 11,348,121	\$ (1,419,336)
<i>Other Tax Items</i>	120,174	120,174	1,472,282	1,352,108
<i>State Sources</i>	33,678,893	33,678,893	33,748,768	69,875
<i>Federal Sources</i>	150,000	150,000	83,112	(66,888)
<i>Other, Including Financing Sources</i>	139,000	139,000	1,385,353	1,246,353
<i>Total Revenues and Other Financing Sources</i>	\$ 46,855,524	\$ 46,855,524	\$ 48,037,636	\$ 1,182,112
<i>Appropriated Fund Balances and Reserves</i>	\$ 500,000	\$ 7,568,580		
<i>Encumbrances</i>	\$ 277,034	\$ 277,034		
EXPENDITURES				
<i>General Support</i>	\$ 7,589,281	\$ 7,661,449	\$ 7,193,992	\$ 467,457
<i>Instruction</i>	22,554,914	22,323,759	21,603,548	720,211
<i>Pupil Transportation</i>	2,069,524	1,515,914	1,415,779	100,135
<i>Community Service</i>	38,500	49,000	21,001	27,999
<i>Employee Benefits</i>	12,017,250	12,006,250	9,854,092	2,152,158
<i>Debt Service</i>	2,963,089	3,680,106	2,896,550	783,556
<i>Other Financing Uses</i>	400,000	7,464,660	7,446,939	17,721
<i>Total Expenditures and Other Financing (Uses)</i>	\$ 47,632,558	\$ 54,701,138	\$ 50,431,901	\$ 4,269,237

Significant changes from the prior year are as follows:

- Revenues exceeded budgetary amounts largely due to increased interest earned on investments along with refunds of prior year expenditures.
- Expenditures and carryover encumbrances were lower than budgetary amounts based on conservative budget practices and lower than anticipated employee benefit expenses.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of June 30, 2025, the School District had invested in a broad range of capital assets including intangible assets totaling \$160,387,688 offset by accumulated depreciation and amortization of \$64,764,942. *Figure 5* shows the changes in the School District's capital assets.

NORWICH CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

Figure 5

<i>Changes in Capital Assets</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2025</i>	<i>2024</i>	
<i>Land</i>	\$ 2,862,371	\$ 2,862,371	\$ -
<i>Construction in Progress</i>	37,144,631	21,950,781	15,193,850
<i>Buildings, Net</i>	50,685,401	51,115,387	(429,986)
<i>Buildings Improvements, Net</i>	23,172	15,217	7,955
<i>Equipment, Net</i>	3,467,207	3,735,724	(268,517)
<i>Intangible Lease Assets, Net</i>	1,439,964	2,071,729	(631,765)
<i>Total</i>	\$ 95,622,746	\$ 81,751,209	\$ 13,871,537

Capital asset activity for the year ended June 30, 2025 included the following:

Construction in Progress	\$ 17,332,744
Buildings and Improvements	28,963
Intangible Lease Asset	200,900
Furniture and Equipment	659,304
	<hr/>
Total Additions	18,221,911
Less Net Book Value of Disposals and Reclassifications	(628,726)
Less Depreciation Expense	(2,888,983)
Less Amortization Expense	(832,665)
	<hr/>
Net Change in Capital Assets	<u>\$ 13,871,537</u>

Debt Administration

Debt, both short and long-term, including lease liabilities, considered a liability of Governmental Activities, increased by \$16,071,805 in the current year, as shown in *Figure 6*. Total indebtedness represented 49.0% of the constitutional debt limit, exclusive of building aid estimates.

NORWICH CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

Figure 6

<i>Outstanding Debt</i>	<i>Governmental Activities and Total School District</i>		<i>Total Dollar Change</i>
	<i>2025</i>	<i>2024</i>	
<i>Bond Anticipation Notes</i>	\$ 35,062,583	\$ 17,600,000	\$ 17,462,583
<i>Installment Purchase Debt</i>	2,116,171	2,389,091	(272,920)
<i>Serial Bonds</i>	3,583,229	4,069,322	(486,093)
<i>Lease Liabilities</i>	1,439,964	2,071,729	(631,765)
<i>Total</i>	\$ 42,201,947	\$ 26,130,142	\$ 16,071,805

Additional information on the maturities and terms of the School District's outstanding debt can be found in the notes to these financial statements.

The School District's bond rating is A1.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

At the time these basic financial statements were prepared and audited, the District was aware of the following existing circumstances that could have the potential to affect the future financial outlook of the District:

- **Revenue**

New York State has defined formulas for allocating State Foundation Aid to school districts. The formula system that is in place, has not been allowed to function as configured each year by the State. The State's intervention in the process each year has resulted in funding inequities among school districts, meaning, some districts have received more aid than the formula would have allotted, with other districts receiving less funding than the formula should have allotted. New York State has initiated a study concerning how districts will be funded going forward. The School District will continue to monitor the state's fiscal condition, while taking the steps now to have a financial position that will support the district if there is a significant reduction in State Aid in the upcoming fiscal years.

The School District receives federal funding for UPK, Title I, Title II, Title IV, IDEA 611 and IDEA 619 grant. Debate at the federal level has included whether there is a need for the federal Department of Education and the associated grant funding. These grants account for approximately two million dollars of School District program funding, with the majority of the grant funds supporting instructional positions. The reduction or elimination of grant funding at the federal level would require the funding of ongoing programs and positions to come through the General Fund budget.

The Coronavirus Response and Relief Supplemental Appropriations Act, 2021 (CRRSA Act) and the American Rescue Plan Act of 2021 (ARP) have provided the School District with federal funding intended to offset the costs and challenges of the COVID-19 pandemic. This federal funding ended September 30, 2024. The District will fund ongoing programs and/or positions through the General Fund budget or through available grant opportunities.

NORWICH CITY SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS JUNE 30, 2025

In 2011 New York State enacted the Property Tax Cap affecting all School Districts and Municipalities. The Property Tax Cap limits the ability of school districts to raise tax levies. The tax levy is calculated with a New York State supplied formula designed to restrict tax levy growth to the lesser of two percent or the Consumer Price Index (CPI). There is a provision that allows for a higher tax levy with the approval of a super majority of voters casting ballots. Language in the law exempts certain amounts of expenditures to be excluded from the calculation such as excess employer pension contributions and local share of capital expenses.

- **Expenses**

The economic inflationary environment continues to impact School District operations. Expenditures in the general operating budget continue to trend upward and provide challenges to budgetary projections. Insurance premiums are based on experience rating, meaning that the rates charged to the School District are based on the insurance plan usage, and the resulting charges incurred by those who are covered. The School District had a high experience rating in the 2023-2024 fiscal year that resulted in a 31% increase in health insurance rates for 2024-2025. Experience rating for the 2024-2025 fiscal year trended even higher resulting in a 55% increase in health insurance rates for 2025-2026. An analysis of School District historical experience data resulted in the transition away from a high-deductible HSA/HRA based plan, with the School District paying the deductibles and HSA/HRA contributions, to a traditional plan with co-pays to increase consumer awareness of the participants. The short-term goal is to achieve a point of stabilization after the impact of the recent rate increases. Claims trend data will be monitored throughout 2025-2026 fiscal year.

The New York State initiative to move away from diesel fueled school buses to electric school buses will require significant investment into the School District's transportation facility. There is no infrastructure in the current facility that would accommodate the transition to electric buses. The School District is reviewing alternatives to meet the State's initiative.

Special education services and private placements are directly related to the level of needs of the students of the district. The unpredictable nature of these expenses, along with their upward trend, can place further strain on the general fund budget. The School District is working to expand services in-district, rather on out-of-district placements.

Employer-funded pension contributions are heavily dependent on the performance of the stock market. As market factors beyond the control of the School District impact the stock market, pension contributions will continue to be an area of the budget that fluctuates from year-to-year.

- **Cash Flow**

The School District collects its second largest source of revenue, property taxes, from October 1st through March 31st. This is different from most other central school districts that usually collect taxes beginning on September 1st and conclude on October 31st. In prior years, this has put a strain on district cash flow, requiring an annual consideration of a Revenue Anticipation Note (RAN) to ensure adequate supply of cash on hand.

NORWICH CITY SCHOOL DISTRICT

**MANAGEMENT'S DISCUSSION AND ANALYSIS
JUNE 30, 2025**

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Norwich City School District, at 89 Midland Drive, Norwich NY 13815.

NORWICH CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION JUNE 30, 2025

ASSETS

Current Assets

Cash and Cash Equivalents - Unrestricted	\$ 17,523,510
Cash and Cash Equivalents - Restricted	346,851
Receivables:	
Taxes Receivable	722,696
Due From State and Federal Governments	2,731,017
Due From Other Governments	1,842,798
Other Receivables	70,562
Inventories	34,637
Total Current Assets	23,272,071

Noncurrent Assets

Cash and Cash Equivalents - Restricted	622,850
Investments - Restricted	9,282,073
Investments - Unrestricted	6,151,455
Net Pension Asset - Proportionate Share	2,244,869
Capital Assets, Net:	
Intangible Lease Assets, Net	1,439,964
Nondepreciable	40,007,002
Depreciable Capital Assets, Net	54,175,780
Total Noncurrent Assets	113,923,993

Total Assets	137,196,064
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DEFERRED OUTFLOWS OF RESOURCES

Pensions	6,770,608
Other Postemployment Benefits	1,956,633
Total Deferred Outflows of Resources	8,727,241

LIABILITIES

Current Liabilities

Accounts Payable	1,183,700
Accrued Liabilities	540,050
Retainage Payable	807,004
Due to Other Governments	3,080
Accrued Interest	28,563
Bond Anticipation Notes Payable	35,062,583
Unearned Revenues	92,346
Due to Teachers' Retirement System	1,715,239
Due to Employees' Retirement System	163,234

See Notes to Basic Financial Statements

NORWICH CITY SCHOOL DISTRICT

STATEMENT OF NET POSITION (CONTINUED) JUNE 30, 2025

CURRENT LIABILITIES (CONTINUED)

Current Portion of Long-Term Liabilities - Continued

Bonds Payable	\$ 476,370
Lease Liabilities	<u>1,079,999</u>
Installment Purchase Debt	<u>279,899</u>
Compensated Absences	<u>144,132</u>
Total Current Liabilities	<u><u>41,576,199</u></u>

Noncurrent Liabilities and Obligations

Lease Liabilities	<u>359,965</u>
Bonds Payable	<u>3,106,859</u>
Installment Purchase Debt	<u>1,836,272</u>
Compensated Absences	<u>1,297,191</u>
Other Postemployment Benefits Liability	<u>5,672,408</u>
Net Pension Liability - Proportionate Share	<u>2,187,053</u>
Total Noncurrent Liabilities and Obligations	<u><u>14,459,748</u></u>

Total Liabilities	<u><u>56,035,947</u></u>
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DEFERRED INFLOWS OF RESOURCES

Pensions	<u>3,152,846</u>
Other Postemployment Benefits	<u>3,044,031</u>

Total Deferred Inflows of Resources	<u><u>6,196,877</u></u>
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NET POSITION

Net Investment in Capital Assets	<u>51,716,510</u>
Restricted	<u>10,333,664</u>
Unrestricted Net Position	<u>21,640,307</u>

Total Net Position	<u><u>\$ 83,690,481</u></u>
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See Notes to Basic Financial Statements

NORWICH CITY SCHOOL DISTRICT

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

FUNCTIONS/PROGRAMS	Program Revenues			Net (Expense)	
	Expenses	Charges for Services	Operating Grants	Capital Grants	Revenue and Changes in Net Position
General Support	\$ 8,588,635	\$ -	\$ -	\$ -	\$ (8,588,635)
Instruction	34,202,840	272,543	2,844,748	-	(31,085,549)
Pupil Transportation	2,823,491	10,898	22,332	-	(2,790,261)
Community Services	104,897	-	-	-	(104,897)
School Lunch Program	1,623,715	34,196	1,272,151	-	(317,368)
Interest on Debt	739,026	-	-	-	(739,026)
Total Functions and Programs	\$ 48,082,604	\$ 317,637	\$ 4,139,231	\$ -	(43,625,736)
GENERAL REVENUES					
Real Property Taxes					11,466,396
Real Property Tax Items					1,472,282
Use of Money and Property					836,748
Unrestricted State Sources					35,288,893
Medicaid Reimbursement					83,112
Gain (Loss) on Sale of Property					(611,886)
Miscellaneous					405,098
Total General Revenues					48,940,643
Change in Net Position					5,314,907
Total Net Position - Beginning of Year, as previously reported					79,413,059
Change in Accounting Principle - Compensated Absences					(1,037,485)
Total Net Position - Beginning of Year, as Restated					78,375,574
Total Net Position - End of Year					\$ 83,690,481

