PRELIMINARY OFFICIAL STATEMENT

NEW & RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Notes that are included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX EXEMPTION" herein.

The Notes will be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

PANAMA CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

GENERAL OBLIGATIONS
CUSIP BASE #: 698290

$6,700,000 Bond Anticipation Notes, 2025A
(the "Notes")

Dated: July 24, 2025 **Due: July 24, 2026**

The Notes are general obligations of the Panama Central School District, Chautauqua County, New York (the "District" or the "School District"), and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes. All the taxable real property within the District will be subject to the levy of *ad valorem* taxes, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York.

The Notes are not subject to redemption prior to maturity.

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

Alternatively, if the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co. as nominee of DTC 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 elects to register the Notes. Such Notes will be issued in denominations of $5,000 or integral multiples thereof, as may be determined by such successful bidder. 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 and subject to the receipt of the approving legal opinion as to the validity of the Notes of Hodgson Russ LLP of Buffalo, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as may be agreed upon, on or about July 24, 2025.

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on July 9, 2025 until 10:15 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. No phone bids will be accepted. 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 26, 2025

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SUCH RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. 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 NOTES. UNLESS THE NOTES ARE PURCHASED FOR THE SUCCESSFUL BIDDER'S OWN ACCOUNT, AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE DISTRICT WILL ENTER INTO AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS REQUIRED BY THE RULE. SEE "APPENDIX C – DISCLOSURE UNDERTAKING" HEREIN.

PANAMA CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2024-2025 BOARD OF EDUCATION

GREGORY HUDSON
President

CARRIE MUNSEE
Vice President

GREGORY BULLARO
ROBERT DELAHOY
SOPHIE HORNER
STEVEN MORGAN
KYLE RHOADES

* * * * *

BERT LICTUS
Interim Superintendent of Schools

AMANDA KOLSTEE
District Treasurer

GENEVIEVE JORDAN
District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

Bond Counsel

Note: The District's Board of Education will change for the 2025-2026 fiscal year and prior to the date of the Notes in accordance with the District's annual reorganization meeting.

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

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AUDITED FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION - JUNE 30, 2024

PREPARED WITH THE ASSISTANCE OF

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OFFICIAL STATEMENT

of the

PANAMA CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

Relating to

$6,700,000 Bond Anticipation Notes, 2025A

This Official Statement, which includes the cover page, has been prepared by the Panama Central School District, Chautauqua County, New York (the "School District" or "District", "County" and "State", respectively) in connection with the sale by the District of $6,700,000 principal amount of Bond Anticipation Notes, 2025A (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.

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.

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Notes as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District will be subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. (See "TAX LEVY LIMITATION LAW" herein.)

The Notes are dated July 24, 2025 and mature, without option of prior redemption, on July 24, 2026. 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 registered form either (i) in the name of the purchaser, in which case principal of and interest on the Notes will be payable in Federal Funds at such bank(s) or trust company(ies) located and authorized to do business in the State as may be selected by such successful bidder; or (ii) 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. See "BOOK-ENTRY-ONLY SYSTEM" herein. One fully-registered note certificate will be issued for all Notes of a particular issue bearing the same rate of interest and CUSIP number. Purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (Federal Funds) by the District directly to the registered owner or to DTC for its nominee, Cede & Co.

No Optional Redemption

The Notes are <u>not</u> subject to redemption prior to maturity.

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Purpose of Issue

The Notes are being issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to a bond resolution that was duly adopted by the Board of Education of the District on January 22, 2024 authorizing the partial reconstruction and renovation of and the construction of improvements and upgrades to the District's main school building and the site (the "Project") at a maximum estimated cost of $7,200,000, to be funded with the use of $300,000 capital improvements reserve funds and the issuance of up to $6,900,000 serial bonds. The proceeds of the Notes in the amount of $1,464,561, along with $35,439 available District funds, will be used to redeem and renew, in part, an outstanding bond anticipation note of the District that was issued on April 23, 2025. The remaining proceeds in the amount of ($5,235,439) will provide additional new money financing for the Project.

BOOK-ENTRY-ONLY SYSTEM

DTC 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.

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

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

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

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

Source: The Depository Trust Company.

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST 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 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 of the Notes upon issuance and later discontinued, the following provisions will apply:

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company, located and authorized to do business in the State 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 District began in 1895 as a union free school district and consolidated in 1939 to form the District.

The District is located in the Towns of Harmony, North Harmony, Busti and Sherman. Geographically, Panama is located in the southwestern section of Chautauqua County, which is the westernmost county in New York State.

The District is located in an area that is largely residential, with agriculture being the main industry. The major employers are Cummins Engine Company and the Erie 2 Chautauqua-Cattaraugus BOCES (Hewes Center). Year-round outdoor recreation abounds throughout the area. There is hunting and fishing and there are many areas suitable for hiking and horseback riding. The area also has recreational facilities with many golf courses, ski resorts, State parks, and boating opportunities.

Chautauqua County has several opportunities for higher education within its boundaries, including the State University of New York at Fredonia, Jamestown Community College, Jamestown Business College and the Chautauqua Institution, which is a center for theater, dance, concerts and other cultural activities, located on Chautauqua Lake.

The District is situated very near the New York State Thruway and the Southern Tier Expressway (Route #17/Interstate #86), making shopping available in the metropolitan areas of Erie, Pennsylvania and Buffalo, New York. It is also located in close proximity to the City of Jamestown, which is a diversified industrial community with an approximate population of 27,699 (2024 U.S. Census estimate).

The District is currently contemplating a merger with Clymer Central School District and Sherman Central School District. See "Other Information" herein.

Source: District officials.

Population

The current estimated population of the District is 3,265. (Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates Data.)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District, are the Towns of Busti, Harmony, North Harmony, Sherman and the County of Chautauqua. The figures set below with respect to such towns and the 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.

	Per Capita Income			Median Family Income		
	2006-2010	2016-2020	2019-2023	2006-2010	2016-2020	2019-2023
Towns of:						
Busti	$ 29,141	$ 38,818	$ 41,166	$ 67,713	$ 80,540	$ 89,028
Harmony	20,627	26,603	28,648	48,438	62,059	61,667
North Harmony	25,878	33,979	40,413	51,734	66,250	78,289
Sherman	13,256	23,943	28,936	39,000	64,191	66,346
County of:						
Chautauqua	21,033	27,061	31,951	51,031	62,366	76,149
State of:						
New York	30,948	40,868	49,520	67,405	87,270	105,060

Note: 2020-2024 American Community Survey 5-Year estimates are not available as of the date of this Official Statement.

Source: 2006-2010, 2016-2020, and 2019-2023 American Community Survey 5-Year data.

Unemployment Rate Statistics

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

	Annual Averages						
	2018	2019	2020	2021	2022	2023	2024
Chautauqua County	5.0%	4.5%	8.5%	5.6%	4.0%	4.3%	4.1%
New York State	4.1%	3.9%	9.8%	7.1%	4.3%	4.1%	4.3%

	2025 Monthly Figures					
	Jan	Feb	Mar	Apr	May	Jun
Chautauqua County	5.2%	5.4%	4.7%	3.6%	3.2%	N/A
New York State	4.6%	4.3%	4.1%	3.7%	3.5%	N/A

Note: Unemployment rates for June of 2025 are unavailable as of the date of this Official Statement.

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

Larger Employers

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

Name	Type	Number of Employees
Cummins Engine	Manufacturing	1,500
BOCES Hewes Center	Education	134
Panama Central School District	Public Education	110
Chautauqua Chemicals	Manufacturing	35
Citadel Services	Service	25

Source: District officials.

Form of School Government

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

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

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

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 School District to exceed the School District Tax Cap must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters 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 2024-25 fiscal year was approved by qualified voters on May 21, 2024 by a vote of 123 to 21. The District's adopted budget for the 2024-25 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for no change in the total tax levy, which was below the District tax levy limit of 5.07%.

In addition, District voters adopted a proposition to levy and collect an annual tax, year after year, separate and apart from the annual District budget, in the amount of $58,000 which shall be paid to the Ashville Library for the support and maintenance of the library.

The District's budget for the 2025-26 fiscal year was approved by qualified voters on May 20, 2025 by a vote of 152 yes to 34 no. The District's adopted budget for the 2025-26 fiscal year remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 1.91%, which was equal to the District's tax levy limit of 1.91%.

Investment Policy

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

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

The District has adopted its own Investment Policy, which, in addition to incorporating all of the provisions of statute enumerated above, further restricts trading partners to commercial banks or trust companies licensed and doing business in New York State. The Investment Policy prohibits investing though any private entity or brokerage firm and provides for written security agreements and/or custodial agreements with each commercial bank or trust company.

State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2025-26 fiscal year, approximately 71.41% 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 "MARKET AND RISK FACTORS" herein.)

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of the State's fiscal year 2025-26 Enacted Budget (which was adopted on May 9, 2025, thirty-eight (38) days after the April 1 deadline, the State's fiscal year 2024-25 Enacted Budget (which was adopted on April 22, 2024, twenty-one (21) days after the April 1 deadline) and the State's fiscal year 2023-24 Enacted Budget (which was adopted on May 2, 2023, thirty-one (31) days after the April 1 deadline), the State's budget has been adopted by April 1 or shortly thereafter for over ten (10) years. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

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

Federal Aid Received by the State

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

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

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

Building Aid

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

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

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2025-26 preliminary building aid ratios, the District expects to receive State building aid of approximately 84.7% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

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

State Aid History

School district fiscal year (2021-2022): The State's 2021-22 Budget includes $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 includes the use of $13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which includes, 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 are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are to be 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.

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget provides $31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of $2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also programs $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, is 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 allocates $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 increases federal funds by $125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

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

On January 21, 2025, Governor Hochul released the 2025 - 2026 Executive Budget. The Executive Budget provides for a total of $37.4 billion in school aid, with $26.4 billion being in foundation aid (a 5.9% increase from last year), $3.3 billion in building aid, $2.7 billion in transportation aid, and $1.2 billion in prekindergarten aid (the total of building aid, transportation aid, and prekindergarten aid accounting for an aggregate increase of 2.2% since last year). A final budget was passed by New York State on May 8, 2025. The enacted budget includes a $37.6 billion increase in total school aid. The enacted budget's foundation aid increase is nearly identical to the Executive Budget's; however, due to an adjustment in the aid calculation formula (as the formula and its ensuing calculations pertain to districts with large amounts of English language learners) some districts will see a slight increase or decrease in their final Foundation Aid amount.

Foundation aid is New York State's main education operating aid formula. It is focused on allocating New York State funds equitably to all school districts, especially high need districts, based on student need, community wealth, and regional cost differences. As stated above, the Executive Budget provides a 5.9% increase (amounting to a $1.4 billion total increase since last year) in Foundation Aid for the 2025 school year. Foundation aid is intended mainly to support districts' instructional costs. It is the largest aid type within the school aid budget categories. Building aid is considered an expense-based type of aid. The Executive Budget allocates $3.3 billion in building aid for the 2025 school year.

School district fiscal year (2025-2026): The State's 2025-26 Budget includes 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 provides an estimated $26.3 billion in Foundation Aid, a year over year increase of $1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. The State's 2025-26 Budget also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

Provisions in the State's 2025-26 Enacted Budget grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State Aid) if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-26. Specifically, the State's 2025-26 Enacted Budget provides that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State's 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of $2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

State Aid Litigation

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

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

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a "gap elimination adjustment" as described above, and other aid adjustments.

A case related to the *Campaign for Fiscal Equity, Inc. v. State of New York* was heard on appeal on May 30, 2017 *in New Yorkers for Students' Educational Rights v. State of New York ("NYSER")* and a consolidated case on the right to a sound basic education. The *NYSER* lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity 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 *Campaign for Fiscal Equity* 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 Kathy Hochul announced that New York State has reached an agreement to settle and discontinue the *New Yorkers for Students' Educational Rights v. New York State* 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 this much-needed funding to our students. 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 historic *Campaign for Fiscal Equity* 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, the Executive and Legislature agreed to fully fund Foundation Aid by the FY 2024 budget and enshrined this commitment into law. A breakdown of currently anticipated Foundation Aid funding is available below:

A breakdown of currently anticipated Foundation Aid funding is available below

- FY 2022: $19.8 billion, covering 30% of the existing shortfall
- FY 2023: Approximately $21.3 billion, covering 50% of the anticipated shortfall
- FY 2024: Approximately $23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts
- FY 2025: Funding the full amount of Foundation Aid for all school districts
- FY 2026: $26.3 billion in Foundation Aid, a year over year increase of $1.42 billion and a 2% minimum increase in Foundation Aid to all school districts

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

State Aid Revenues

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

Fiscal Year	Total Revenues [1]	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	$ 11,887,243	$ 8,250,552	69.41%
2020-2021	11,592,726	7,777,710	67.09
2021-2022	11,421,298	7,774,055	68.07
2022-2023	12,929,538	9,109,665	70.46
2023-2024	13,157,047	9,349,408	71.06
2024-2025 (Budgeted)	13,383,519 [2]	9,726,202	72.67
2024-2025 (Unaudited)	14,652,376	9,418,895	64.28
2025-2026 (Budgeted)	13,189,074 [2]	9,418,895	71.41

[1] Includes interfund transfers where applicable.
[2] Does not include appropriated fund balance.

Source: Audited Financial Statements for the 2019-2020 through 2023-2024 fiscal years, the adopted budget and unaudited figures for the 2024-2025 fiscal year, and adopted budget of the District for the 2025-2026 fiscal year. This table is not audited. The unaudited projections for the 2024-2025 fiscal year are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
Panama Central School	UPK-12	1,015	1929, '39, '50 '56, '59, '70 '89 '94, '97, '01, '05, '09

Source: District officials.

Enrollment Trends

School Year	Enrollment	School Year	Projected Enrollment
2020-21	449	2025-26	378
2021-22	445	2026-27	377
2022-23	412	2027-28	377
2023-24	419	2028-29	371
2024-25	403	2029-30	362

Source: District officials.

Employees

The District has employees with representation by the various bargaining units listed below:

Number of Employees	Bargaining Unit	Contract Expiration Date
54	Panama Faculty Association	June 30, 2028
17	Panama Nonteaching Unit (CSEA #6317)	June 30, 2025 [(1)]
4	Administration	June 30, 2025 [(1)]

[(1)] Currently under negotiation.

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement 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 fiscal years 2020-2021 through and including 2024-2025 and budgeted figures for the 2025-2026 fiscal years are as follows:

Fiscal Year	ERS	TRS
2020-2021	$ 169,396	$ 432,664
2021-2022	180,321	469,722
2022-2023	177,072	517,399
2023-2024	208,549	450,002
2024-2025	208,549	507,065
2025-2026 (Budgeted)	249,037	467,755

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 currently does not have early retirement incentive programs for its employees.

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

A chart of average ERS and TRS rates as a percent of payroll (2021-22 to 2025-26) is shown below:

State Fiscal Year	ERS	TRS
2021-22	16.2%	9.80%
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11
2025-26	16.5	9.59*

*Estimated.

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

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

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

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 14% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years.

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

The 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 not established a TRS reserve fund as of the date of this Official Statement.

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 will require governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

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.

GASB 75 and OPEB. In 2015, GASB released new accounting standards for public other postemployment 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. For the fiscal year ended June 30, 2018, the District implemented GASB 75. The implementation of this statement requires school districts to report 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 requires school districts to calculate and report a net other postemployment benefit obligation. However, under GASB 45 districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires districts to report the entire OPEB liability on the statement of net position.

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The District contracted with Burke Group, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the below fiscal years, by source.

Balance beginning at July 1:	2022	2023
Changes for the year:	$ 1,307,198	$ 1,242,172
Service cost	23,339	20,421
Interest	34,012	42,825
Differences between expected and actual experience	(22,973)	296,234
Changes in assumptions or other inputs	29,298	(9,248)
Changes of benefit terms	-	-
Benefit payments	(128,702)	(129,647)
Net Changes	$ (65,026)	$ 220,585

Balance ending at June 30:	2023	2024
	$ 1,242,172	$ 1,462,757

Note: The above table is not audited. For additional information see "APPENDIX – D" attached hereto.

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.

Under GASB 75, an actuarial valuation will be required every 2 years for all plans, however, the Alternative Measurement Method continues to be available for plans with less than 100 members.

Other Information

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

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

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

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

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

The District is currently contemplating a merger with Clymer Central School District and Sherman Central School District. The District has conducted an exit poll, which has passed in each of the Districts, on a merger feasibility study.

Financial Statements

The District retains independent certified public accountants. The last audit report covers the period ending June 30, 2024 and is attached hereto as "APPENDIX – D." 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.

Buffamante Whipple Buttafaro, P.C., the independent auditor for the District, has not been engaged to perform and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. Buffamante Whipple Buttafaro, P.C. also has not performed any procedures relating to this Official Statement.

Anticipated Unaudited Results of Operations for Fiscal Year Ending June 30, 2025

Based on preliminary estimates, the District expects to end the fiscal year ending June 30, 2025 with an unappropriated unreserved fund balance of $2,170,181.

Summary unaudited information for the General Fund for the period ending June 30, 2025 is as follows:

Revenues:	$ 14,652,376
Expenditures:	13,972,251
Excess (Deficit) Revenues Over Expenditures:	$ 680,125
Beginning Fund Balance at June 30, 2024:	$ 3,695,927
Total Projected Fund Balance at June 30, 2025:	$ 4,376,052

Note: These projections are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

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 on September 27, 2024. The purpose of the audit was to determine whether the Board of Education and District officials purchased goods and services in compliance with the District's procurement policies for the audit period July 1, 2022 through March 6, 2024.

Key Findings:

The Board of Education and District officials did not always comply with the District's procurement policies or New York State General Municipal Law (GML) Section 103, which generally requires purchase contracts that exceed certain thresholds to be competitively bid. In addition, the claims auditor did not perform adequate claims audits. As a result, $1.1 million in purchases (half of the procurements we reviewed) were made without competitive procurement methods. Therefore, the Board of Education, officials and the claims auditor did not help ensure that District funds were used to procure goods and services in a prudent and economical manner, in the best interests of taxpayers and that procurements were not influenced by favoritism, extravagance, corruption or fraud.

- Certain District officials delegated their procurement responsibilities to other individuals and did not ensure these individuals were adhering to the procurement policies and GML Section 103.
- The claims auditor also relied on other District officials to perform her job responsibilities and did not ensure District officials complied with the procurement policies and GML Section 103.

Key Recommendations:

- The Board of Education and Superintendent should require the purchasing agent to enforce and monitor compliance with the policies.
- The Board of Education and Superintendent should ensure that all procurement officials and employees are aware of the policies and require them to seek competition, as prescribed by the policies, before making purchases.
- The purchasing agent should ensure that procurement officials and employees comply with the policies and procedures by obtaining the required number of bids, quotes and proposals for each purchase.
- The claims auditor should monitor compliance with the policies as part of their claims audit process and ensure that procurement officials and employees obtain the required number of bids, quotes, and proposals for each purchase

A copy of the complete report and responses can be found via the website of the Office of the New York State Comptroller.

There have been no other State Comptroller's audits of the District released within the past five years, nor are there any 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 incorporated herein by reference.

The State Comptroller's Fiscal Stress Monitoring System

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "Significant Fiscal Stress", in "Moderate Fiscal Stress," as "Susceptible 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 three fiscal years of the District are as follows:

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

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.

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Busti	$ 27,324,251	$ 27,504,120	$ 27,491,743	$ 27,071,361	$ 29,115,918
Harmony	97,250,207	98,162,301	99,223,063	100,234,188	100,122,776
North Harmony	71,641,615	72,382,482	73,759,761	75,841,271	77,754,238
Sherman	1,745,427	1,742,900	1,742,915	1,957,908	1,958,613
Total Assessed Value	$ 197,961,500	$ 199,791,803	$ 202,217,482	$ 205,104,728	$ 208,951,545
State Equalization Rates					
Towns of:					
Busti	96.20%	93.20%	82.75%	67.00%	65.00%
Harmony	96.40%	95.20%	87.60%	71.50%	68.00%
North Harmony	89.80%	86.50%	76.20%	66.50%	64.00%
Sherman	100.00%	99.00%	94.90%	100.00%	100.00%
Total Taxable Full Valuation	$ 210,810,053	$ 218,062,194	$ 245,125,154	$ 296,597,624	$ 315,482,706

Source: District officials.