See Notes to Basic Financial Statements

NORWICH CITY SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS JUNE 30, 2025

	Major Funds			Non-Major Governmental Funds	Total Governmental Funds
	General Fund	Capital Projects Fund	Special Revenue Fund Special Aid Fund		
ASSETS					
Cash and Cash Equivalents - Unrestricted	\$ 1,538,248	\$ 14,395,634	\$ 1,589,628	\$ -	\$ 17,523,510
Cash and Cash Equivalents - Restricted	-	160,625	-	809,076	969,701
Investments - Restricted	8,559,426	-	-	722,647	9,282,073
Investments - Unrestricted	5,113,111	1,038,344	-	-	6,151,455
Receivables:					
Taxes Receivable	722,696	-	-	-	722,696
Due From Other Funds	10,783,685	421,217	130,648	626,142	11,961,692
Due From State and Federal Governments	2,197,643	-	430,571	102,803	2,731,017
Due From Other Governments	1,812,344	-	-	30,454	1,842,798
Other Receivables	69,335	-	-	1,227	70,562
Inventories	-	-	-	34,637	34,637
Total Assets	\$ 30,796,488	\$ 16,015,820	\$ 2,150,847	\$ 2,326,986	\$ 51,290,141
LIABILITIES					
Payables:					
Accounts Payable	\$ 213,739	\$ 897,285	\$ 60,639	\$ 12,037	\$ 1,183,700
Accrued Liabilities	539,604	-	-	446	540,050
Due to Other Funds	1,017,406	8,490,147	1,997,862	456,277	11,961,692
Due to Other Governments	356	-	-	2,724	3,080
Due to Teachers' Retirement System	1,715,239	-	-	-	1,715,239
Due to Employees' Retirement System	151,409	-	-	11,825	163,234
Bond Anticipation Notes Payable	-	35,062,583	-	-	35,062,583
Unearned Revenues	-	-	92,346	-	92,346
Total Liabilities	3,637,753	44,450,015	2,150,847	483,309	50,721,924
DEFERRED INFLOWS OF RESOURCES					
Unavailable Revenues	4,088,508	-	-	34,802	4,123,310
Total Deferred Inflows of Resources	4,088,508	-	-	34,802	4,123,310
FUND BALANCES					
Nonspendable	-	-	-	34,637	34,637
Restricted	8,559,426	-	-	1,774,238	10,333,664
Assigned	1,794,220	-	-	-	1,794,220
Unassigned (Deficit)	12,716,581	(28,434,195)	-	-	(15,717,614)
Total Fund Balances (Deficit)	23,070,227	(28,434,195)	-	1,808,875	(3,555,093)
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 30,796,488	\$ 16,015,820	\$ 2,150,847	\$ 2,326,986	\$ 51,290,141

See Notes to Basic Financial Statements

NORWICH CITY SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION JUNE 30, 2025

Fund Balances - Total Governmental Funds **\$ (3,555,093)**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation and amortization, used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Total Historical Cost	\$ 160,387,688	
Less Accumulated Depreciation	(62,078,531)	
Less Accumulated Amortization	<u>(2,686,411)</u>	95,622,746

Revenues not collected within 60 days of year end are deferred inflows of resources for the fund financial statements, but are recognized on the accrual basis for the District-wide financial statements. The amount of revenues classified as deferred inflows of resources on the fund financial statements is:

Unavailable Tax Revenue	\$ 725,843	
Unavailable Aid	<u>3,397,467</u>	4,123,310

The School District's proportionate share of the collective net pension asset/(liability) is not reported in the funds.

ERS Net Pension Asset/(Liability) - Proportionate Share	\$ (2,187,053)	
TRS Net Pension Asset/(Liability) - Proportionate Share	<u>2,244,869</u>	57,816

Deferred outflows of resources, including deferred charges on defeased debt, OPEB, and pensions, represent a consumption of net position that applies to future periods and, therefore, is not reported in the funds. Deferred inflows of resources, including OPEB and pensions, represent an acquisition of net position that applies to future periods and, therefore, is not reported in the funds.

Deferred Outflows of Resources - OPEB	\$ 1,956,633	
Deferred Inflows of Resources - OPEB	(3,044,031)	
ERS Deferred Outflows of Resources - Pension	1,182,314	
ERS Deferred Inflows of Resources - Pension	(71,586)	
TRS Deferred Outflows of Resources - Pension	5,588,294	
TRS Deferred Inflows of Resources - Pension	<u>(3,081,260)</u>	2,530,364

Long-term liabilities, including bonds payable, compensated absences, lease liabilities, retainage payable, and amounts due for other postemployment employee benefits are not due and payable in the current period and, therefore, are not reported in the funds.

Bonds Payable	\$ (3,285,000)	
Unamortized Bond Premium	(298,229)	
Installment Purchase Debt	(2,116,171)	
Lease Liabilities	(1,439,964)	
Compensated Absences	(1,441,323)	
Other Postemployment Benefits Liability	(5,672,408)	
Retainage Payable	<u>(807,004)</u>	(15,060,099)

Interest is accrued on outstanding balances of debt obligations in the District-wide financial statements.

Accrued Interest on Debt		<u>(28,563)</u>
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Net Position of Governmental Activities **\$ 83,690,481**

See Notes to Basic Financial Statements

NORWICH CITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	Major Funds				Total Governmental Funds
	General Fund	Capital Projects Fund	Special Revenue Fund Special Aid Fund	Non-Major Governmental Funds	
REVENUES					
Real Property Taxes	\$ 11,348,121	\$ -	\$ -	\$ -	\$ 11,348,121
Real Property Tax Items	72,993	-	-	-	72,993
Other Tax Items	1,399,289	-	-	-	1,399,289
Charges for Services	283,441	-	-	-	283,441
Use of Money and Property	728,545	75,389	-	32,814	836,748
Sale of Property and Compensation for Loss	16,840	-	-	-	16,840
Miscellaneous Revenue (Loss)	356,527	-	53,864	48,571	458,962
State Sources	33,748,768	-	701,773	142,180	34,592,721
Medicaid Reimbursement	83,112	-	-	-	83,112
Federal Sources	-	-	2,107,114	1,197,665	3,304,779
Sales - School Lunch	-	-	-	34,196	34,196
Total Revenues	48,037,636	75,389	2,862,751	1,455,426	52,431,202
EXPENDITURES					
General Support	6,936,688	-	-	-	6,936,688
Instruction	21,582,934	-	2,340,608	524,103	24,447,645
Pupil Transportation	1,399,477	-	-	-	1,399,477
Community Services	21,001	-	49,289	-	70,290
Employee Benefits	9,854,092	-	502,413	411,864	10,768,369
Debt Service:					
Principal	1,848,002	-	-	-	1,848,002
Interest	1,048,548	-	-	-	1,048,548
Cost of Sales	-	-	-	541,870	541,870
Capital Outlay	-	16,800,439	-	-	16,800,439
Total Expenditures	42,690,742	16,800,439	2,892,310	1,477,837	63,861,328
Excess (Deficiency) of Revenues Over Expenditures	5,346,894	(16,725,050)	(29,559)	(22,411)	(11,430,126)
OTHER FINANCING SOURCES AND (USES)					
BANs Redeemed from Appropriations	-	337,417	-	-	337,417
Premium on Obligations	-	-	-	238,776	238,776
Proceeds of Lease Obligations	-	200,900	-	-	200,900
Operating Transfers In	-	7,142,380	29,559	275,000	7,446,939
Operating Transfers (Out)	(7,446,939)	-	-	-	(7,446,939)
Total Other Sources (Uses)	(7,446,939)	7,680,697	29,559	513,776	777,093
Net Change in Fund Balance (Deficit)	(2,100,045)	(9,044,353)	-	491,365	(10,653,033)
Fund Balances - Beginning of Year (Deficit)	25,170,272	(19,389,842)	-	1,317,510	7,097,940
Fund Balances - End of Year (Deficit)	\$ 23,070,227	\$(28,434,195)	\$ -	\$ 1,808,875	\$ (3,555,093)

See Notes to Basic Financial Statements

NORWICH CITY SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2025

Net Change in Fund Balances - Total Governmental Funds **\$ (10,653,033)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense.

Capital Outlay	\$ 18,221,911	
Net Book Value of Disposals and Reclassifications	(628,726)	
Amortization Expense	(832,665)	
Depreciation Expense	<u>(2,888,983)</u>	13,871,537

Certain revenue in the Governmental Funds is deferred because it is not available soon enough after year-end to pay for the current period's expenditures. On the accrual basis, however, this revenue is recognized regardless of when it is collected.

Change in Unavailable Revenue		1,595,035
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Bond and lease proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond and lease principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position.

Installment Purchase Debt Principal Payment	\$ 272,920	
Proceeds of Leases/Obligations	(200,900)	
Principal Payment - Leases	832,665	
Serial Bonds Principal Payment	<u>405,000</u>	1,309,685

Long-term liabilities, such as those associated with employee benefits and retainage payable, are reported in the Statement of Net Position. Therefore, expenses which result in an (increase) or decrease in these long-term liabilities are not reflected in the Governmental Fund financial statements. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to other postemployment benefits do not affect current financial resources and are, also, not reported in the Governmental Funds.

Other Postemployment Benefit Obligations	\$ (485,574)	
Retainage Payable	(807,004)	
Compensated Absences	<u>13,478</u>	(1,279,100)

Interest expense reported in the Statement of Activities includes changes in accrued interest, premiums on obligations, and deferred charges from advance refunding of bonds. These items are not included in interest expense in the Governmental Fund financial statements.

Amortization of Bond Premium	\$ 81,093	
Change in Accrued Interest	<u>(10,347)</u>	70,746

Changes in the School District's proportionate share of net pension assets and liabilities have no effect on current financial resources and, therefore, are not reported in the Governmental Funds. In addition, changes in the School District's deferred outflows and deferred inflows of resources related to pensions do not affect current financial resources and are, also, not reported in the Governmental Funds.

TRS	\$ 230,998	
ERS	<u>169,039</u>	<u>400,037</u>

Net Change in Net Position of Governmental Activities **\$ 5,314,907**

See Notes to Basic Financial Statements

NORWICH CITY SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION JUNE 30, 2025

	Custodial Fund
ASSETS	
Cash and Cash Equivalents	\$ 28,404
Total Assets	\$ 28,404
NET POSITION	
Unrestricted	\$ 28,404
Total Net Position	\$ 28,404

See Notes to Basic Financial Statements

NORWICH CITY SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION FOR THE YEAR ENDED JUNE 30, 2025

	Custodial Fund
ADDITIONS	
Extraclassroom Activity Funds Cash Receipts	\$ 78,861
Total Additions	<u>78,861</u>
DEDUCTIONS	
Extraclassroom Activity Funds Cash Disbursements	<u>105,375</u>
Total Deductions	<u>105,375</u>
Change in Net Position	(26,514)
Net Position - Beginning of Year	<u>54,918</u>
Net Position - End of Year	<u><u>\$ 28,404</u></u>

See Notes to Basic Financial Statements

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies**

The accompanying financial statements of the Norwich City School District (the School District) have been prepared in conformity with U.S. generally accepted accounting principles (U.S. GAAP) for governments, as prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Reporting Entity

Essentially, the primary function of the School District is to provide education for pupils. Services such as transportation of pupils, administration, finance, and plant maintenance support the primary function.