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Busti	$ 17.09	$ 17.05	$ 17.08	$ 17.44	$ 16.90
Harmony	17.05	16.69	16.14	16.34	16.15
North Harmony	18.30	18.37	18.55	17.57	17.16
Sherman	16.44	16.05	14.90	11.68	10.98

Source: District officials.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Total Tax Levy	$ 3,464,980	$ 3,464,980	$ 3,464,980	$ 3,464,980	$ 3,464,980
Amount Uncollected [1]	247,005	239,555	268,468	281,083	270,535
% Uncollected	7.13%	6.91%	7.75%	8.11%	7.81%

[1] See "Tax Collection Procedure" herein.

Source: District officials.

Tax Collection Procedure

District taxes are payable to the School Tax Collector from September 3 to October 4 without penalty. Payments received from October 5 through November 1 carry a penalty of 2%. Unpaid taxes are returned to the County Treasurer after November 2, to whom payments may be made until November 20. Taxes which remain unpaid after that date are added to the following year's town/county tax bills with an additional 7% penalty.

The County reimburses the District for all unpaid taxes in April of the year following the year of levy, thus the District is assured of 100% collection of its annual levy.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues [1]	Total Property Tax Levy	Percentage of Total Revenues Consisting of Real Property Taxes
2019-2020	$ 11,887,243	$ 2,853,628	24.01%
2020-2021	11,592,726	2,877,273	24.82
2021-2022	11,421,298	2,920,391	25.57
2022-2023	12,929,538	3,496,791	27.04
2023-2024	13,157,047	3,497,054	26.58
2024-2025 (Budgeted)	13,383,519 [2]	3,464,980	25.89
2024-2025 (Unaudited)	14,652,376	3,464,980	23.65
2025-2026 (Budgeted)	13,189,074 [2]	3,531,161	26.77

[1] Includes interfund transfers where applicable.
[2] Does not include appropriated fund balance.

Source: Audited Financial Statements for the 2019-2020 through 2023-2024 fiscal years, the adopted budget and unaudited figures for the 2024-2025 fiscal year, and adopted budget of the District for the 2025-2026 fiscal year. This table is not audited. The unaudited projections for the 2024-2025 fiscal year are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

Larger Taxpayers 2024 for 2024-2025 Tax Roll

Name	Type	Assessed Valuation
NBPA	Manufacturer	$ 10,310,000
National Grid	Utility	3,406,627
Southern Tier Brewing Company	Brewing Company	1,848,000
Chautauqua Chemicals	Business	1,404,500
SS Realty, LP	Retail Chain Store (Dollar General)	1,250,000
Vittoria Dairy, Inc.	Business	1,056,000
State of New York	Forest Land	1,019,600
Vejendla Unanahaswana Ras	Private	942,200
Jonathan R. O'Dell	Dairy Farm	840,000
Baker Estastes	Manufactured Housing Park	766,500

The larger taxpayers listed above have a total taxable assessed valuation of $22,843,427, which represents 10.93% of the tax base of the District for the 2024-2025 fiscal year.

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

Source: District Tax Rolls.

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 $107,300 or less in the 2025-2026 school year, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first $86,100 of the full value of a home for the 2025-2026 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 below table lists the basic and enhanced exemption amounts for the 2025-2026 District tax roll for the municipalities applicable to the District:

Towns of:	Enhanced Exemption	Basic Exemption	Date Certified
Busti	$86,100	$30,000	4/10/2025
Harmony	58,550	20,820	4/10/2025
North Harmony	55,100	19,200	4/10/2025
Sherman	86,100	30,000	4/10/2025

$420,719 of the District's $3,464,980 school tax levy for the 2024-2025 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2025.

The approximate amount of the District's $3,531,161 school tax levy for the 2025-2026 fiscal year which is expected to be exempt by the STAR Program is not available as of the date of this Official Statement. However, the District anticipates receiving full reimbursement of any such exempt taxes from the State by January 2026.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

Total assessed valuation of the District is estimated to be categorized as follows: residential-60%; commercial-20%; and agricultural-20%.

The estimated total annual property tax bill of an $83,000 market value residential property located in the District is approximately $2,494 including County, Town, School District and Fire District taxes.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by former Governor Andrew Cuomo ("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.)

On June 25, 2015, Chapter 20 of the 2015 Laws of New York ("Chapter 20") amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020; however, legislation has since made it permanent. Chapter 20 also affects the calculation of the tax base growth factor, as outlined below.

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. Chapter 20 additionally allows the State Commissioner of Taxation and Finance to adjust for changes in the real property base to reflect development on tax-exempt real property, although no such regulations have been promulgated as of the date of this Official Statement. 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. The State Commissioner of Taxation and Finance has promulgated a regulation that will allow school districts, beginning in the year 2020-2021 school year, to adjust the exclusion to reflect a school District's share of capital expenditures related to projects funded through a board of cooperative educational services ("BOCES").

See "THE SCHOOL DISTRICT – Budgetary Procedures" herein for additional information regarding the District's Tax Levy.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Statutory Procedure

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

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

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

The 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. (a) Such obligations were authorized for an object or purpose for which the District is not authorized to expend money, or

   (b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with, and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of the notice; or

2. Such obligations are authorized in violation of the provisions of the Constitution of New York.

The District customarily complies with this procedure, and it has done so with respect to the bond resolution under which the Notes are being issued. The Board, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board, the chief fiscal officer of the District, pursuant to the Local Finance Law.

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

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2020	2021	2022	2023	2024
Bonds	$ 2,760,000	$ 2,060,000	$ 1,580,000	$ 5,105,000	$ 4,435,000
Bond Anticipation Notes	0	800,000	4,650,000	0	0
Total Debt Outstanding	$ 2,760,000	$ 2,860,000	$ 6,230,000	$ 5,105,000	$ 4,435,000

Note: The figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District. See "Energy Performance Contract" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of June 26, 2025:

Type of Indebtedness	Maturity		Amount
Bonds	2026-2038		$ 3,665,000
Bond Anticipation Notes			
Capital Improvements Project	July 25, 2025		1,500,000 [1]
		Total Indebtedness	$ 5,165,000

[1] To be redeemed and partially renewed at maturity with a portion of the Notes along with available District funds.

Note: The figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District. See "Energy Performance Contract" herein.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of June 26, 2025:

Full Valuation of Taxable Real Property			$ 315,482,706
Debt Limit 10% thereof			31,548,270
Inclusions:			
Bonds	$ 3,665,000		
Bond Anticipation Notes (BANs):	1,500,000		
Total Inclusions prior to issuance of the Notes	5,165,000		
Less: BANs being redeemed from appropriations	35,439		
Add: New money proceeds of the Notes	5,235,439		
Total Net Inclusions after issuance of the Notes		$ 10,365,000	
Exclusions:			
State Building Aid [1]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness			$ 10,365,000
Net Debt-Contracting Margin			$ 21,183,270
The percent of debt contracting power exhausted is			32.85%

[1] Based on preliminary 2025-2026 building aid estimates, the District anticipates State Building aid of 84.7% 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.

Notes: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District. The figures above do not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent that any such indebtedness may be applicable to the District, and to the extent same is includable in the debt limit. See "Energy Performance Contract" herein.

Bonded Debt Service

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

Energy Performance Contract

During the year ended June 30, 2014, the District entered into a lease purchase financing agreement for its energy performance savings project totaling $1,134,681. The capital lease obligation is due in annual principal installments of $57,600 to $110,000 through March 1, 2029 at an interest rate of 3.58%. The principal amount outstanding as of June 30, 2024 was $468,381.

Capital Project Plans

The Notes are being issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to a bond resolution that was duly adopted by the Board of Education of the District on January 22, 2024 authorizing the partial reconstruction and renovation of and the construction of improvements and upgrades to the District's main school building and the site (the "Project") at a maximum estimated cost of $7,200,000, to be funded with the use of $300,000 capital improvements reserve funds and the issuance of up to $6,900,000 serial bonds. The proceeds of the Notes in the amount of $1,464,561, along with $35,439 available District funds, will be used to redeem and renew, in part, an outstanding bond anticipation note of the District that was issued on April 23, 2025. The remaining proceeds in the amount of ($5,235,439) will provide additional new money financing for the Project.

The District has no other authorized and unissued indebtedness for capital or other purposes.

Cash Flow Borrowings

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

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.

Municipality	Status of Debt as of	Gross Indebtedness [1]	Exclusions [2]	Net Indebtedness	District Share	Applicable Indebtedness
County of:						
Chautauqua	11/21/2024 [3]	$ 65,325,757	$ 4,638,561	$ 60,687,196	3.32%	$ 2,014,815
Town of:						
Busti	12/31/2023 [4]	367,825	- [5]	367,825	5.04%	18,538
Harmony	12/31/2023 [4]	163,911	- [5]	163,911	97.17%	159,272
North Harmony	12/31/2023 [4]	72,467	- [5]	72,467	26.63%	19,298
Sherman	12/31/2023 [4]	-	- [5]	-	2.01%	-
Village of:						
Panama	5/31/2024 [4]	-	- [5]	-	100.00%	-
					Total:	$ 2,211,924

[1] Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

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

[3] Gross indebtedness, exclusions, and net-indebtedness sourced from available annual financial information & operating data filings and/or official statements of the respective municipality.

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

[5] Information regarding excludable debt not available.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 26, 2025:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 10,365,000	$ 3,174.58	3.29%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	12,576,924	3,852.04	3.99

[a] The 2023 estimated population of the District is 3,265. (See "THE SCHOOL DISTRICT – Population" herein.)
[b] The District's full value of taxable real estate for 2024-25 is $315,482,706. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
[c] See "Debt Statement Summary" herein.
[d] Estimated net overlapping indebtedness is $2,211,924. (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 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 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.

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

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MARKET AND RISK FACTORS

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 in the Counties, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any other 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 in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In several recent years, the District has received delayed payments of State aid which resulted from the State's delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also "THE SCHOOL DISTRICT - State Aid").

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, could have an impact upon the market price of the Notes. See “TAX LEVY LIMITATION LAW” herein.

Amendments to the Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the District. (see “TAX EXEMPTION,” herein).

Disease outbreaks or similar public health threats could have an adverse impact on the District’s financial condition and operating results.

The Trump administration has publicly discussed dismantling the federal Education Department. It is not possible to know what impact that would have on school districts across the country, including the School District. Additionally, the Trump administration has proposed tariffs on a variety of different nations across the globe. The effects of such tariffs are not known at this time.

Inflation Reduction Act of 2022 On August 16, 2022, former President Biden signed into law the Inflation Reduction Act of 2022 (H.R. 5376). For tax years beginning after 2022, this legislation will impose a minimum tax of 15 percent on the “adjusted financial statement income” of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with at least $1 billion in average annual earnings, and certain foreign-parented multinational corporations with at least $100 million in average annual earnings, determined over a three-year period. For this purpose, adjusted financial statement income is not reduced for interest earned on tax-exempt obligations. Prospective holders of the Notes that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Notes.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Internal Revenue Code (the “Code”). Bond Counsel observes that interest on the Notes that is included in the adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel’s opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. Such opinion will state that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including The City of New York).

In rendering the foregoing opinion, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code Sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the “Tax Requirements”). In the opinion of Hodgson Russ LLP, the Tax Certificate and Nonarbitrage Certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the “Certificates”) establish requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a “private activity bond” within the meaning of Code Section 141;

2. The requirements contained in Code Section 148 relating to arbitrage bonds; and

3. The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

In the Certificates, the District will covenant to comply with the Tax Requirements, and to refrain from taking any action which would cause the interest on the Notes to be includable in gross income for federal income tax purposes. Any violation of the Tax Requirements may cause the interest on the Notes to be included in gross income for federal income tax purposes from the date of issuance of the Notes. Hodgson Russ LLP expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of, the Notes may have collateral federal income tax consequences for certain taxpayers, including financial institutions, property and casualty insurance companies, S corporations, certain foreign corporations, individual recipients of Social Security or Railroad Retirement benefits, and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences from their ownership of, or receipt of interest on, or disposition of, the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a note before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code Section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. 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. No representation is made as to the likelihood of such proposals being enacted in their 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 Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the legal opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District and, unless paid from other sources, are payable as to principal and interest from *ad valorem* taxes levied upon all the taxable real property within the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); provided, however, that the enforceability (but not the validity) of the Notes may be limited or otherwise affected by (a) any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies heretofore or hereafter enacted or (b) by the unavailability of equitable remedies or the application thereto of equitable principles; (ii) assuming that the District complies with certain requirements of the Code, interest on the Notes (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; and (iii) interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including the City of New York. Bond Counsel will express no opinion regarding other federal income tax consequences arising with respect to the Notes.

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 accuracy 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.

The Child Victims Act (the "CVA") was signed into law on February 14, 2019 and opened up a window to revive past claims involving sexual crimes against children. The CVA also allows claims to be filed against institutions that are alleged to have been involved. The District is subject to one claim under the CVA. At this time, it is not anticipated that the claim will have a material impact 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 bonds or notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of bonds or notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of bonds or notes or contesting the corporate existence or boundaries of the District.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as "APPENDIX – C." A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

HISTORICAL CONTINUING DISCLOSURE COMPLIANCE

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

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

The District has established procedures designed to ensure that its filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through the Electronic Municipal Market Access System.

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. The purchaser of the Notes may choose to request that a rating be assigned after the sale pending the approval of the District and applicable rating agency, and at the expense of the purchaser, including any rating agency and other fees to be incurred by the District, as such rating action may result in a material event notice to be posted to EMMA and/or the provision of a Supplement to the final Official Statement. (See "APPENDIX – C" herein).

The District does not currently have an underlying rating assigned to the District's outstanding bonds.

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.

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the District, expresses no opinion 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.

The District's contact information is as follows: Amanda Kolstee, District Treasurer, 41 North Street, Panama, New York 14767, Phone: (716) 782-2455, Email: akolstee@pancent.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.

PANAMA CENTRAL SCHOOL DISTRICT

Dated: June 26, 2025

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PRESIDENT OF THE BOARD OF EDUCATION AND CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2020	2021	2022	2023	2024
ASSETS					
Unrestricted Cash	$ 3,294,286	$ 2,814,208	$ 2,389,044	$ 3,046,497	$ 3,333,336
Restricted Cash	418,888	1,127,793	1,245,866	896,714	629,249
Accounts Receivable	586	-	-	3,352	2,881
Due from Other Funds	228,604	48,593	169,924	431,429	609,034
Prepaid Expenses	-	-	-	-	-
State and Federal Aid Receivable	-	-	-	455,601	243,340
Due from Other Governments	504,824	378,689	457,091	346,968	304,825
TOTAL ASSETS	$ 4,447,188	$ 4,369,283	$ 4,261,925	$ 5,180,561	$ 5,122,665
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 154,931	$ 117,992	$ 37,345	$ 112,456	$ 214,165
Accrued Liabilities	17,904	104,201	113,221	601,809	652,426
Due to Fiduciary Funds	-	-	74,930	-	-
Due to Other Funds	627	70,277	-	93,334	945
Due to Teachers' Retirement System	432,664	469,722	492,129	517,345	507,065
Due to Employees' Retirement System	41,920	51,509	35,882	44,268	52,137
Deferred Revenues	-	-	-	-	-
Overpayments	-	-	-	-	-
Other Liabilities	-	408,549	441,864	-	-
TOTAL LIABILITIES	648,046	1,222,250	1,195,371	1,369,212	1,426,738
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ -	$ -
Restricted	418,888	719,244	720,395	896,714	629,249
Assigned	794,000	794,000	753,000	746,400	846,400
Unassigned	2,586,254	1,633,789	1,593,159	2,168,235	2,220,278
TOTAL FUND EQUITY	3,799,142	3,147,033	3,066,554	3,811,349	3,695,927
TOTAL LIABILITIES and FUND EQUITY	$ 4,447,188	$ 4,369,283	$ 4,261,925	$ 5,180,561	$ 5,122,665

Source: Audited Financial Statements of the District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2019	2020	2021	2022	2023
REVENUES					
Real Property Taxes	$ 2,812,726	$ 2,853,628	$ 2,877,273	$ 2,920,391	$ 3,496,791
Other Tax Items	672,830	631,666	615,359	571,733	-
Charges for Services	50,559	38,503	2,795	7,909	-
Use of Money & Property	7,070	5,192	1,044	1,151	29,181
Sale of Property and Compensation for Loss	12,816	17,012	13,381	7,898	10,208
Refund of prior year expenditures	91,730	50,408	67,778	65,124	-
Miscellaneous	12,862	31,579	46,077	14,286	140,319
Revenues from State Sources	8,920,506	8,250,552	7,777,710	7,774,055	9,109,665
Revenues from Federal Sources	13,716	8,703	191,309	39,644	37,879
Total Revenues	$ 12,594,815	$ 11,887,243	$ 11,592,726	$ 11,402,191	# $ 12,824,043
Other Sources:					
Interfund Transfers	-	-	-	19,107	105,495
Total Revenues and Other Sources	12,594,815	11,887,243	11,592,726	11,421,298	12,929,538
EXPENDITURES					
General Support	$ 1,758,535	$ 1,456,411	$ 1,511,838	$ 1,529,180	$ 1,682,156
Instruction	6,058,672	6,176,606	6,290,100	5,975,707	5,959,228
Pupil Transportation	616,230	577,830	542,984	555,980	650,183
Community Services	17,077	11,186	9,222	12,970	16,010
Employee Benefits	2,751,879	2,695,885	2,781,451	2,733,843	2,857,795
Debt Service	1,959,141	995,558	934,866	688,051	1,017,768
Total Expenditures	$ 13,161,534	$ 11,913,476	$ 12,070,461	$ 11,495,731	$ 12,183,140
Other Uses:					
Proceeds from issuance of long term debt	-	-	-	-	-
Interfund Transfers	6,445	345,072	174,374	6,046	1,600
Total Expenditures and Other Uses	13,167,979	12,258,548	12,244,835	11,501,777	12,184,740
Excess (Deficit) Revenues Over Expenditures	(573,164)	(371,305)	(652,109)	(80,479)	744,798
FUND BALANCE					
Fund Balance - Beginning of Year	4,743,611	4,170,447	3,799,142	3,147,033	3,066,551
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 4,170,447	$ 3,799,142	$ 3,147,033	$ 3,066,554	$ 3,811,349

Source: Audited Financial Statements of the District. This Appendix is not itself audited.

GENERAL FUND

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

Fiscal Years Ending June 30:	2024			2025	2026
	Adopted Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 3,480,607	$ 3,480,607	$ 3,497,054	$ 3,464,980	$ 3,531,161
Other Tax Items	-	-	-	17,837	17,537
Charges for Services	-	-	-	-	16,801
Use of Money & Property	15,000	15,000	117,255	61,500	76,180
Sale of Property and Compensation for Loss	5,000	5,000	10,871	5,000	10,500
Refund of Prior Year Expenditures	-	-	-	-	-
Miscellaneous	80,000	80,000	92,279	75,000	85,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	9,393,222	9,393,222	9,349,408	9,726,202	9,418,895
Revenues from Federal Sources	33,000	33,000	31,647	33,000	33,000
Total Revenues	$ 13,006,829	$ 13,006,829	$ 13,098,514	$ 13,383,519	$ 13,189,074
Other Sources:					
Interfund Transfer	-	-	58,533	-	-
Prior Year Surplus	-	-	-	-	-
Total Revenues and Other Sources	13,006,829	13,006,829	13,157,047	13,383,519	13,189,074
EXPENDITURES					
General Support	$ 1,891,917	$ 1,947,246	$ 1,797,689	$ 1,883,742	$ 1,949,533
Instruction	7,119,994	7,053,492	6,339,873	7,479,898	8,192,145
Pupil Transportation	697,658	694,610	651,681	686,030	743,580
Community Services	18,350	18,350	13,029	15,350	15,350
Employee Benefits	2,964,868	2,997,089	2,971,647	3,085,500	2,759,529
Debt Service	1,125,442	1,125,442	1,096,624	1,106,021	578,937
Total Expenditures	$ 13,818,229	$ 13,836,229	$ 12,870,543	$ 14,256,541	$ 14,239,074
Other Uses:					
Proceeds from issuance of long term debt	-	-	-	-	-
Interfund Transfers	100,000	400,000	401,926	100,000	100,000
Total Expenditures and Other Uses	13,918,229	14,236,229	13,272,469	14,356,541	14,339,074
Excess (Deficit) Revenues Over Expenditures	(911,400)	(1,229,400)	(115,422)	(973,022)	(1,150,000)
FUND BALANCE					
Fund Balance - Beginning of Year	911,400	1,229,400	3,811,349	973,022	1,150,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 3,695,927	$ -	$ -

Source: Audited Financial Statements and budgets (unaudited) of the District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2025	$ 770,000	$ 221,750.00	$ 991,750.00
2026	225,000	183,250.00	408,250.00
2027	235,000	172,000.00	407,000.00
2028	250,000	160,250.00	410,250.00
2029	260,000	147,750.00	407,750.00
2030	275,000	134,750.00	409,750.00
2031	285,000	121,000.00	406,000.00
2032	300,000	106,750.00	406,750.00
2033	315,000	91,750.00	406,750.00
2034	330,000	76,000.00	406,000.00
2035	350,000	59,500.00	409,500.00
2036	365,000	42,000.00	407,000.00
2037	385,000	23,750.00	408,750.00
2038	90,000	4,500.00	94,500.00
TOTALS	$ 4,435,000	$ 1,545,000.00	$ 5,980,000.00

The table above does not include any energy performance contract, capital lease, or installment purchase contract indebtedness, to the extent any such indebtedness may be applicable to the District. See "Energy Performance Contract" herein.