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

The financial reporting entity consists of the following, as defined by Governmental Accounting Standards Board (GASB) Statement No. 14, "The Financial Reporting Entity," as amended.

- The primary government, which is the School District;
- 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 basic financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the School District. The School District is not a component unit of another reporting entity.

The decision to include a potential component unit in the School District's reporting entity is based on several criteria including legal standing, fiscal dependency, and financial accountability. Based on the application of these criteria, the Extraclassroom Activity Funds are included in the School District's reporting entity.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Reporting Entity - Continued

The Extraclassroom Activity Funds of the Norwich City School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the School District's office, located at 89 Midland Drive, Norwich NY 13815.

Joint Venture

The Norwich City School District is one of 16 component school districts in the Delaware-Chenango-Madison-Otsego Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of School Districts in a geographic area that shares 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 (GML).

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

Separate financial statement of Delaware Chenango Madison Otsego BOCES may be obtained by contacting the Business Office, DCMO BOCES, 6678 County Road 32, Norwich, NY 13815.

Basis of Presentation - District-Wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the School District's Governmental Activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental Activities generally are financed through taxes, state aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Basis of Presentation - District-Wide Financial Statements - Continued

The Statement of Net Position presents the financial position of the School District at fiscal year-end. The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the School District's Governmental Activities. Direct expenses are those specifically associated with and 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 restricted to meeting the operational or capital requirements of a particular program. Revenues not classified as program revenues, including all taxes, are presented as general revenues.

Fund Financial Statements

The Fund financial statements provide information about the School District's funds, including Fiduciary Funds. Separate statements for each fund category (Governmental and Fiduciary) are presented. The emphasis of Fund financial statements is on major Funds, each displayed in a separate column.

Major Funds

- General Fund: This is the School District's primary operating fund. It accounts for all financial transactions not required to be accounted for in another fund.
- Capital Projects Fund: Accounts for the financial resources used for the renovation of the School District's educational complex.
- Special Revenue Funds: These funds account for the proceeds of specific revenue sources (other than capital projects) that are legally restricted to expenditures for specified purposes. Special revenue funds include the following:
 - Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for special educational programs.

Non-Major Funds

- Special Revenue Funds:
 - School Lunch Fund: Used to account for child nutrition activities whose funds are restricted as to use.
 - Miscellaneous Special Revenue Fund: Used to account for student scholarships whose funds are restricted as to use.
- Debt Service Fund: Accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of Governmental Activities.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the School District and are not available to be used.

The School District reports the following Fiduciary Fund:

- Custodial Fund: Assets are held by the School District as agent for Extraclassroom Activity Funds and the Robotics Program.

Measurement Focus and Basis of Accounting

The District-wide and Fiduciary Fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Non-exchange transactions, in which the School District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, 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 apportioned 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 financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the Governmental Funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

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, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in Governmental Funds. Proceeds of general long-term debt and acquisitions under installment purchase debt are reported as other financing sources.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Cash and Investments

The School District's cash, and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition. New York State law governs the School District's investment policies. Resources must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the state and its municipalities and districts. Investments are stated at fair value. Unrealized gains and losses are included in the change in Net Position in the accompanying Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds.

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, as it is believed that such allowance would not be material. All receivables are expected to be collected within the subsequent fiscal year.

Due To/From Other Funds

Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year end is provided subsequently in these notes.

Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value, which approximates fair value. 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 School 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 Governmental 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 purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A portion of fund balance equal to inventories and prepaid amounts is reported as nonspendable, as these assets are not in spendable form in the current period.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 1 **Summary of Significant Accounting Policies - Continued**

Capital Assets

Capital assets are reported at actual cost for acquisitions subsequent to the adoption of GASB Statement No. 34 as amended. For assets acquired prior to the adoption of GASB Statement No. 34 as amended, estimated historical costs, based on appraisal and research of the School District's accounting records, were used. Donated assets are reported at acquisition value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide financial statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings	\$ 5,000	20-40 Years
Building Improvements	5,000	20 Years
Machinery and Equipment	5,000	5-20 Years

The School District utilizes the straight-line method of depreciation.

Deferred Outflows and Deferred Inflows of Resources

In addition to assets, the Statement of Net Position reports a separate section for deferred outflows of resources. This separate financial statement element 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 School District reports a deferred charge on defeased debt resulting from the difference in the carrying value of refunded debt and its reacquisition price, which is amortized over the shorter of the life of the refunded or refunding debt. See Note 8 for details. The School District also reports deferred outflows of resources related to pensions and Other Postemployment Benefits (OPEB) plans in the District-wide Statement of Net Position. The types of deferred outflows of resources related to pensions, and OPEB plans are described in Note 11 and 12, respectively.

In addition to liabilities, the Statement of Net Position reports a separate section for deferred inflows of resources. This separate financial statement element represents an acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time. The School District reports unavailable revenues under the modified accrual basis of accounting in the Balance Sheet - Governmental Funds. In the Statement of Net Position, the School District also reports deferred inflows of resources related to pensions and OPEB plans which are further described in Note 11 and 12, respectively.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Leases

The School District determines if an arrangement is or contains a lease at inception. The School District records assets and lease obligations for leases, which are initially based on the discounted future minimum lease payments over the term of the lease. The School District uses the rate implicit in the lease agreements. In some cases the implicit rate is not easily determinable, and the School District elects to use its incremental borrowing rate in calculating present value of lease payments.

Lease term is defined as the non-cancelable period of the lease plus any options to extend the lease when it is reasonably certain that it will be exercised. For leases with a term, including renewals, of 12 months or less, no intangible lease assets or lease obligations are recorded on the Statement of Net Position and the School District will recognize short-term lease expense for these leases on a straight-line basis over the lease term.

The School District's lease agreements do not contain any material residual value guarantees or material restrictive covenants.

Amortization expense for leases is recognized on the same basis as payments on the lease liabilities and is included in the education expense function. Interest expense is recognized using the effective interest method. Variable payments, short-term rentals, and payments associated with non-lease components are expensed as incurred.

Unearned and Unavailable Revenues

Unearned revenues arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability for deferred revenues is removed and revenues are recorded.

The Governmental Fund financial statements report unavailable revenues when potential revenues do not meet both the measurable and available criteria for recognition in the current period. In subsequent periods, when both recognition criteria are met, the deferred inflow of resources is removed, and revenues are recorded.

Compensated Absences

A compensated absence is leave for which employees may receive one or more (a) cash payments when the leave is used for time off; (b) other cash payments, such as payment for unused leave upon termination of employment; or (c) noncash settlements, such as conversion to defined benefit postemployment benefits. The payment or settlement could occur during employment or upon termination of employment. Examples of compensated absences include vacation leave, sick leave, and other paid time off. The rate at which different leave types are earned, the maximum amount of those leave types allowed to be accumulated, and the eligibility to earn the leave types are generally specified in negotiated labor contracts or are outlined in individual employment contracts.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Compensated Absences

Consistent with GASB Statement No. 101, “Compensated Absences,” a liability is recognized when the leave is attributed to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means. The liability for compensated absences is measured using the pay rates in effect as of the financial statement date and includes salary-related payments, where applicable.

Other Postemployment Benefits

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

In addition to providing pension benefits, the School District provides health insurance coverage and survivor benefits for retired employees and their survivors. Substantially all of the School District’s employees may become eligible for these benefits if they reach normal retirement age while working for the School 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 School District and the retired employee. The School District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure or operating transfer to other funds in the General Fund in the year paid.

The School District follows GASB Statement No. 75, “Accounting and Financial Reporting for Postemployment Benefits Other than Pensions.” The School District’s liability for other postemployment benefits has been recorded in the Statement of Net Position, in accordance with the statement. See Note 12 for additional information.

Overpayments and Collections in Advance

Overpayments and collections in advance arise when resources are received by the School District before it has legal claim to them, as when grant monies are received prior to the incidence of qualifying expenditures. In subsequent periods, when the School District has legal claim to the resources, the liability is removed, and revenues are recorded.

Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and with current financial resources. Claims and judgments, other postemployment benefits payable and compensated absences that will be paid from governmental funds, are reported as a liability in the fund’s 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.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Accrued Liabilities and Long-Term Obligations - Continued

Long-term obligations represent the School 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.

Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net position are available, it is the School District's policy to apply restricted funds before unrestricted funds, unless otherwise prohibited by legal requirements.

Equity Classifications - District-Wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- Restricted - Consists of resources with constraints placed on their use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other resources that do not meet the definition of "restricted" or "net investment in capital assets."

Equity Classifications - Governmental Fund Financial Statements

The School District follows GASB Statement No. 54, "Fund Balance Reporting and Governmental Fund Type Definitions," which changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund's net resources.

Fund balances are allocated into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the School District is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowments principal.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Governmental Fund Financial Statements - Continued

- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the School District's legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government's highest level of decision-making authority prior to the end of the fiscal year and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government's highest level of decision-making authority the Board of Education, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.
- Unassigned - Represents the residual classification of the government's General Fund and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain in the General Fund to no more than 4% of the next year's budgetary appropriations. Funds properly retained under other sections of law (i.e., reserve funds established pursuant to Education Law or GML) are excluded from the 4% limitation. The 4% limitation is applied to 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.

The Board of Education of the School District has not adopted any resolutions to commit or assign fund balance. Currently, fund balance is assigned by the Business Official for encumbrances and the Board of Education, by resolution, approves fund balance appropriations for next year's budget. The School District applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves

Fund balance reserves are created to satisfy legal restrictions, plan for future expenditures, or relate to resources not available for general use or appropriation. The following reserve funds are available to school districts within the New York State. These reserve funds are established through Board action or voter approval and a separate identity must be maintained for each reserve. Earnings on the invested resources become part of the respective reserve funds; however, separate bank accounts are not necessary for each reserve fund. These reserves are reported in the fund financial statements as Restricted Fund Balance. Reserves currently in use by the School District include the following:

- Employee Benefit Accrued Liability Reserve (GML §6-p) - Used to reserve funds for the payment of accrued employee benefits due to 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.
- Workers Compensation Reserve (GML §6-j) - Used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses for 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 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or applied to the appropriations of the succeeding fiscal year's budget. The reserve is accounted for in the General Fund.
- Retirement Contribution Reserves (GML §6-r): Used for the purpose of financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the board. 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 GML §6-r. These reserves are accounted for in the General Fund.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Unemployment Insurance Reserve (GML §6-m) - 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 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.
- Capital Reserve (Education Law §3651) - 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.
- Repair Reserve (GML §6-d) - Used to pay the cost of repairs to capital improvements or equipment, 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 (See Opinion of the 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 in the General Fund.
- Mandatory Debt Service Reserve (GML §6-l) - Used to establish a reserve for the purpose of retiring the outstanding obligations upon the sale of School District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Legally Adopted Reserves - Continued

- Tax Certiorari Reserve (Education Law §3651.1-a): 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.
- Liability Claims and Property Loss Reserve (Education Law §1709(8)(c)): 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.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than October 1. For the year ended June 30, 2025, the tax lien was issued on August 17, 2024. Taxes were collected during the period October 1, 2024 to March 31, 2025. Property taxes are permitted to be paid in installments during the collection period, with the first installment due on October 31 and the second due March 31.

The City of Norwich and Chenango County enforce uncollected real property taxes. An amount representing all uncollected real property taxes must be transferred by the City to the School District within two years from the return of unpaid taxes to the City. Real property taxes receivable expected to be collected within 60 days of fiscal year end, less similar amounts collected during this period in the preceding year are recognized as revenue. Otherwise, a deferred inflow of resources offsets real property taxes receivable.

Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers, to provide services and construct assets. The amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance - Governmental Funds for interfund transfers have been eliminated from the Statement of Activities. A detailed description of the individual fund transfers that occurred during the year is provided subsequently in these notes.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 1* Summary of Significant Accounting Policies - Continued**

Use of Estimates

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

New Accounting Standards

The School District adopted and implemented the following current Statements of the GASB effective for the year ended June 30, 2025:

- GASB has issued Statement No. 101, "Compensated Absences," effective for the year ended June 30, 2025.
- GASB has issued Statement No. 102, "Certain Risk Disclosures," effective for the year ended June 30, 2025.

Future Changes in Accounting Standards

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

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

***Note 2* Participation in BOCES**

During the year ended June 30, 2025, the School District's share of BOCES income amounted to \$3,937,204. The School District was billed \$8,328,372 for BOCES administration and program costs. Separate financial statements of Delaware-Chenango-Madison-Otsego BOCES may be obtained by contacting the Business Office, DCMO BOCES, 6678 County Road 32, Norwich, NY 13815.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 3 Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks

Custodial credit risk is the risk that in the event of a bank failure, the School District’s deposits may not be returned to it. The School District has established a custodial credit risk policy which requires the School District to maintain collateralized deposits of at least 100% of amounts not covered under FDIC insurance. New York State statutes govern the School District’s investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution’s trust department or agent, but not in the School District’s name.

The School District’s aggregate bank balances of \$19,993,357 are either insured or collateralized with securities held by the pledging financial institution in the School District’s name.

The School District chooses to disclose its investments by specifically identifying each. The School District’s investment policy for these investments is also governed by New York State statutes. Investments are stated at fair value and are categorized as either:

- 1) Insured or registered, with investments held by the School District or by the School District’s agent in the School District’s name; or
- 2) Uninsured and unregistered, with investments held by the financial institution’s trust department in the School District’s name; or
- 3) Uninsured and unregistered, with investments held by the financial institution or its trust department, but not in the School District’s name.

The School District’s investments consisted of the following at June 30, 2025:

	<u>Cost</u>	<u>Carrying Amount Fair Value</u>	<u>Type of Investment</u>	<u>Category</u>
Debt Service	\$ 128,691	\$ 128,691	Treasury Bills	(1)
Miscellaneous Special Revenue Fund	79,276	79,276	Treasury Bills	(1)
Miscellaneous Special Revenue Fund	514,680	514,680	Investment Securities	(1)
Capital Fund	1,038,344	1,038,344	Treasury Bills	(1)
General Fund	13,672,537	13,672,537	Treasury Bills	(1)

The School District does not typically purchase investments for a duration long enough to cause it to believe that it is exposed to any material interest rate risk.

The School District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 3 Cash and Cash Equivalents - Custodial Credit, Concentration of Credit, Interest Rate and Foreign Currency Risks - Continued

Restricted cash and investments consisted of the following at June 30, 2025:

Restricted for Debt Service	\$	332,300
Restricted for School Lunch		143,242
Restricted for General Fund Reserves		8,559,426
Restricted for Scholarships		<u>1,216,806</u>
Total	\$	<u>10,251,774</u>

Note 4 Due from State, Federal, and Other Governments

State and federal aid and due from other governments consisted of the following, which are stated at net realizable value.

Excess Cost Aid	\$	850,637
General Aid		1,339,315
BOCES Aid		1,780,797
Due From County		54,328
Other Miscellaneous		15,364
School Lunch Program		102,803
Federal and State Grant Reimbursements		<u>430,571</u>
Total	\$	<u>4,573,815</u>

Note 5 Interfund Balances and Activity

Interfund balances at June 30, 2025 are as follows:

	<u>Interfund Receivable</u>	<u>Interfund Payable</u>	<u>Interfund Revenues</u>	<u>Interfund Expenditures</u>
General Fund	\$ 10,783,685	\$ 1,017,406	\$ -	\$ 7,446,939
Capital Projects Fund	421,217	8,490,147	7,142,380	-
Special Aid Fund	130,648	1,997,862	29,559	-
Non-Major Funds:				
School Lunch Fund	285,710	276,470	275,000	-
Debt Service Fund	<u>340,432</u>	<u>179,807</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 11,961,692</u>	<u>\$ 11,961,692</u>	<u>\$ 7,446,939</u>	<u>\$ 7,446,939</u>

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 5 Interfund Balances and Activity - Continued

The School District typically transfers from the General Fund to the Special Aid Fund the School District's share of the cost to accommodate the mandated accounting for the School District's share of expenditures of a Special Aid Fund project and to and from the Debt Service Fund for the payment of long-term debt. The School District also transfers funds from the Capital Reserve in the General Fund to Capital Funds, as needed, to fund capital projects.

The School 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 6 Capital Assets

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

<u>Governmental Activities</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Retirements and Reclassifications</u>	<u>Ending Balance</u>
Capital Assets That Are Not Depreciated				
Land	\$ 2,862,371	\$ -	\$ -	\$ 2,862,371
Construction in Progress	21,950,781	17,332,744	(2,138,894)	37,144,631
Total Nondepreciable Historical Cost	<u>24,813,152</u>	<u>17,332,744</u>	<u>(2,138,894)</u>	<u>40,007,002</u>
Capital Assets That Are Depreciated				
Buildings	106,132,061	19,200	2,098,184	108,249,445
Buildings and Improvements	1,441,400	9,763	(159,027)	1,292,136
Furniture and Equipment	7,538,840	659,304	(1,485,414)	6,712,730
Total Depreciable Historical Cost	<u>115,112,301</u>	<u>688,267</u>	<u>453,743</u>	<u>116,254,311</u>
Intangible Lease Assets				
Equipment	4,344,757	200,900	(419,282)	4,126,375
Total Historical Cost	<u>144,270,210</u>	<u>18,221,911</u>	<u>(2,104,433)</u>	<u>160,387,688</u>
Less Accumulated Depreciation				
Buildings	(55,016,674)	(2,516,183)	(31,187)	(57,564,044)
Building Improvements	(1,426,183)	(1,718)	158,937	(1,268,964)
Furniture and Equipment	(3,803,116)	(371,082)	928,675	(3,245,523)
Total Accumulated Depreciation	<u>(60,245,973)</u>	<u>(2,888,983)</u>	<u>1,056,425</u>	<u>(62,078,531)</u>
Less Accumulated Amortization				
Equipment	(2,273,028)	(832,665)	419,282	(2,686,411)
Total Historical Cost, Net	<u>\$ 81,751,209</u>	<u>\$ 14,500,263</u>	<u>\$ (628,726)</u>	<u>\$ 95,622,746</u>

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 6 Capital Assets - Continued

Depreciation and amortization expense was charged to governmental functions as follows:

General Support	\$ 1,037,166
Instruction	1,686,021
Pupil Transportation	879,728
School Lunch Program	<u>118,733</u>
 Total Depreciation/Amortization Expense	 <u><u>\$ 3,721,648</u></u>

Note 7 Short-Term Debt

The School District may issue revenue anticipation notes (RANs) in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The School District did not issue or redeem any RANs during the year.

The School District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which an insufficient or no provision is made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued. The School District did not issue or redeem any budget notes during the year.

The School 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. New York State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

The following is a summary of the School District's BANs for the year ended June 30, 2025:

<u>Description of Issue</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Interest Rate</u>	<u>Outstanding June 30, 2025</u>
2025 BAN	06/25/2025	06/25/2026	4.00%	<u>\$ 35,062,583</u>
 Total				 <u><u>\$ 35,062,583</u></u>

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 7 Short-Term Debt - Continued

Transactions in short-term debt for the year are summarized below:

	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
2024 BAN	3.69%	06/26/2025	\$ 5,000,000	\$ -	\$ 5,000,000	\$ -
2024 BAN	4.25%	06/26/2025	12,600,000	-	12,600,000	-
2025 BAN	3.50%	06/26/2025	-	3,000,000	3,000,000	-
2025 BAN	4.00%	06/25/2026	-	35,062,583	-	35,062,583
Total			<u>\$ 17,600,000</u>	<u>\$ 38,062,583</u>	<u>\$ 20,600,000</u>	<u>\$ 35,062,583</u>

Interest on short-term debt for the year was composed of:

Interest Paid	\$ 748,583
Less Interest Accrued in the Prior Year	(7,998)
Less BAN Premium	(238,776)
Plus Interest Accrued in the Current Year	<u>19,479</u>
Total	<u>\$ 521,288</u>

Note 8 Long-Term Debt

At June 30, 2025, the total outstanding indebtedness of the School District represented 49.0% of its statutory debt limit, exclusive of building aid. Long-term debt is classified as follows:

- Serial Bonds and Statutory Installment Bonds - The School District borrows money in order to acquire land or equipment or construct buildings and 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. Statutory Installment Bonds are sometimes issued directly with a financial institution or investor and are not offered for public sale. There are no terms that present additional risk to the School District associated with these direct borrowings or placements.
- Installment Purchase Debt: The School District leases equipment with intent to purchase. Accumulated depreciation and net book value of equipment under installment purchase debt at June 30, 2025 is \$823,641 and \$1,647,282, respectively.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 8 Long-Term Debt - Continued

The following is a summary of the School District's long-term debt for the year ended June 30, 2025:

Description of Issue	Issue Date	Final Maturity	Interest Rate	Outstanding June 30, 2025
Bonds				
2019 DASNY Bond	06/17/2019	06/15/2033	3.00% - 5.00%	\$ 3,285,000
Total Bonds				3,285,000
Installment Purchase Debt				
2016 EPC Lease	05/26/2016	06/15/2032	2.54%	2,116,171
Total Installment Purchase Debt				2,116,171
Premium on Refunded Debt				298,229
Total Bonds Payable				\$ 5,699,400

Interest expense on long-term debt during the year was:

Interest Paid	\$ 227,884
Less Interest Accrued in the Prior Year	(10,218)
Interest Accrued in the Current Year	9,084
Less Amortization of Bond Premium	(81,093)
Total	\$ 145,657

Interest paid on the Serial Bonds varies from year to year, in accordance with interest rates specified in the bond agreements.

Long-term debt balances and activity for the year are summarized as follows:

Governmental Activities	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Bonds	\$ 3,690,000	\$ -	\$ (405,000)	\$ 3,285,000	\$ 405,000
Installment Purchase Debt	2,389,091	-	(272,920)	2,116,171	279,899
Premium on Refunded Debt	379,322	-	(81,093)	298,229	71,370
Total	\$ 6,458,413	\$ -	\$ (759,013)	\$ 5,699,400	\$ 756,269

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 8 Long-Term Debt - Continued

The following is a summary of the maturity of long-term indebtedness:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 684,899	\$ 200,655	\$ 885,554
2027	722,056	173,248	895,304
2028	749,397	144,157	893,554
2029	711,925	113,879	825,804
2030	734,646	85,658	820,304
2031-2033	1,798,248	110,710	1,908,958
Total	\$ 5,401,171	\$ 828,307	\$ 6,229,478

Note 9 Leases

The School District enters into lease agreements for certain equipment that are considered leases. The School District is not party to any material short term leases, and current leases do not require any material variable payments. At June 30, 2025, the School District reported \$4,126,375 in intangible lease assets, offset by accumulated amortization of \$2,686,411.

At June 30, 2025, all intangible lease assets are included in the liability below.

<u>Description of Lease</u>	<u>Issue Date</u>	<u>Final Maturity</u>	<u>Discount Rate</u>	<u>Outstanding June 30, 2025</u>
Santander Bank Bus Lease	01/10/2021	01/10/2026	2.20%	\$ 815,034
Copier Lease 2021	03/03/2021	05/03/2026	0.79%	4,960
IPA 2021	08/01/2021	08/01/2025	1.78%	62,775
IPA 2022	08/01/2022	08/01/2026	3.13%	197,668
IPA 2024	08/01/2023	08/01/2027	4.74%	164,350
IPA 2025	08/01/2024	08/01/2028	4.74%	195,177
Total				\$ 1,439,964

The following is a summary of the maturity of lease liabilities:

<u>Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2026	\$ 1,079,999	\$ 44,190	\$ 1,124,189
2027	205,030	15,458	220,488
2028	110,954	7,337	118,291
2029	43,981	2,083	46,064
Total	\$ 1,439,964	\$ 69,068	\$ 1,509,032

Interest paid on leases amounted to \$72,081 in the current year.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 10 Other Long-Term Liabilities

Compensated absences represent the value of the earned and unused portion of the liability of compensated absences. This liability is liquidated from the General and School Lunch Funds.