The table above includes indebtedness for a bond of the District which had debt service due in the current fiscal year, however is no longer outstanding as of the date of this Official Statement. Said bond is omitted from "APPENDIX - B1."

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2023A DASNY Principal	Interest	Total
2025	$ 215,000	$ 194,000.00	$ 409,000.00
2026	225,000	183,250.00	408,250.00
2027	235,000	172,000.00	407,000.00
2028	250,000	160,250.00	410,250.00
2029	260,000	147,750.00	407,750.00
2030	275,000	134,750.00	409,750.00
2031	285,000	121,000.00	406,000.00
2032	300,000	106,750.00	406,750.00
2033	315,000	91,750.00	406,750.00
2034	330,000	76,000.00	406,000.00
2035	350,000	59,500.00	409,500.00
2036	365,000	42,000.00	407,000.00
2037	385,000	23,750.00	408,750.00
2038	90,000	4,500.00	94,500.00
TOTALS	$ 3,880,000	$1,517,250.00	$5,397,250.00

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the "Disclosure Undertaking") is executed and delivered by the Panama Central School District, Chautauqua County, the State of New York (the "Issuer") in connection with the issuance of its $6,700,000 Bond Anticipation Note, 2025A (such Note(s) including any interests therein, being collectively referred to herein as the "Security"). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

(1) Principal and interest payment delinquencies;

(2) Non-payment related defaults, if material;

(3) Unscheduled draws on debt service reserves reflecting financial difficulties;

(4) Unscheduled draws on credit enhancements reflecting financial difficulties;

(5) Substitution of credit or liquidity providers, or their failure to perform;

(6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701–TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;

(7) Modifications to rights of Security Holders, if material;

(8) Bond (or Note) calls, if material, and tender offers;

(9) Defeasances;

(10) Release, substitution, or sale of property securing repayment of the Security, if material;

(11) Rating changes;

(12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) 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 an obligated person 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 obligated person, 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 obligated person.

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

(14) Appointment of a successor or additional trustee or the change of name of a trustee, if material;

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

(16) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a Financial Obligation of the obligated person, any of which reflect financial difficulties.

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions.

"EMMA" means Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

"MSRB" means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

"Purchaser" means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

"Rule 15c2-12" means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

"Security Holder" means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

(a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

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

Section 8. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of July 24, 2025.

PANAMA CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk

PANAMA CENTRAL SCHOOL DISTRICT
CHAUTAUQUA COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

FOR THE FISCAL YEAR ENDED

JUNE 30, 2024

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.

PANAMA CENTRAL SCHOOL DISTRICT

AUDIT REPORTING PACKAGE

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

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PANAMA CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS AND SUPPLEMENTARY INFORMATION

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

WITH REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

PANAMA CENTRAL SCHOOL DISTRICT

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B·W·B
BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the President and Members of
The Board of Education
Panama Central School District
Panama, New York

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities and each major fund of ***Panama Central School District*** as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise ***Panama Central School District's*** basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the ***Panama Central School District***, as of June 30, 2024, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Report on Summarized Comparative Information

We have previously audited the ***Panama Central School District's*** June 30, 2023 financial statements, and our report dated October 16, 2023, expressed unmodified opinions on the respective financial statements of the governmental activities, each major fund, and aggregate remaining fund information. In our opinion, the summarized comparative information presented herein as of and for the year ended June 30, 2023, is consistent, in all material respects, with the audited financial statements from which it has been derived.

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 ***Panama Central School District's*** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards 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.

Member of American Institute of Certified Public Accountants
Private Companies Practice Section

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis (pages 3-9) and budgetary comparison information (pages 35-36) schedule of changes in District's net OPEB liability and related ratios (page 42), schedule of District contributions – OPEB (page 43), schedule of the District contributions for defined benefit pension plans (page 44) and the schedule of the District's proportionate share of the net pension asset/liability (page 45) be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the ***Panama Central School District's*** basic financial statements. The accompanying combining and individual fund financial statements and other schedules listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards, is also presented for purposes of additional analysis and is 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 auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements, other schedules, and the schedule of expenditures of federal awards are 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 21, 2024, on our consideration of the ***Panama Central School District's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ***Panama Central School District's*** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ***Panama Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
October 21, 2024

I. Discussion and Analysis

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

II. Financial Highlights

The following items are the financial highlights experienced by the ***Panama Central School District*** during the fiscal year ended June 30, 2024:

- Overall net position of the District decreased during the current year from operations in the amount of $233,000 as compared to an increase of $477,000 during the prior fiscal year.

- The District's total revenue increased 4% from $14,233,000 for the year ended June 30, 2023 to $14,867,000 for the year ended June 30, 2024 due to an increase in State aid, pandemic related grants and interest income.

- The District's total expenses increased approximately 10% from $13,756,000 during the year ended June 30, 2023 to $15,100,000 during the year ended June 30, 2024. This increase was primarily the result of increases in pension expense related to actuarial updates, along with increases in salaries, BOCES expenditures and contractual expenses.

- The District's had capital outlays during the current year in the amount of approximately $825,000 which primarily related to the capital reconstruction project and vehicle and equipment purchases.

III. Overview of the Financial Statements

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

III. Overview of the Financial Statements (continued)

A. Reporting the School District as a Whole (District-wide Financial Statements):

The district-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. Activities that are fiduciary in nature are not included in these statements.

1. Statement of Net Position

   The Statement of Net Position (page 10) shows the School District's assets, deferred outflows of resources, liabilities, deferred inflows of resources and the net position. The Statement categorizes assets to show that some assets are very liquid, such as cash and cash equivalents. Some assets are restricted for certain purposes or reserved for emergencies and cash flow purposes. Some assets are invested in "fixed" or "capital" assets, such as buildings, equipment and other long-lived property; and some assets are available to fund budgets of the following year.

2. Statement of Activities

   The Statement of Activities (page 11) shows the amounts of program-specific and general District revenue used to support the District's various functions.

The Statement of Net Position and Statement of Activities divide the activities of the District into two categories: governmental activities (the school functions, including general support, instruction, transportation, administration, etc.; property taxes, state and federal revenue usually support most of these functions) and proprietary activities. The District only had governmental activities during the current fiscal year.

The two district-wide statements report the School District's net position and how they have changed. Net position – the difference between the District's assets and deferred outflows of resources and the District's liabilities and deferred inflows of resources – is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. To assess the District's overall health, you need to consider additional non-financial factors such as changes in the District's property tax base and the condition of school buildings and other facilities.

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements):

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or major funds – not the District as a whole. Funds are accounting devices the District uses to keep track of specific sources of funding and spending on particular programs. Significance of funds is determined based on the proportional size of the funds, the relative importance of the activities of the funds to the District's operations, and the existence of legal budget requirements. Internal Service funds are never reported as major funds, but are combined and presented in a separate column.

The District has two kinds of funds:

1. Governmental Funds

Most of the District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and the balances left at year-end that are available for spending. Consequently the governmental funds

III. Overview of the Financial Statements (continued)

B. Reporting the District's Most Significant Funds (Fund Financial Statements): (continued)

1. Governmental Funds (continued)

statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the district-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.

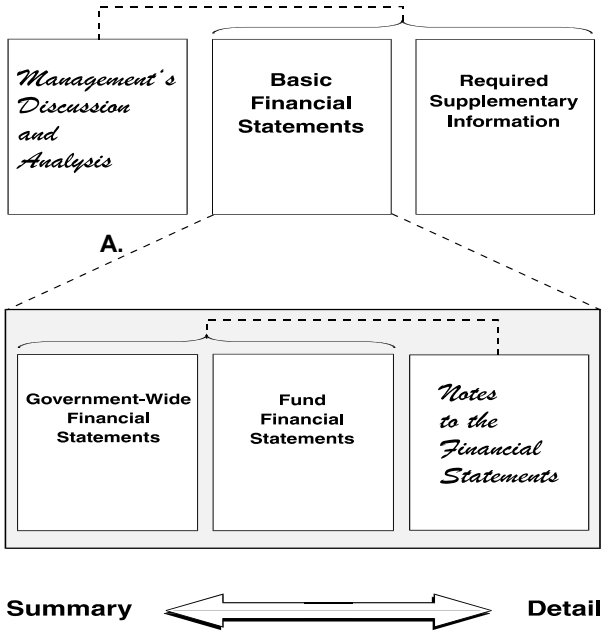
2. Fiduciary Funds

The District does not have activities that qualify for reporting as a fiduciary activity.

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

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

Figure A-2 - Required Components of the District's Annual Financial Report



IV. Financial Analysis of the School District as a Whole

Net Position

The District's total reporting entity net position was approximately $18,284,000. The components of net position include: net investment in capital assets, of $14,583,000; restricted net position of $701,000 and unrestricted net position of $ 3,000,000 .

Changes in Net Position

The District's total government-wide revenue increased by approximately 4% to $14,867,000. Approximately 24%, 12% and 63% of total revenue is derived from the property taxes, operating grants, and state aid, respectively. The remaining 1% comes from federal aid, use of money and property, miscellaneous and charges for services.

IV. Financial Analysis of the School District as a Whole (continued)

Changes in Net Position (continued)

The total cost of all programs and services of the District increased 10% to $15,100,000. The District's expenses cover a range of services, with 74% related to instruction and 16% related to general support. Figure A-4 through figure A-8 and the narrative that follows considers the operations of governmental activities, along with revenue and net costs percentages for governmental activities.