Other Long-Term Liabilities balances and activity are summarized as follows:

	Beginning Balance	Additions	Deletions	Ending Balance	Amounts Due Within One Year
Compensated Absences	\$ 1,454,801	\$ -	\$ (13,478)	\$ 1,441,323	\$ 144,132
Total	\$ 1,454,801	\$ -	\$ (13,478)	\$ 1,441,323	\$ 144,132

Changes to other long-term liabilities are reported net, as it is impractical to individually determine the amount of additions and deletions during the year.

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems)

Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS) (System)

The School District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer public employee retirement system. The System provides retirement benefits as well as death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law (RSSL) 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 state statute. Additional information regarding the System may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 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.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 11* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Descriptions and Benefits Provided - Continued

Teachers' Retirement System (TRS) (System) - Continued

Tier 3 and Tier 4 members are required by law to contribute 3% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3% and 6% of salary throughout their active membership in accordance with a salary based upon salary earned. Pursuant to Article 14 and Article 15 of the New York State Retirement and Social Security Law (RSSL), those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than 5 years of credited service for Tiers 3 and 4, or 10 years of credited service for Tiers 5 and 6, the member contributions with interest calculated at 5% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

Employees' Retirement System (ERS) (System)

The School District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing, multiple-employer, defined benefit pension plan. 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 (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a state statute. The School District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the state's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 11* Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Plan Descriptions and Benefits Provided - Continued

Employees' Retirement System (ERS) (System) - Continued

Generally, Tier 3, 4, and 5 members must contribute 3% of their salary to the System. As a result of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1973, who have ten or more years of membership or credited service with the System, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3% to 6% depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. System member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

The School District is required to contribute at an actuarially determined rate. The School District's contributions made to the Systems were equal to 100% of the contributions required for each year. The required contributions for the current year and two preceding years were:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2025	\$ 579,078	\$ 1,402,121
2024	417,240	1,437,447
2023	399,135	1,312,477

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

At June 30, 2025, the School District reported 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, 2025 for ERS and June 30, 2024 for TRS. The total pension liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The School District's proportionate share of the net pension (asset)/liability was based on a projection of the School District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was derived from reports provided to the School District by the ERS and TRS Systems.

	ERS	TRS
Actuarial Valuation Date	April 1, 2024	June 30, 2023
Net Pension (Asset)/Liability	\$ 17,145,726,768	\$ (2,983,608,315)
School District's Proportionate Share of the Plan's Total Net Pension (Asset)/Liability	2,187,053	(2,244,869)
School District's Share of the Net Pension (Asset)/Liability	0.012756%	0.07524%

For the year ended June 30, 2025, the School District recognized pension expense of \$492,106 for ERS and \$1,276,846 for TRS in the District-wide financial statements. At June 30, 2025, the School 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	
	ERS	TRS	ERS	TRS
Differences Between Expected and Actual Experience	\$ 542,841	\$ 2,417,312	\$ 25,606	\$ -
Changes of Assumptions	91,721	1,342,887	-	225,886
Net Differences Between Projected and Actual Earnings on Pension Plan Investments	171,590	-	-	2,494,241
Changes in Proportion and Differences Between the School District's Contributions and Proportionate Share of Contributions	212,934	328,474	45,980	361,133
School District's Contributions Subsequent to the Measurement Date	163,228	1,499,621	-	-
Total	\$ 1,182,314	\$ 5,588,294	\$ 71,586	\$ 3,081,260

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 11 Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued

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

School District contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension (asset)/liability in the year ending June 30, 2026. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending</u>	<u>ERS</u>	<u>TRS</u>
2026	\$ 406,306	\$(1,083,674)
2027	624,948	2,777,016
2028	(133,143)	(520,409)
2029	49,389	(566,205)
2030	-	286,115
Thereafter	-	114,570

Actuarial Assumptions

The total pension 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 liability to the measurement date.

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement Date	March 31, 2025	June 30, 2024
Actuarial Valuation Date	April 1, 2024	June 30, 2023
Investment Rate of Return	5.9%	6.95%
Salary Increases	4.3%	1.95% - 5.18%
Cost of Living Adjustments	1.5%	1.3%
Inflation Rate	2.9%	2.4%

For ERS, annuitant mortality rates are based on April 1, 2015 - March 31, 2020 System's experience with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2021. For TRS, annuitant mortality rates are based on plan member experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021, applied on a generational basis.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 11 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Actuarial Assumptions - Continued

For ERS, the actuarial assumptions used in the April 1, 2024 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, 2023 valuation were based on the results of an actuarial experience study for the period July 1, 2015 - June 30, 2020.

For ERS, the long-term 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 each the target asset allocation percentage and by adding expected inflation. For TRS, 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 expect future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
Asset Type		
Domestic Equity	3.54%	6.60%
International Equity	6.57%	7.40%
Global Equity	-	6.90%
Real Estate	4.95%	6.30%
Private Equity	7.25%	10.00%
Opportunistic/Absolute Return Strategy	5.25%	-
Real Assets	5.55%	-
Cash	0.25%	-
Credit	5.40%	-
Domestic Fixed Income	2.00%	2.60%
Global Bonds	-	2.50%
Private Debt	-	5.90%
Real Estate Debt	-	3.90%
High-Yield Bonds	-	4.80%
Cash Equivalents	-	0.50%

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 11 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Discount Rate

The discount rate used to calculate the total pension liability was 5.9% 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 contributions from employers will be made at statutorily required rates, actuarially determined. Based on 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 liability.

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

The following presents the School District's proportionate share of the net pension (asset)/liability calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the School 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 or higher than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$ 6,329,608	\$ 2,187,053	\$ (1,271,982)
TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
School District's Proportionate Share of the Net Pension (Asset)/Liability	\$10,369,180	\$ (2,244,869)	\$(12,853,623)

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 11 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Pension Plan Fiduciary Net Position

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

	Dollars in Thousands	
	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
Employers' Total Pension	\$ 247,600,239	\$ 142,837,826
Plan Net Position	(230,454,512)	(145,821,435)
Employers' Net Pension (Asset)/Liability	\$ 17,145,727	\$ (2,983,609)
Ratio of Plan Net Position to the Employers' Total Pension Liability	93.1%	102.1%

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, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$163,234.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October, and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 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, 2025 amounted to \$1,715,239.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 11 **Pension Obligations - New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems) - Continued**

Effect on Net Position

Changes in the net pension (asset)/liability and deferred outflows and inflows of resources for the year ended June 30, 2025 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
ERS			
Net Pension (Asset)/Liability	\$ 1,754,807	\$ 432,246	\$ 2,187,053
Deferred Outflows of Resources	(1,532,394)	350,080	(1,182,314)
Deferred Inflows of Resources	1,022,951	(951,365)	71,586
Subtotal	1,245,364	(169,039)	1,076,325
TRS			
Net Pension (Asset)/Liability	864,965	(3,109,834)	(2,244,869)
Deferred Outflows of Resources	(6,288,333)	700,039	(5,588,294)
Deferred Inflows of Resources	902,463	2,178,797	3,081,260
Subtotal	(4,520,905)	(230,998)	(4,751,903)
Total Effect on Net Position	\$ (3,275,541)	\$ (400,037)	\$ (3,675,578)

Note 12 **Postemployment Benefits Other than Pensions (OPEB)**

General Information About the OPEB Plan

Plan Description - The School District's defined OPEB Plan (Plan) provides medical benefits to eligible retirees and their spouses in accordance with various employment contracts. The Plan is a single employer defined benefit healthcare plan administered by the School District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the School Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. The Plan does not issue separate financial statements because there are no assets legally segregated for the sole purpose of paying benefits under the Plan.

Benefits Provided

The School District provides healthcare benefits for eligible retirees and their spouses. Benefit terms are dependent of which contract each employee falls under. The specifics of each contract are on file at the School District offices and are available upon request.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

***Note 12* Postemployment Benefits Other than Pensions (OPEB) - Continued**

Employees Covered by Benefit Terms

At June 30, 2025, the following employees were covered by the benefit terms.

Active	243
Retirees	51
Beneficiaries	-
Spouses of Retirees	<u>27</u>
Total	<u><u>321</u></u>

Total OPEB Liability

The School District's total OPEB liability of \$5,672,408 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions and Other Inputs - The total OPEB liability as of June 30, 2025 was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Discount Rate	5.20%
20 Year Municipal Bond Yield	5.20%
Salary Increases	2.40%
Healthcare Cost Trend Rate	7.3% - 3.8%

The long-term bond rate is based on the Bond Buyer AA 20-Year General Obligation Bond Index as of June 30, 2025.

Salaries are assumed to increase at 2.40% per year. The salary scale was based on the School District's review of historical experience as well as future expectations.

Mortality rates were based on the Pub-2010 Headcount-Weighted Mortality Tables generationally projected using the Scale MP-2021 mortality improvement scale on a fully generational basis.

Election percentage: It was assumed that 95% of future retirees eligible for coverage will elect retiree group benefits.

Spousal Coverage: 50% of current active members are assumed to elect dependent coverage. It was assumed that 25% of future retirees will elect spousal coverage upon retirement with male spouses assumed to be three years older and female spouses assumed to be three years younger than the retiree. No surviving spouses are assumed to continue coverage past age 65.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 12 Postemployment Benefits Other than Pensions (OPEB) - Continued

Total OPEB Liability - Continued

The annual rate of increase in healthcare costs developed based on a review of published national trend survey data in relation, to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Long-Term Healthcare Cost Trend Models v2022_f4 (the Getzen model).

The actuarial assumptions used in the July 1, 2024 valuation were consistent with the requirements of GASB Statement No. 75 and Actuarial Standards of Practice (ASOPs).

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	\$ 6,546,176
Changes for the Year	
Service Cost	274,438
Interest Cost	257,240
Differences Between Expected and Actual Experience	(332,955)
Changes in Assumptions or Other Inputs	(517,013)
Benefit Payments	(555,478)
Net Change	(873,768)
Balance at June 30, 2025	\$ 5,672,408

Changes of assumptions and other inputs reflect a change in the discount rate from 3.93% at the measurement date of June 30, 2024 to 5.20% at June 30, 2025.

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

	1% Decrease (4.20%)	Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB Liability	\$ 6,075,582	\$ 5,672,408	\$ 5,295,955

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 12 Postemployment Benefits Other than Pensions (OPEB) - Continued

Changes in the Total OPEB Liability

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate - The following presents the total OPEB liability of the School District, as well as what the School District's total OPEB liability would be if it were calculated using a healthcare cost trend rate that is 1 percentage point lower or higher than the current healthcare cost trend rate:

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rate</u>	<u>1% Increase</u>
Total OPEB Liability	\$ 5,290,665	\$ 5,672,408	\$ 6,116,183

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

For the year ended June 30, 2025, the School District recognized OPEB expense of \$1,041,052.

At June 30, 2025, the School District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences Between Expected and Actual Experience	\$ 1,105,448	\$ 2,199,607
Changes in Assumptions or Other Inputs	851,185	844,424
Total	<u>\$ 1,956,633</u>	<u>\$ 3,044,031</u>

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 509,374
2027	(275,460)
2028	(350,451)
2029	(350,451)
2030	(416,946)
Thereafter	(203,464)

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 12 Postemployment Benefits Other than Pensions (OPEB) - Continued

Effect on Net Position

Changes in the OPEB liability and deferred outflows and inflows of resources for the year ended June 30, 2025 resulted in the following effect on net position:

	Beginning Balance	Change	Ending Balance
Other Postemployment Benefits Liability	\$ 6,546,176	\$ (873,768)	\$ 5,672,408
Deferred Outflows of Resources	(3,067,864)	1,111,231	(1,956,633)
Deferred Inflows of Resources	2,795,920	248,111	3,044,031
Total Effect on Net Position	\$ 6,274,232	\$ 485,574	\$ 6,759,806

Note 13 Commitments and Contingencies

Risk Financing and Related Insurance - General Information

The School District is exposed to various risks of loss related to, but not limited to, torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; and natural disasters. 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 three years.

Grants

The School District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by New York State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and are subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the School District. Based on prior experience, management expects such amounts to be immaterial.

Litigation

The School District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims will not have a material adverse effect upon the financial position of the School District.

Financial Concentrations and Constraints

The School District has reviewed its concentrations and constraints in accordance with GASB Statement No. 102, "Certain Risk Disclosures." Based on this review, no events associated with said concentrations or constraints have been identified that are more likely than not to cause a substantial impact requiring additional disclosure, except as noted below.

The School District is allowed, under New York State Real Property Tax Law (§1318), to retain up to 4% of the succeeding year's budget in unassigned fund balance. The District was not in compliance with this financial constraint at June 30, 2025. Noncompliance could have a potential impact on future funding streams from New York State, future tax levy's, changes to reserves, or additional expenses incurred to get under the threshold.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 14 Fund Balance Detail

At June 30, 2025, nonspendable, restricted, and assigned fund balance in the governmental funds was as follows:

	Non-Major Funds			
	General Fund	School Lunch Fund	Debt Service Fund	Miscellaneous Special Revenue Fund
Nonspendable				
Inventory	\$ -	\$ 34,637	\$ -	\$ -
Total Nonspendable Fund Balance	\$ -	\$ 34,637	\$ -	\$ -
Restricted				
Reserve for ERS Contributions	\$ 2,314,086	\$ -	\$ -	\$ -
Reserve for TRS Contributions	746,558	-	-	-
Tax Certiorari Reserve	19,286	-	-	-
Unemployment Insurance Reserve	201,469	-	-	-
Workers Compensation Reserve	198,272	-	-	-
Liability Claims and Property Loss Reserve	522,064	-	-	-
Employee Benefit Accrued Liability Reserve	913,497	-	-	-
Repair Reserve	355,663	-	-	-
Capital Reserves	3,288,531	-	-	-
School Lunch	-	225,132	-	-
Debt Service	-	-	332,300	-
Scholarships	-	-	-	1,216,806
Total Restricted Fund Balance	\$ 8,559,426	\$ 225,132	\$ 332,300	\$ 1,216,806
Assigned				
Appropriated for Next Year's Budget	\$ 1,500,000	\$ -	\$ -	\$ -
Encumbered for:				
General Support	257,304	-	-	-
Instruction	20,614	-	-	-
Pupil Transportation	16,302	-	-	-
Total Assigned Fund Balance	\$ 1,794,220	\$ -	\$ -	\$ -

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 15 Restricted Fund Balances

Portions of restricted fund balance are reserved and not available for current expenditures as reported in the Governmental Funds Balance Sheet. The balances and activity of the General Fund and Debt Service Fund reserves, for the year ended June 30, 2025, were as follows:

General Fund	Beginning Balance	Additions	Interest Earned	Appropriated	Ending Balance
Reserve for ERS Contributions	\$ 2,289,200	\$ -	\$ 24,886	\$ -	\$ 2,314,086
Reserve for TRS Contributions	738,530	-	8,028	-	746,558
Tax Certiorari Reserve	108,388	-	1,177	(90,279)	19,286
Unemployment Insurance Reserve	207,946	-	2,260	(8,737)	201,469
Workers Compensation Reserve	196,140	-	2,132	-	198,272
Liability Claims and Property Loss Reserve	516,450	-	5,614	-	522,064
Employee Benefit Accrued Liability Reserve	903,673	-	9,824	-	913,497
Repair Reserve	351,838	-	3,825	-	355,663
Capital Reserves	10,245,742	-	111,369	(7,068,580)	3,288,531
Total Restricted Fund Balance	\$ 15,557,907	\$ -	\$ 169,115	\$ (7,167,596)	\$ 8,559,426
Total Debt Service Fund Balance	\$ 89,647	\$ 238,776	\$ 3,877	\$ -	\$ 332,300

Note 16 Tax Abatements

For the year ended June 30, 2025, property in the School District was subject to property tax abatements negotiated by the Chenango County Industrial Development Agency (CCIDA).

CCIDA enters into Payment in Lieu of Taxes (PILOT) agreements with businesses within Chenango County under New York State GML §858. Economic development agreements entered into by CCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which CCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

NORWICH CITY SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS JUNE 30, 2025

Note 16 Tax Abatements - Continued

Information relevant to disclosure of the program for the year ended June 30, 2025 is as follows:

	Taxable Assessed Value	Combined Tax Rates	Tax Value	PILOT Received	Taxes Abated
Chenango County Industrial Development Agency					
Liberty Affordable Housing	\$ 1,283,100	32.39	\$ 41,559	\$ 22,449	\$ 19,110
Chenango Limited Partnership	400,000	32.39	12,956	2,198	10,758
Tiffant Energy LLC	3,650,000	45.44	165,857	10,106	155,751
Norwich Solar	6,000,000	45.44	272,641	39,165	233,476
Total PILOT Agreements	\$ 11,333,100		\$ 493,013	\$ 73,918	\$ 419,095

Note 17 Stewardship, Compliance, and Accountability

Deficit Unassigned Fund Balance

At June 30, 2025, the Capital Projects Fund had an unassigned fund balance deficit of \$28,434,195. This deficit is expected to be eliminated with permanent financing at the completion of the respective projects.

Note 18 Restatement

During the year, the School District implemented GASB Statement No. 101, "Compensated Absences." Implementation of this change in accounting principle resulted in restatement of net position and compensated absence liabilities as follows:

	Net Position	Compensated Absences
Balance as of June 30, 2024	\$ 79,413,059	\$ 417,316
Change in Accounting Principle - Compensated Absences	(1,037,485)	1,037,485
Balance as Restated	\$ 78,375,574	\$ 1,454,801

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF REVENUES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance Favorable (Unfavorable)</u>
REVENUES				
Local Sources				
Real Property Taxes	\$ 12,767,457	\$ 12,767,457	\$ 11,348,121	\$ (1,419,336)
Other Tax Items	120,174	120,174	1,472,282	1,352,108
Charges for Services	-	-	283,441	283,441
Use of Money and Property	29,000	29,000	728,545	699,545
Sale of Property and Compensation for Loss	-	-	16,840	16,840
Miscellaneous	110,000	110,000	356,527	246,527
Total Local Sources	<u>13,026,631</u>	<u>13,026,631</u>	<u>14,205,756</u>	<u>1,179,125</u>
State Sources	33,678,893	33,678,893	33,748,768	69,875
Medicaid Reimbursement	150,000	150,000	83,112	(66,888)
Total Revenues and Other Financing Sources	<u>46,855,524</u>	<u>46,855,524</u>	<u>\$ 48,037,636</u>	<u>\$ 1,182,112</u>
Appropriated Fund Balance	<u>500,000</u>	<u>500,000</u>		
Appropriated Reserves	<u>-</u>	<u>7,068,580</u>		
Encumbrances Carried Forward from Prior Year	<u>277,034</u>	<u>277,034</u>		
Total Revenues, Appropriated Reserves, and Designated Fund Balance	<u>\$ 47,632,558</u>	<u>\$ 54,701,138</u>		

See Notes to Required Supplementary Information

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF EXPENDITURES COMPARED TO BUDGET (NON-U.S. GAAP) GENERAL FUND FOR THE YEAR ENDED JUNE 30, 2025

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance Favorable (Unfavorable)</u>
EXPENDITURES					
General Support					
Board of Education	\$ 52,993	\$ 45,537	\$ 42,718	\$ -	\$ 2,819
Central Administration	259,710	275,103	265,448	518	9,137
Finance	586,465	945,771	703,478	226,906	15,387
Staff	492,351	496,495	448,869	-	47,626
Central Services	4,881,762	4,525,543	4,115,783	29,880	379,880
Special Items	1,316,000	1,373,000	1,360,392	-	12,608
Total General Support	<u>7,589,281</u>	<u>7,661,449</u>	<u>6,936,688</u>	<u>257,304</u>	<u>467,457</u>
Instruction					
Instruction, Administration, and Improvement	2,177,333	2,219,574	2,097,816	14,600	107,158
Teaching - Regular School Programs for Children with Handicapping Conditions	10,188,928	9,811,938	9,647,007	2,812	162,119
Occupational Education	4,589,153	4,717,628	4,542,663	-	174,965
Teaching - Special School	2,000,286	2,000,436	1,995,126	-	5,310
Instructional Media	120,815	89,685	61,662	-	28,023
Pupil Services	1,116,044	1,110,877	1,071,384	1,307	38,186
Total Instruction	<u>22,554,914</u>	<u>22,323,759</u>	<u>21,582,934</u>	<u>20,614</u>	<u>720,211</u>
Pupil Transportation	2,069,524	1,515,914	1,399,477	16,302	100,135
Community Services	38,500	49,000	21,001	-	27,999
Employee Benefits	12,017,250	12,006,250	9,854,092	-	2,152,158
Debt Service					
Principal	1,253,405	2,164,571	1,848,002	-	316,569
Interest	1,709,684	1,515,535	1,048,548	-	466,987
Total Debt Service	<u>2,963,089</u>	<u>3,680,106</u>	<u>2,896,550</u>	<u>-</u>	<u>783,556</u>
Total Expenditures	<u>47,232,558</u>	<u>47,236,478</u>	<u>42,690,742</u>	<u>294,220</u>	<u>4,251,516</u>
OTHER FINANCING USES					
Operating Transfers Out	400,000	7,464,660	7,446,939	-	17,721
Total Expenditures and Other Financing Uses	<u>\$ 47,632,558</u>	<u>\$ 54,701,138</u>	50,137,681	<u>\$ 294,220</u>	<u>\$ 4,269,237</u>
Net Change in Fund Balance			(2,100,045)		
Fund Balance - Beginning of Year			<u>25,170,272</u>		
Fund Balance - End of Year			<u>\$ 23,070,227</u>		

See Notes to Required Supplementary Information

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 579,078	\$ 417,240	\$ 399,135	\$ 470,066	\$ 510,294	\$ 604,519	\$ 627,653	\$ 623,322	\$ 600,180	\$ 690,557
Contributions in Relation to the Contractually Required Contribution	(579,078)	(417,240)	(399,135)	(470,066)	(510,294)	(604,519)	(627,653)	(623,322)	(600,180)	(690,557)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Payroll for Year Ended June 30,	4,688,869	4,052,049	3,666,133	3,442,668	4,151,965	4,396,822	4,354,147	4,536,306	4,380,412	4,018,464
Contributions as a Percentage of Covered Payroll	12.4%	10.3%	10.9%	13.7%	12.3%	13.7%	14.4%	13.7%	13.7%	17.2%

SCHEDULE OF SCHOOL DISTRICT CONTRIBUTIONS NYSTRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	\$ 1,499,621	\$ 1,402,121	\$ 1,437,447	\$ 1,312,477	\$ 1,054,253	\$ 1,032,826	\$ 1,370,302	\$ 1,531,422	\$ 1,706,956	\$ 2,160,023
Contributions in Relation to the Contractually Required Contribution	(1,402,121)	(1,402,121)	(1,437,447)	(1,312,477)	(1,054,253)	(1,032,826)	(1,370,302)	(1,531,422)	(1,706,956)	(2,160,023)
Contribution Deficiency (Excess)	-	-	-	-	-	-	-	-	-	-
School District's Covered Payroll for Year Ended June 30,	14,833,046	14,365,994	13,955,796	13,392,622	11,062,466	11,657,178	12,903,032	15,626,755	14,564,471	16,289,766
Contributions as a Percentage of Covered Payroll	10.1%	9.8%	10.3%	9.8%	9.5%	8.9%	10.6%	9.8%	11.7%	13.3%