Governmental Activities

Revenue of the District's governmental activities increased approximately 4%, while total expenses increased 10%. The District's total net position decreased approximately $-233,000 during the fiscal year ended June 30, 2024.

Figure A-4 presents the major sources of revenue of the District. Revenue of the District totaled $14,867,000 for the fiscal year ended June 30, 2024. The most significant changes in the District's governmental revenue are more thoroughly discussed as follows:

- Property tax revenue which represents approximately 24% of the District's total revenue for governmental activities decreased 0% during the year ended June 30, 2024.

- The District's state sources which represent $9,375,000 or 63% of total governmental revenue. The District's state sources increased approximately 2% during the current year due to an increase in basic general aid.

- During the year ended June 30, 2024, the District saw an increase in program revenue, which resulted from a decrease in charges for services of $19,000 and an increase in operating grants and contributions of $443,000. The increase in operating grants and contributions is primarily related to an increase in federal and state grant monies received and expended in the current year.

IV. Financial Analysis of the School District as a Whole (continued)

Expenses

Figure A-8 presents the cost of each of the District's five largest expenditure-type, which include; general support, instruction, transportation, debt service costs and cost of sales; as well as each expenditure-type's net cost (total cost less fees generated by the activities and intergovernmental aid). The net cost shows the financial burden that was placed on the District's taxpayers and NYS by each of these functions. Total costs of the District's governmental activities were $15,100,000. The most significant changes in the District's governmental expenses are more thoroughly discussed as follows:

- The District's general support costs increased by approximately $448,000 or 21%. This increase was primarily the result of an increase in pension expense related to actuarial updates and materials and supplies expenses. Also, the increase was partially created due to a large decrease in the compensated absences balance during 2023.

- The District's instruction costs increased by approximately $916,000 or 9%. This increase was primarily the result of an increase in pension expense related to actuarial updates along with increases in salaries, BOCES expenditures and contractual.

- Debt service costs decreased $138,000 during the current year due to a decrease in interest expense.

- Transportation costs of the District increased $80,000 or 10% during the year ended June 30, 2024 due to an increase in employee benefits.

- The District's cost of sales (food service fund) totaled $227,000 during the current year as compared to $186,000 during the fiscal year ended June 30, 2023. This increase was the result of an increase in cost of sales and total meals served.

- The District received approximately $1,751,000 of operating grants and charges for services from its state and federal grants and tuition and transportation aid which subsidized certain programs of the District.

- Most of the District's net costs ($13.3 million) were financed by real property taxes and state aid.

IV. Financial Analysis of the School District as a Whole (continued)

Figure A-3 – Condensed Statement of Net Position

Panama Central School District
Condensed Statement of Net Position (in thousands of dollars)

	Governmental Activities and Total District-wide		
	2024	2023	% Change
Assets			
Current and other assets	$ 5,628	$ 5,755	-2%
Capital and right-to-use assets, net	19,972	20,434	-2%
Total assets	25,600	26,189	-2%
Deferred outflows of resources	2,997	3,481	-14%
Total assets and deferred outflows	**$ 28,597**	**$ 29,670**	**-4%**
Liabilities			
Other liabilities	$ 1,568	$ 1,610	-3%
Long-term liabilities	8,181	9,252	-12%
Total liabilities	9,749	10,862	-10%
Deferred inflows of resources	564	292	93%
Net position			
Net investment in capital & right-to-use assets	14,583	14,192	3%
Restricted	701	968	-28%
Unrestricted	3,000	3,356	-11%
Total net position	18,284	18,516	-1%
Total liabilities, deferred inflows and net position	**$ 28,597**	**$ 29,670**	**-4%**

Figure A-4 – Changes in Net Position

Panama Central School District
Changes in Net Position from Operating Results (in thousands of Dollars)

	Governmental Activities and Total District-wide		
	2024	2023	% Change
Revenue			
Program revenue			
Charges for services	$ 31	$ 50	-38%
Operating grants and contributions	1,720	1,277	35%
General revenue			
Real property taxes	3,497	3,497	0%
Use of money & property	124	37	235%
Sale of property & comp for loss	(121)	(104)	-100%
State sources	9,375	9,203	2%
Federal sources	32	38	100%
Miscellaneous	209	235	-11%
Total revenue	14,867	14,233	4%
Expenses			
General support	2,537	2,089	21%
Instruction	11,179	10,263	9%
Transportation	907	827	10%
Community services	13	16	-19%
Debt service	237	375	-37%
Food service program	227	186	22%
Total expenses	15,100	13,756	10%
Change in net position	**$ (233)**	**$ 477**	

Figure A-5 – Sources of revenue

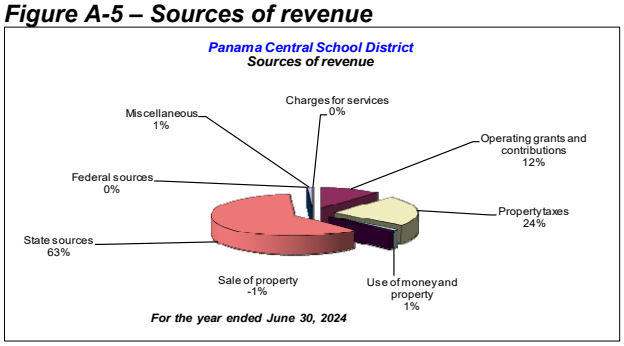


Figure A-6 - Expenses

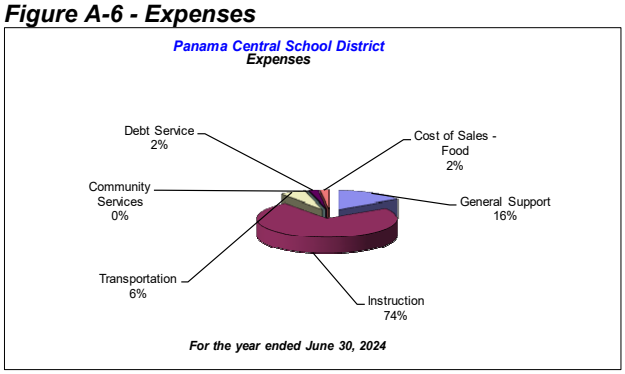


Figure A-7 – Expenditures Supported with Program Revenue

Panama Central School District
Expenditures supported with program revenue (in thousands of dollars)

	Governmental Activites & Total District			
	2024		2023	
Expenditures supported with general revenue (from taxes & other sources)	$ 13,349	88%	$ 12,430	90%
Expenditures supported with program revenue	1,751	12%	1,326	10%
Total expenditures related to governmental activities	**$ 15,100**	**100%**	**$ 13,756**	**100%**

Figure A-8 – Net Cost of Governmental Activities

Panama Central School District
Net Cost of Governmental Activities (in thousands of dollars)

	Total cost of services			Net cost of services		
	2024	2023	Change	2024	2023	Change
General support	$ 2,537	$ 2,089	$ 448	$ 2,375	$ 2,049	$ 326
Instruction	11,179	10,263	916	9,854	9,192	662
Transportation	907	827	80	891	818	73
Community Services	13	16	(3)	13	16	(3)
Debt service	237	375	(138)	237	375	(138)
Cost of sales - food	227	186	41	(21)	(20)	(1)
Total	**$ 15,100**	**$ 13,756**	**$ 1,344**	**$ 13,349**	**$ 12,430**	**$ 919**

V. Financial Analysis of the School District's Funds

It is important to note that variances between years for the governmental fund financial statements (Balance Sheets and Statement of Revenue, Expenditures and Changes in Fund Equity) are not the same as variances between years for the District-wide financial statements (Statement of Net Position and Statement of Activities). The District's governmental funds are presented on the current financial resources measurement focus and the modified accrual basis of accounting, while the statement of net position is presented on the full accrual method of accounting. Therefore, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payments for capital assets, and the current payments for debt. Below is a description of the most significant changes to the fund financial statements from that reported in the previous year.

General Fund

- The District's general fund expenditures and other uses exceeded its revenues and other sources by approximately $115,000.
- The District's general fund unassigned fund balance equated to approximately $2,220,000 as of June 30, 2024.
- The District had many fund balance reserves during the year ended June 30, 2024, and had a total restricted fund balance of approximately $629,000.
- The District's total assets decreased approximately $58,000 as of June 30, 2024 due to a decrease in receivables. The District's liabilities increased approximately $58,000 due to an increase in accounts payable and accrued liabilities.
- Total revenue in the District's general fund increased $227,000 which was primarily related to an increase in State aid and interest income. Total expenditures in the District's general fund increased $1,087,000 resulting from an increase in BOCES costs, benefits, and interfund transfers out.

Food Service Fund

- The District's food service fund experienced a $12,000 increase in fund equity during the current fiscal year.
- Revenue in the District's food service fund was $248,000 during 2024 as compared with $206,000 in 2023. Expenditures were $236,000 during 2024 as compared with $186,000 in 2023. The District transitioned to the CEP program in the current year, whereby all students received free meals resulting in an increase in the number of meals served.

Special Aid Fund

- The District's special aid fund revenue and expenditures increased approximately $385,000 or 34% in the current year primarily related an increase in Pandemic related Federal grants.

VI. General Fund Budgetary Highlights

Over the course of the year, the District makes many budget transfers. Actual expenditures were approximately $961,000 below the revised budget. Some positive variances were in the areas of instruction and general support which totaled $713,000 and $149,000, respectively, below that budgeted. On the other hand, resources available for appropriations were approximately $150,000 above the final budgeted amount. With the most significant variances being local sources and operating transfers which were $136,000 and $59,000 above, that budgeted.

Figure A-9 – Budget vs. Actual Comparison

Panama Central School District
General Fund - Budget vs Actual Comparison (in thousands of dollars)

	Revised Budget	Actual	Difference
Revenue			
Local sources	$ 3,581	$ 3,717	$ 136
State sources	9,393	9,349	(44)
Federal sources	33	32	(1)
Operating transfers	-	59	59
Total revenue	**$ 13,007**	**$ 13,157**	**$ 150**
Expenditures			
General support	$ 1,947	$ 1,798	$ 149
Instruction	7,053	6,340	713
Transportation	695	652	43
Employee benefits	2,997	2,972	25
Debt service	1,125	1,097	28
Community services	18	13	5
Interfund transfers	400	402	(2)
Total expenditures	**$ 14,235**	**$ 13,274**	**$ 961**

VII. Capital Assets and Debt Administration

Capital and Right-to-Use Assets

As depicted in Figure A-10, as of June 30, 2024, the District had invested approximately $19,972,000 in a broad range of capital and right-to-use assets, including reconstruction projects, transportation vehicles and other equipment. Capital additions made during the year ended June 30, 2024, totaled approximately $825,000 and consisted primarily of the purchase of new vehicles and capital improvements related to the District's ongoing capital project. More detailed information about the District's capital and right-to-use assets is presented in the notes of the financial statements.

Long-term Debt

As depicted in Figure A-11, as of June 30, 2024, the District had approximately $8,181,000 in bonds, net pension liability, compensated absences and post-employment benefits, a decrease of approximately 12% as compared with the previous year. The decrease in bonds payable and energy performance contract was the result of the current year principal payments. The decrease in the net pension liability was a result of actuarial updates. The increase in the other post-employment benefits liability was the result of an actuarial update.

Figure A-10 – Capital Assets

Panama Central School District
Capital assets and right-to-use assets (net)

	Governmental Activities & Total District-wide		
	2024	2023	Change
Land	$ 51,008	$ 51,008	0%
Construction-in-progress	406,857	4,976,532	-92%
Building and improvements	37,547,070	32,570,539	15%
Furniture, equipment & vehicles	3,685,814	3,596,967	2%
Accum. Depreciation/Amortization	(21,718,586)	(20,761,086)	5%
Total Capital Assets, net	**$ 19,972,163**	**$ 20,433,960**	**-2%**

Figure A-11 – Outstanding Long-term Debt

Panama Central School District
Outstanding Long-Term Debt and Liabilities

	Governmental Activities & Total District-wide		
	2024	2023	Change
Bonds payable	$ 4,920,792	$ 5,681,448	-13%
Net pension liabilities	1,029,576	1,462,252	-30%
Energy performance contract	468,381	560,681	-16%
Compensated absences	299,089	305,600	-2%
Other post-employment benefits	1,462,757	1,242,172	18%
Total Long-Term Debt	**$ 8,180,595**	**$ 9,252,153**	**-12%**

VIII. Factors Bearing on the District's Future

At the time these financial statements were prepared and audited, the District was aware of the following existing circumstances that could significantly affect its financial health in the future:

- The District is uncertain as to the level of state aid in the upcoming years as the District moves out of the Pandemic.
- The 2024-25 New York State budget calls for the Rockefeller Institute to conduct a study to assess the State's Foundation Aid educational funding formula. Modifications to the formula could have an impact on future state aid that is distributed to the District.

IX. Contacting the District's Financial Management

This financial report is designed to provide citizens, taxpayers, customers and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, please contact:

Panama Central School District
District Administrative Offices
41 North Street
Panama, New York 14767

PANAMA CENTRAL SCHOOL DISTRICT

Schedule 1

STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

	2024	2023
Assets		
Cash		
Unrestricted	$ 3,670,896	$ 3,548,408
Restricted	701,197	968,489
Receivables		
State and federal aid	850,186	779,660
Due from other governments	304,825	346,968
Other receivables	2,881	3,352
Inventories	6,620	9,264
Cash to be used for capital assets	90,913	99,162
Capital assets and right-to-use assets, net	19,972,163	20,433,960
Total assets	25,599,681	26,189,263
Deferred Outflows of Resources		
Deferred outflows related to pensions	2,686,008	3,393,617
Deferred outflows related to OPEB	310,765	87,784
Total deferred outflows of resources	2,996,773	3,481,401
Total assets and deferred outflows of resources	$ 28,596,454	$ 29,670,664
Liabilities		
Current liabilities		
Accounts payable	$ 339,993	$ 264,338
Accrued liabilities	654,805	605,669
Accrued interest	12,000	19,000
Due to retirement systems	559,202	561,613
Unearned revenue	1,921	159,269
Long-term liabilities		
Portion due or payable within one year		
Bonds payable	770,000	670,000
Energy performance contract	97,600	92,300
Portion due or payable after one year		
Bonds payable	4,150,792	5,011,448
Energy performance contract	370,781	468,381
Net pension liabilities	1,029,576	1,462,252
Compensated absences	299,089	305,600
Other post-employment benefits	1,462,757	1,242,172
Total liabilities	9,748,516	10,862,042
Deferred Inflows of Resources		
Deferred inflows related to pensions	539,961	261,965
Deferred inflows related to OPEB	24,264	29,925
Total deferred inflows of resources	564,225	291,890
Net Position		
Net investment in capital assets and right-to-use assets	14,582,990	14,191,831
Restricted	701,197	968,489
Unrestricted	2,999,526	3,356,412
Total net position	18,283,713	18,516,732
Total liabilities, deferred inflows of resources and net position	$ 28,596,454	$ 29,670,664

	Expenses	Indirect Expenses Allocation	Program Revenues: Charges for Services	Program Revenues: Operating Grants	2024 Net (Expense) Revenue and Changes in Net Position	2023 Net (Expense) Revenue and Changes in Net Position
Functions/Programs						
General support	$ 2,353,326	$ 183,237	$ -	$ 161,840	$ (2,374,723)	$ (2,049,434)
Instruction	10,482,748	695,976	-	1,324,156	(9,854,568)	(9,191,304)
Pupil transportation	631,136	276,091	-	16,202	(891,025)	(817,825)
Community services	13,029	-	-	-	(13,029)	(16,010)
Debt service	236,668	-	-	-	(236,668)	(374,766)
Food service program	227,433	-	31,035	217,427	21,029	19,686
Depreciation/amortization	1,155,304	(1,155,304)	-	-	-	-
Total functions and programs	$ 15,099,644	$ -	$ 31,035	$ 1,719,625	(13,348,984)	(12,429,653)
General Revenues						
Real property taxes					3,497,054	3,496,791
Use of money and property					123,911	37,375
Sale of equipment and compensation for loss					(120,588)	(104,182)
Miscellaneous					209,104	234,818
State sources					9,374,837	9,203,042
Federal sources					31,647	37,879
Total general revenues					13,115,965	12,905,723
Change in net position					(233,019)	476,070
Net position - beginning of year					18,516,732	17,788,630
Prior period adjustments					-	252,032
Net position - end of year					$ 18,283,713	$ 18,516,732

PANAMA CENTRAL SCHOOL DISTRICT
COMBINED BALANCE SHEET – GOVERNMENTAL FUNDS
AS OF JUNE 30, 2024

	Governmental Funds						
	General	Special Aid	Food Service	Capital Projects	Miscellaneous Special Revenue	*2024* Total	*2023* (Memo only) Total
Assets							
Unrestricted cash	$ 3,333,336	$ 117,222	$ 146,079	$ 90,913	$ 74,259	$ 3,761,809	$ 3,647,570
Restricted cash	629,249	-	-	-	71,948	701,197	968,489
Due from other funds	609,034	4,535	945	-	-	614,514	524,763
State and federal aid receivable	243,340	565,934	15,483	25,429	-	850,186	779,660
Due from other governments	304,825	-	-	-	-	304,825	346,968
Other receivables	2,881	-	-	-	-	2,881	3,352
Inventories	-	-	6,620	-	-	6,620	9,264
Total assets	$ 5,122,665	$ 687,691	$ 169,127	$ 116,342	$ 146,207	$ 6,242,032	$ 6,280,066
Liabilities and Fund Equity							
Liabilities							
Accounts payable	$ 214,165	$ 109,938	$ 15,890	$ -	$ -	$ 339,993	$ 264,338
Accrued liabilities	652,426	-	2,379	-	-	654,805	605,669
Unearned revenue	-	1,921	-	-	-	1,921	159,269
Due to other funds	945	575,832	-	37,737	-	614,514	524,763
Due to Teachers' Retirement System	507,065	-	-	-	-	507,065	517,345
Due to Employees' Retirement System	52,137	-	-	-	-	52,137	44,268
Total liabilities	1,426,738	687,691	18,269	37,737	-	2,170,435	2,115,652
Fund Equity							
Nonspendable	-	-	6,620	-	-	6,620	9,264
Restricted	629,249	-	-	-	71,948	701,197	968,489
Committed	-	-	-	-	74,259	74,259	67,206
Assigned	846,400	-	144,238	78,605	-	1,069,243	951,220
Unassigned	2,220,278	-	-	-	-	2,220,278	2,168,235
Total fund equity	3,695,927	-	150,858	78,605	146,207	4,071,597	4,164,414
Total liabilities and fund equity	$ 5,122,665	$ 687,691	$ 169,127	$ 116,342	$ 146,207	$ 6,242,032	$ 6,280,066

PANAMA CENTRAL SCHOOL DISTRICT

Schedule 4

COMBINED STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY – GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	Governmental Funds						
	General	Special Aid	Food Service	Capital Projects	Miscellaneous Special Revenue	2024 (Memo only) Total	2023 (Memo only) Total
Revenue							
Real property taxes	$ 3,497,054	$ -	$ -	$ -	$ -	$ 3,497,054	$ 3,496,791
Use of money and property	117,255	-	3,100	6,656	-	127,011	38,441
Sale of property compensation for loss	10,871	-	-	-	-	10,871	10,208
Miscellaneous	92,279	-	-	-	116,825	209,104	234,818
State sources	9,349,408	193,643	53,030	25,429	-	9,621,510	9,300,994
Federal sources	31,647	1,308,555	152,367	-	-	1,492,569	1,201,263
Surplus food	-	-	12,030	-	-	12,030	15,336
Sales (school food service)	-	-	27,935	-	-	27,935	48,508
Total revenue	13,098,514	1,502,198	248,462	32,085	116,825	14,998,084	14,346,359
Expenditures							
General support	1,797,689	161,840	-	-	-	1,959,529	1,721,718
Instruction	6,339,873	1,238,546	-	-	-	7,578,419	7,031,123
Pupil transportation	651,681	16,202	-	-	-	667,883	659,425
Community services	13,029	-	-	-	-	13,029	16,010
Employee benefits	2,971,647	32,108	-	-	-	3,003,755	2,858,943
Debt service							
Principal	762,300	-	-	-	-	762,300	777,200
Interest	334,324	-	-	-	-	334,324	240,568
Capital outlay	-	-	-	425,736	-	425,736	786,987
Cost of sales	-	-	236,327	-	-	236,327	186,313
Other expenses	-	-	-	-	109,599	109,599	92,069
Total expenditures	12,870,543	1,448,696	236,327	425,736	109,599	15,090,901	14,370,356
Excess (deficiency) of revenue over expenditures	227,971	53,502	12,135	(393,651)	7,226	(92,817)	(23,997)
Other sources and uses							
BANs redeemed from appropriations	-	-	-	-	-	-	190,000
Proceeds from serial bond issuance	-	-	-	-	-	-	4,025,000
Premiums earned on serial bond issuance	-	-	-	-	-	-	558,948
Debt issuance costs	-	-	-	-		-	(123,948)
Operating transfers in	58,533	5,031	-	396,895	-	460,459	107,095
Operating transfers out	(401,926)	(58,533)	-	-	-	(460,459)	(107,095)
Total other sources (uses)	(343,393)	(53,502)	-	396,895	-	-	4,650,000
Excess (deficiency) of revenue and other sources over expenditures and other uses	(115,422)	-	12,135	3,244	7,226	(92,817)	4,626,003
Fund equity, beginning of year	3,811,349	-	138,723	75,361	138,981	4,164,414	4,062,443
Prior period adjustments	-	-	-	-	-	-	(4,524,032)
Fund equity, end of year	$ 3,695,927	$ -	$ 150,858	$ 78,605	$ 146,207	$ 4,071,597	$ 4,164,414