See Notes to Required Supplementary Information

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School District's Proportion of the Net Pension (Asset)/Liability	0.012756%	0.011918%	0.010958%	0.010379%	0.012793%	0.013943%	0.015700%	0.015300%	0.014700%	0.015200%
	\$ 2,187,053	\$ 1,754,807	\$ 2,349,910	\$ (848,434)	\$ 12,738	\$ 3,692,127	\$ 1,112,621	\$ 493,989	\$ 1,382,249	\$ 2,447,531
School District's Proportionate Share of the Net Pension (Asset)/Liability	4,650,086	3,852,703	3,603,943	3,422,707	4,123,503	4,354,147	4,354,147	4,536,306	4,380,412	4,018,464
School District's Covered Payroll	47.0%	45.5%	65.2%	24.8%	0.3%	84.8%	25.6%	10.9%	31.6%	60.9%
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	93.1%	93.9%	90.8%	103.7%	99.9%	86.4%	96.3%	98.2%	94.7%	90.7%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.90%	2.90%	2.90%	2.70%	2.50%	2.50%	2.50%	2.50%	2.50%	2.50%
Inflation	4.40%	4.40%	4.40%	4.40%	4.50%	4.20%	3.80%	3.80%	3.80%	3.80%
Salary Increases	1.50%	1.50%	1.50%	1.40%	1.30%	1.30%	1.30%	1.30%	1.30%	1.30%
Cost of Living Adjustments	5.90%	5.90%	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%
Investment Rate of Return	5.90%	5.90%	5.90%	5.90%	6.80%	6.80%	7.00%	7.00%	7.00%	7.00%
Discount Rate	MP-2021	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014
Society of Actuaries' Mortality Scale										

The Following is a Summary of Changes of Assumptions

See Notes to Required Supplementary Information

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF THE SCHOOL DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION (ASSET)/LIABILITY NYSTRS PENSION PLAN FOR THE YEARS ENDED JUNE 30,

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
School District's Proportion of the Net Pension (Asset)/Liability	0.07524%	0.07564%	0.07456%	0.06518%	0.06868%	0.08061%	0.08580%	0.08250%	0.08340%	0.08200%
\$	(2,244,869)	864,965	\$ 1,430,772	\$ (11,294,385)	\$ 1,897,815	\$ (2,094,361)	\$ (1,552,247)	\$ (626,756)	\$ 893,493	\$ (8,520,196)
School District's Proportionate Share of the Net Pension (Asset)/Liability	14,365,994	13,955,796	13,392,622	11,062,466	11,657,178	12,903,032	15,626,755	14,564,471	16,289,766	11,764,837
School District's Covered Payroll	15.6%	6.2%	10.7%	102.1%	16.3%	16.2%	9.9%	4.3%	5.5%	72.4%
School District's Proportionate Share of the Net Pension (Asset)/Liability as a Percentage of its Covered Payroll	102.1%	99.2%	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%	110.5%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	2.40%	2.40%	2.40%	2.20%	2.20%	2.25%	2.25%	2.50%	3.00%	3.00%
Inflation	1.95% - 5.18%	1.95% - 5.18%	1.95% - 5.18%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	1.90% - 4.72%	4.0% - 10.9%	4.0% - 10.9%
Salary Increases	1.30%	1.30%	1.30%	1.30%	1.30%	1.50%	1.50%	1.50%	1.50%	1.63%
Cost of Living Adjustments	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%
Investment Rate of Return	6.95%	6.95%	6.95%	7.10%	7.10%	7.25%	7.25%	7.50%	8.00%	8.00%
Discount Rate	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014	MP-2014
Society of Actuaries' Mortality Scale									AA	AA

The Following is a Summary of Changes of Assumptions

See Notes to Required Supplementary Information

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF CHANGES IN THE SCHOOL DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS FOR THE LAST 10 FISCAL YEARS

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Service Cost	\$ 274,438	\$ 287,214	\$ 209,068	\$ 239,231	\$ 258,834	\$ 587,303	\$ 249,898	\$ 188,676	\$ 74,925	\$ *
Interest Cost	257,240	229,667	185,162	120,687	198,905	428,942	173,986	108,457	43,450	*
Changes of Benefit Terms	-	429,583	247,039	349,073	(185,959)	481,678	-	-	-	*
Differences Between Expected and Actual Experience	(332,955)	-	157,009	-	(3,785,806)	3,377,806	1,322,556	905	2,672,635	*
Changes in Assumptions or Other Inputs	(517,013)	(129,406)	759,829	(403,252)	790,956	(132,143)	-	-	(379,354)	*
Benefit Payments	(555,478)	(546,915)	(601,904)	(664,549)	(675,725)	(891,959)	(338,190)	(194,629)	(140,821)	*
	(873,768)	270,143	956,203	(358,810)	(3,398,795)	3,851,627	1,408,250	103,409	2,270,835	*
Total OPEB Liability - Beginning of Year	6,546,176	6,276,033	5,319,830	5,678,640	9,077,435	5,225,808	3,817,558	3,714,149	1,443,314	*
Total OPEB Liability - End of Year	\$ 5,672,408	\$ 6,546,176	\$ 6,276,033	\$ 5,319,830	\$ 5,678,640	\$ 9,077,435	\$ 5,225,808	\$ 3,817,558	\$ 3,714,149	\$ *
Covered Employee Payroll	\$ 14,431,312	\$ 14,431,312	\$ 14,431,321	\$ 14,540,157	\$ 14,540,157	\$ 16,380,634	\$ 12,692,849	\$ 11,529,367	\$ 11,303,301	\$ *
Total OPEB Liability as a Percentage of Covered Payroll	39%	45%	43%	37%	39%	55%	41%	33%	33%	*
Healthcare Cost Trend Rates	7.30% - 3.80%	6.40% - 3.80%	6.40% - 3.80%	5.30% - 4.10%	5.30% - 4.10%	11.23% - 5.0%	11.23% - 5.0%	15.63% - 5.0%	15.63% - 5.0%	*
Salary Increases	2.40%	2.40%	2.40%	2.60%	2.60%	4.00%	4.00%	2.00%	2.00%	*
Inflation Rate	2.40%	2.40%	2.40%	2.60%	2.60%	4.00%	4.00%	2.00%	2.00%	*
Discount Rate	5.20%	3.93%	3.65%	3.54%	2.16%	3.50%	3.50%	2.85%	2.85%	*
Society of Actuaries' Mortality Scale	MP-2021	MP-2021	MP-2021	MP-2019	MP-2019	MP-2018	MP-2018	MP-2016	MP-2016	*

* Information for periods prior to implementation of GASB Statement No. 75 is unavailable and will be completed as it becomes available.

See Notes to Required Supplementary Information

NORWICH CITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2025

***Note 1* Budgetary Procedures and Budgetary Accounting**

The School District administration prepares a proposed budget for approval by the Board of Education (Board) for the General Fund for which a legal (appropriated) budget is adopted. The voters of the School District approved the proposed appropriation budget for the General Fund.

Appropriations are adopted at the program line level. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

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

Annual legal budgets are not adopted for the Special Revenue Funds (Special Aid, School Lunch, and Miscellaneous Special Revenue Fund). Budgetary controls for the Special Aid Fund are established in accordance with the applicable grant agreements. Special Aid grants may also cover a period other than the School District's fiscal year. Budgetary controls for School Lunch Fund are established internally.

***Note 2* Reconciliation of the General Fund Budget Basis to U.S. GAAP**

No adjustment is necessary to convert excess of revenues and other sources over expenditures and other uses on the U.S. GAAP basis to the budget basis, as there were no encumbrances added to the actual expenditures recorded in the budgetary comparison schedules.

***Note 3* Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability**

NYSLRS

Changes in Benefit Terms

The New York State Legislature modified the Tier 6 final average salary calculation (Chapter 56 of the Laws of 2024, PartQQ), which was first reflected in the April 1, 2024 funding valuation.

NORWICH CITY SCHOOL DISTRICT

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION JUNE 30, 2025

Note 3 **Schedules of School District Contributions - NYSLRS and NYSTRS Pension Plan and Schedules of the School District's Proportionate Share of the Net Pension (Asset)/Liability - Continued**

NYSTRS

Changes in Benefit Terms

Effective with the 2024 actuarial valuation, the following plan change was effective: Chapter 56 of the Laws of 2024 amended Section 512 of Retirement and Social Security Law to change the definition of final average salary (FAS) for Tier 6 members to be based on the wages earned during any three consecutive years which provide the highest average wages, instead of five years. This legislation also reduced the lookback to the same requirements as applicable to Tier 4; namely, the FAS calculation will exclude any yearly increases in salary that exceeds 10% of the average of the previous two years' salaries.

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT FOR THE YEAR ENDED JUNE 30, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 47,355,524
Capital Fund Reserves	7,068,580
Prior Year's Encumbrances	<u>277,034</u>
Original Budget	<u>54,701,138</u>

Final Budget \$ 54,701,138

§1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

Next Year's Budget is a Voter Approved Budget	<u><u>\$ 49,314,569</u></u>
Maximum Allowed (4% of the 2025-2026 Budget)	\$ 1,972,583

General Fund Fund Balance Subject to §1318 of Real Property Tax Law

Unrestricted Fund Balance

Assigned Fund Balance	\$ 1,794,220
Unassigned Fund Balance	<u>12,716,581</u>
Total Unrestricted Fund Balance	<u><u>14,510,801</u></u>

Less

Appropriated Fund Balance	1,500,000
Encumbrances Included in Assigned Fund Balance	<u>294,220</u>
Total Adjustments	<u><u>1,794,220</u></u>

General Fund Fund Balance Subject to §1318 of Real Property Tax Law \$ 12,716,581

Actual Percentage 25.8%

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF PROJECT EXPENDITURES CAPITAL PROJECTS FUND FOR THE YEAR ENDED JUNE 30, 2025

PROJECT TITLE	Expenditures				Methods of Financing					
	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended (Overexpended) Balance	Proceeds of Obligations	Local Sources	Total	Fund Balance June 30, 2025
Non-Aidable Vehicles	\$ 69,783	\$ 69,783	\$ -	\$ 69,783	\$ 69,783	\$ -	\$ -	\$ 69,783	\$ 69,783	\$ -
Gym Curtain	27,855	27,855	-	31,578	31,578	(3,723)	-	-	-	(31,578)
E-Rate	26,778	26,778	-	4,017	4,017	22,761	-	4,017	4,017	-
Gym Floor	153,449	153,449	-	153,449	153,449	-	-	-	-	(153,449)
Capital Transfer 23-24	132,145	132,145	103,012	4,504	107,516	24,629	-	132,145	132,145	24,629
2021 Capital Project Phase 1 - MS/HS	5,658,000	5,658,000	7,459,186	14,543	7,473,729	(1,815,729)	7,270,013	1,089,623	8,359,636	885,907
2021 Capital Project Phase 1 - PB	4,749,963	4,749,963	3,924,300	4,755	3,929,055	820,908	3,821,958	914,752	4,736,710	807,655
2021 Capital Project Phase 1 - SG	4,370,000	4,370,000	4,135,006	4,848	4,139,854	230,146	4,027,012	841,579	4,868,591	728,737
2021 Capital Project Phase 2- MS/HS	13,685,000	13,685,000	4,079,394	8,954,672	13,034,066	650,934	12,678,789	2,635,470	15,314,259	2,280,193
2021 Capital Project Phase 2- PB	1,800,000	1,800,000	23,279	273,243	296,522	1,503,478	288,440	346,646	635,086	338,564
2021 Capital Project Phase 2- SG	990,405	990,405	20,158	221,635	241,793	748,612	235,202	190,733	425,935	184,142
2021 Capital Project Phase 2b - FH	750,000	750,000	14,655	1,935,723	1,950,378	(1,200,378)	1,897,215	144,436	2,041,651	91,273
2021 Capital Project Phase 2b - MS/HS	8,350,000	8,350,000	52,899	4,926,789	4,979,688	3,370,312	4,843,954	1,608,049	6,452,003	1,472,315
IPA Lease	315,000	315,000	-	200,900	200,900	114,100	200,900	-	200,900	-
Subtotal	41,078,378	41,078,378	19,811,889	16,800,439	36,612,328	4,466,050	35,263,483	7,977,233	43,240,716	6,628,388
Unredeemed BANs	-	-	-	-	-	-	(35,062,583)	-	(35,062,583)	(35,062,583)
Total	\$ 41,078,378	\$ 41,078,378	\$ 19,811,889	\$ 16,800,439	\$ 36,612,328	\$ 4,466,050	\$ 200,900	\$ 7,977,233	\$ 8,178,133	\$ (28,434,195)

* Architectural and State Approved Budget Modification for Sub-Project Reallocations Not Yet Finalized and Unavailable at This Report Date.