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

PANAMA CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION
AS OF JUNE 30, 2024

Total fund balances - governmental funds		$ 4,071,597
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets and right-to-use assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds. Capital assets and right-to-use assets consist of the following at year-end:		
Cost of the assets	$ 41,690,749	
Accumulated depreciation/amortization	(21,718,586)	19,972,163
Interest on long-term liabilities is not accrued in governmental funds, but rather is recognized as an expenditure when due.		(12,000)
Net deferred outflows (inflows) of resources related to actuarial pension differences are reported on the statement of net position and amortized over the average members' years of service. In the governemental funds, pension expense is based on required contributions.		2,146,047
Net deferred outflows (inflows) of resources related to actuarial OPEB differences are reported on the statement of net position and amortized over the average members' years of service. In the governemental funds, OPEB expense is based on required contributions.		286,501
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of the following:		
Bonds payable	(4,920,792)	
Energy performance contract	(468,381)	
Net pension liabilities	(1,029,576)	
Compensated absences	(299,089)	
Other post-employment benefits	(1,462,757)	(8,180,595)
Total net position - governmental activities		$ 18,283,713

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

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Net Position
Assets					
Cash	$ 4,463,006	$ -	$ -	$ (90,913)	$ 4,372,093
Due from other funds	614,514	-	-	(614,514)	-
State and federal aid receivable	850,186	-	-	-	850,186
Due from other governments	304,825	-	-	-	304,825
Other receivables	2,881	-	-	-	2,881
Inventories	6,620	-	-	-	6,620
Cash to be used for capital assets	-	-	-	90,913	90,913
Capital assets and right-to-use assets, net	-	19,972,163	-	-	19,972,163
Total assets	6,242,032	19,972,163	-	(614,514)	25,599,681
Deferred Outflows of Resources					
Deferred outflows related to pensions and OPEB	-	2,996,773	-	-	2,996,773
Total assets and deferred outflows of resources	$ 6,242,032	$ 22,968,936	$ -	$ (614,514)	$ 28,596,454
Liabilities, Deferred Inflows of Resources and Fund Equity					
Liabilities					
Accounts payable	$ 339,993	$ -	$ -	$ -	$ 339,993
Accrued liabilities	654,805	-	-	-	654,805
Unearned revenue	1,921	-	-	-	1,921
Accrued interest	-	-	12,000	-	12,000
Due to other funds	614,514	-	-	(614,514)	-
Due to retirement systems	559,202	-	-	-	559,202
Bonds payable	-	-	4,920,792	-	4,920,792
Energy performance contract	-	-	468,381	-	468,381
Net pension liabilities	-	-	1,029,576	-	1,029,576
Compensated absences	-	-	299,089	-	299,089
Other post-employment benefits	-	-	1,462,757	-	1,462,757
Total liabilities	2,170,435	-	8,192,595	(614,514)	9,748,516
Deferred Inflows of Resources					
Deferred inflows related to pensions and OPEB	-	-	564,225	-	564,225
Fund equity and net position	4,071,597	22,968,936	(8,756,820)	-	18,283,713
Total liabilities, deferred inflows of resources, and fund equity/net position	$ 6,242,032	$ 22,968,936	$ -	$ (614,514)	$ 28,596,454

PANAMA CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED JUNE 30, 2024

Total net change in fund balances - governmental funds		$ (92,817)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation/amortization expense. Activity for the current fiscal year ended was as follows:		
Capital outlays	$ 824,966	
Depreciation and amortization expense	(1,155,304)	(330,338)
Proceeds from the sale of assets are reported as revenue in the governmental funds, whereas in the statement of activities a gain or loss on sale is reported.		(131,459)
Repayment of bond principal (including bond refunding) is an expenditure in the governmental funds, but the repayment reduces long-term and short-term liabilities in the government-wide financial statements. Also, interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. This also includes the amortization of bond premiums.		859,956
District's proportionate share of actuarial calculated pension expense and net amortization of deferred amounts are recorded in the statement of activities, whereas in the governmental funds, pension expense is based on the District's contribution to pension plans.		(552,929)
District's actuarial calculated OPEB expense and net amortization of deferred outflows and inflows related to OPEB are recorded in the statement of activities, whereas in the governmental funds, OPEB expense is based on the District's contribution to the OPEB plan.		8,057
In the statement of activities, certain operating expenses - compensated absences and special termination benefits - are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). This year, compensated absences changed by this amount.		6,511
Change in net position of governmental activities		$ (233,019)

	Total Governmental Funds	Long-term Asset and Outflow Transactions	Long-term Liability and Inflow Transactions	Reclassification and Eliminations	Statement of Activities Totals
Revenue					
Real property taxes	$ 3,497,054	$ -	$ -	$ -	$ 3,497,054
Use of money and property	127,011	-	-	(3,100)	123,911
Sale of property/compensation for loss	10,871	(131,459)	-	-	(120,588)
Miscellaneous	209,104	-	-	-	209,104
State sources	9,621,510	-	-	(246,673)	9,374,837
Federal sources	1,492,569	-	-	(1,460,922)	31,647
Surplus food	12,030	-	-	(12,030)	-
Sales (school food service)	27,935	-	-	(27,935)	-
Total revenue	14,998,084	(131,459)	-	(1,750,660)	13,115,965
Expenditures					
General support	1,959,529	135,964	(6,511)	285,741	2,374,723
Instruction	7,578,419	535,706	-	1,740,443	9,854,568
Pupil transportation	667,883	74,418	-	148,724	891,025
Community services	13,029	-	-	-	13,029
Employee benefits	3,003,755	-	544,872	(3,548,627)	-
Debt service	1,096,624	-	(859,956)	-	236,668
Capital outlay	425,736	(406,856)	-	(18,880)	-
Cost of sales	236,327	-	-	(257,356)	(21,029)
Other expenses	109,599	(8,894)	-	(100,705)	-
Total expenditures	15,090,901	330,338	(321,595)	(1,750,660)	13,348,984
Excess (deficiency) of revenue over expenditures	(92,817)	(461,797)	321,595	-	(233,019)
Other sources and uses					
Operating transfers in	460,459	-	-	(460,459)	-
Operating transfers out	(460,459)	-	-	460,459	-
Total other sources (uses)	-	-	-	-	-
Net change for year	$ (92,817)	$ (461,797)	$ 321,595	$ -	$ (233,019)

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

I. Significant Accounting Policies

The accompanying financial statements of the ***Panama Central School District*** have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for governments as prescribed by the Governmental Accounting Standards Board (GASB) which is the standard setting body for establishing governmental accounting and financial reporting principles.

A. Reporting Entity

The financial statements include all funds and account groups of the School District as well as the component units and other organizational entities determined to be includable in the School District's financial 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 following is a brief review of certain entities included in the District's reporting entity:

Extraclassroom Activity Funds

The extraclassroom activity fund of the ***Panama Central School District*** represents funds of the students of the School District. The Board of Education exercises general oversight of these funds and has adopted the guidance prescribed by the New York State Education Department for safeguarding, accounting and auditing of extraclasroom activity funds. As a result these funds do not meet the criteria required to be reported as fiduciary funds and are reported as a governmental fund. The cash and investment balances as well as revenues and expenditures are reported in a miscellaneous special revenue fund of the District. The audited financial statements (cash basis) of the extraclassroom activity funds are available at the District's offices.

B. Joint Venture

The ***Panama Central School District*** is one of 27 component school districts in the Erie 2 – Chautauqua-Cattaraugus Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

B. Joint Venture (continued)

BOCES are organized under Section 1950 of the Education Law. A BOCES Board is considered a corporate body. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the General Municipal Law.

A BOCES budget is comprised of separate budgets for administrative, program, and capital costs. Each component school district's share of the administrative and capital cost is determined by resident public school district enrollment as defined in Education Law, Section 1950(4)(b)(7).

There is no authority or process by which a school district can terminate its status as a BOCES component. In addition, component school districts pay tuition or a service fee for programs in which its students participate. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the Education Law.

During the year, the District was billed $1,767,000 for BOCES administration, program and capital costs. The District's share of BOCES aid, rental charges and refunds amounted to $605,000 for the year ended June 30, 2024. Financial statements for the Chautauqua-Cattaraugus BOCES are available at the BOCES administrative offices in Angola, New York.

C. Basis of Presentation

1. District-wide Statements

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

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

1. District-wide Statements (continued)

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

2. Fund Financial Statements

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

The District reports the following major governmental fund types:

General - is the general operating fund and is used to account for all financial transactions except those required to be accounted for in another fund.

Special Aid - is used to account for the proceeds of specific revenue sources such as Federal and State grants that are legally restricted to expenditures for specified purposes. These legal restrictions may be imposed by either governments that provide the funds or outside parties.

Food Service Fund – is used to account for the all revenue and expenditures pertaining to the cafeteria operations.

Capital Projects - is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities. The fund is also utilized to account for the purchase of transportation vehicles.

Debt Service – is used to account for the accumulation of resources and the payment of general long-term debt principal and interest.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

C. Basis of Presentation (continued)