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS FOR THE YEAR ENDED JUNE 30, 2025

Capital Assets, Net	<u>\$ 95,622,746</u>
Deduct:	
Bond Anticipation Notes	<u>(35,062,583)</u>
Capital Project Payables	<u>(897,285)</u>
Retainage Payable	<u>(807,004)</u>
Premium on Serial Bonds	<u>(298,229)</u>
Short-Term Portion of Bonds Payable	<u>(405,000)</u>
Long-Term Portion of Bonds Payable	<u>(2,880,000)</u>
Short-Term Portion of Installment Purchase Debt	<u>(279,899)</u>
Long-Term Portion of Installment Purchase Debt	<u>(1,836,272)</u>
Short-Term Portion of Lease Liabilities	<u>(1,079,999)</u>
Long-Term Portion of Lease Liabilities	<u>(359,965)</u>
Net Investment in Capital Assets	<u>\$ 51,716,510</u>

NORWICH CITY SCHOOL DISTRICT

BALANCE SHEET - NON-MAJOR GOVERNMENTAL FUNDS JUNE 30, 2025

	<u>Special Revenue Funds</u>			Total Non-Major Governmental Funds
	<u>School Lunch Fund</u>	<u>Miscellaneous Special Revenue Fund</u>	<u>Debt Service Fund</u>	
ASSETS				
Cash and Cash Equivalents - Restricted	\$ 143,242	\$ 622,850	\$ 42,984	\$ 809,076
Investments - Restricted	-	593,956	128,691	722,647
Due From Other Funds	285,710	-	340,432	626,142
Receivables:				
Due From State and Federal Governments	102,803	-	-	102,803
Due From Other Governments	30,454	-	-	30,454
Other Receivables	1,227	-	-	1,227
Inventories	34,637	-	-	34,637
Total Assets	\$ 598,073	\$ 1,216,806	\$ 512,107	\$ 2,326,986
LIABILITIES				
Payables:				
Accounts Payable	\$ 12,037	\$ -	\$ -	\$ 12,037
Accrued Liabilities	446	-	-	446
Due to Other Funds	276,470	-	179,807	456,277
Due to Other Governments	2,724	-	-	2,724
Due to Employees' Retirement System	11,825	-	-	11,825
Total Liabilities	303,502	-	179,807	483,309
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenues	34,802	-	-	34,802
Total Deferred Inflows of Resources	34,802	-	-	34,802
FUND BALANCES				
Nonspendable	34,637	-	-	34,637
Restricted	225,132	1,216,806	332,300	1,774,238
Total Fund Balances	259,769	1,216,806	332,300	1,808,875
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 598,073	\$ 1,216,806	\$ 512,107	\$ 2,326,986

NORWICH CITY SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE NON-MAJOR GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2025

	Special Revenue Funds		Debt Service Fund	Total Non-Major Governmental Funds
	School Lunch Fund	Miscellaneous Special Revenue Fund		
REVENUES				
Use of Money and Property	\$ -	\$ 28,937	\$ 3,877	\$ 32,814
Miscellaneous Revenue (Loss)	852	47,719	-	48,571
State Sources	142,180	-	-	142,180
Federal Sources	1,197,665	-	-	1,197,665
Sales - School Lunch	34,196	-	-	34,196
Total Revenues	1,374,893	76,656	3,877	1,455,426
EXPENDITURES				
Instruction	507,478	16,625	-	524,103
Employee Benefits	411,864	-	-	411,864
Cost of Sales	541,870	-	-	541,870
Total Expenditures	1,461,212	16,625	-	1,477,837
Excess (Deficiency) of Revenues Over Expenditures	(86,319)	60,031	3,877	(22,411)
OTHER FINANCING SOURCES AND (USES)				
Premium on Obligations	-	-	238,776	238,776
Operating Transfers In	275,000	-	-	275,000
Total Other Sources (Uses)	275,000	-	238,776	513,776
Net Change in Fund Balance	188,681	60,031	242,653	491,365
Fund Balances - Beginning of Year	71,088	1,156,775	89,647	1,317,510
Fund Balances - End of Year	\$ 259,769	\$ 1,216,806	\$ 332,300	\$ 1,808,875



**INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL
OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS
BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

Board of Education
Norwich City School District
Norwich, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Norwich City School District (the School District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 15, 2025.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses or significant deficiencies may exist that were not identified. We identified a deficiency in internal control, described in the accompanying Schedule of Findings and Questions Costs as item 2025-001 that we consider to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 one instance of noncompliance or other matters that is required to be reported under *Government Auditing Standards*, described in the accompanying Schedule of Findings and Questioned Costs as item 2025-002.

School District's Response to Findings

Government Auditing Standards require the auditor to perform limited procedures on the School District's response to the finding identified in our audit and described in the accompanying Schedule of Findings and Questioned Costs. The School District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

Purpose of This Report

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

Respectfully submitted,



Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
October 15, 2025

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2025

Section I Summary of Auditors' Results

Financial Statements

Type of Auditors' report issued: Unmodified

Internal control over financial reporting:

Material Weakness(es) identified? yes X no

Significant deficiency(ies) identified that are not
Considered to be material weakness(es)? X yes none reported

Noncompliance material to financial statements noted? X yes no

Section II Financial Statement Findings

Finding 2025-001

Issue:
Accounting Adjustments

Criteria:
Management is charged with maintaining fiscal integrity and stewardship. This includes providing accurate and timely financial information.

Condition:
During our current year audit several audit adjustments were required to correct misstatements. Professional standards define an audit adjustment as a proposed correction of the financial statements that, in our judgment, may not have been detected except through our auditing procedures. Audit adjustments that, either individually or in the aggregate, may have a significant effect on the School District's financial reporting process were reviewed, approved, and posted by management.

Cause:
The School District experienced significant turnover in key positions in the current year. That turnover resulted in delays in several reconciliation processes.

Effect or Potential Effect:
There is an enhanced risk of inaccurate accounting records or untimely information.

Context:
Minimal, if any, audit adjustments were detected in prior years.

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2025

Section II Financial Statement Findings - Continued

Repeat Finding:

This is a repeat finding of 2023-001 from the previous year.

Recommendation:

We recommend monthly reconciliation of general ledger balances be performed and reviewed by a responsible official. Differences should be investigated and adjustments made to ensure accurate and timely financial reporting.

Views of Responsible Officials of the Auditee:

The School District accepts the audit findings, and concurs with the recommendation for greater oversight through a monthly reconciliation process. The School District has replaced the individuals in the key positions and does not anticipate the need for adjustments in subsequent audits.

Finding 2025-002

Issue: Fund Balance Limitation

Criteria:

The School District is allowed, under New York State Real Property Tax Law (§1318), to retain up to 4% of the succeeding year's budget in unassigned fund balance.

Condition:

At June 30, 2024, unassigned fund balance in the General Fund was \$6,926,110 in excess of the allowable limits.

Cause:

Revenues in excess of expenditures in the general fund and lack of reserve funding.

Effect or Potential Effect:

The School District is not in compliance with New York State Real Property Tax Law (§1318).

Context:

The School District is currently in the process of several large capital projects; additionally education stabilization grants are reaching the end of their period of performance. These items along with inflation and contract negotiations are expected to result in expense increases in future years that will reduce unassigned fund balance.

Repeat Finding:

This is not a repeat finding from the previous year.

NORWICH CITY SCHOOL DISTRICT

SCHEDULE OF FINDINGS AND RESPONSES FOR THE YEAR ENDED JUNE 30, 2025

Section II Financial Statement Findings - Continued

Recommendation:

We recommend continued formal long-term (three to five years) budgetary planning in conjunction with the annual budgetary process. We also recommend current fund balance reserve accounts be reviewed to determine appropriate levels from both a short-term and long-term planning perspective. As part of the budgeting process, we recommend the School District estimate the amount of unassigned fund balance anticipated at year end in order to determine amounts which should be used to reduce the tax levy in accordance with New York State Real Property Tax Law (§1318).

Views of Responsible Officials of the Auditee:

The School District maintains several reserve funds. The School District Audit and Finance Committee is in discussions concerning the funding of Capital Reserves to fund future EV Bus purchases and the necessary infrastructure upgrades to the School District's electrical infrastructure to meet this initiative. The School District's transportation facilities will need significant renovation or replacement to meet future transportation needs with a goal of little or no additional tax impact. The School District plans to use reserves to support projected General Fund expenditures as the regionalization plan is developed and implemented, resulting in a projected decline in the unassigned fund balance to the 4% limit over the short-term. The School District went out with a 2.20% Tax Levy increase for the 2024-25 School Year to assist in meeting projected expenditures.

FORM OF BOND COUNSEL’S OPINION

LAW OFFICES

OF

*Timothy R. McGill*248 WILLOWBROOK OFFICE PARK
FAIRPORT, NEW YORK 14450Kristine M. Bryant
ParalegalTel: (585) 381-7470
Fax: (585) 381-7498

June 24, 2026

Board of Education of the
City School District of the City of Norwich
Chenango County, New YorkRe: ***City School District of the City of Norwich, Chenango County, New York***
\$33,256,583 Bond Anticipation Notes, 2026 (Renewals)

Dear Board Members:

I have examined a record of proceedings relating to the issuance of \$33,256,583 aggregate principal amount of Bond Anticipation Notes, 2026 (Renewals) of the City School District of the City of Norwich, a school district of the State of New York. The Notes are [registered to _____ / in book-entry-only form registered to “Cede & Co.”] are dated June 24, 2026, are numbered 2026A-1, bear interest at the rate of _____ per centum (___%) per annum payable at maturity, mature June 26, 2026, and are issued pursuant to the Local Finance Law of the State of New York and bond resolutions adopted September 22, 2021 and March 15, 2023. The propositions approving the matters set forth in the bond resolutions were approved by the voters of the School District on November 19, 2021, and May 16, 2023. The Notes are not subject to redemption prior to maturity. The Notes are temporary obligations issued in anticipation of the issuance of bonds.

In my opinion, except insofar as the enforcement thereof may be limited by any applicable bankruptcy, moratorium or similar laws relating to the enforcement of creditors’ rights, the Notes are valid and legally binding obligations of the City School District of the City of Norwich, payable in the first instance from the proceeds of the sale of the bonds in anticipation of which the Notes are issued, but, if not so paid, payable ultimately from *ad valorem* taxes that may be levied upon all the taxable real property within the School District without limitation as to rate or amount.

The School District has covenanted to comply with any requirements of the Internal Revenue Code of 1986, as amended (the “Code”), that must be met subsequent to the issuance of the Note in order that interest thereon be and remain excludable from gross income under the Code. In my opinion, under the existing statute, regulations and court decisions, interest on the Notes is excludable from gross income for Federal income tax purposes pursuant to Section 103 of the Code and will continue to be so excluded if the School District continuously complies with such covenant; and under the Code, interest on the Notes is not a specific preference item for purposes of the Federal alternative minimum tax, 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. I express no opinion regarding other Federal income tax consequences caused by the receipt or accrual of interest on the Notes. Further, in my opinion, interest on the Note is exempt from New York State and New York City personal income taxes under existing statutes.

Board of Education of the
City School District of the City of Norwich
June 24, 2026

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In rendering the opinions expressed herein, I have assumed the accuracy and truthfulness of all public records, documents and proceedings examined by me which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and I also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings, and such certifications. The scope of my engagement in relation to the issuance of the Note has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions 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 and interest on the Note as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the School District in relation to the Notes for factual information which, in the judgment of the School District, could materially affect the ability of the School District to pay such principal and interest. While I have participated in the preparation of such Official Statement, I have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, I express no opinion as to whether the School District, in connection with the sale of the Note, 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 the light of the circumstances under which they were made, not misleading.

Very truly yours,

Timothy R. McGill, Esq.

TRM: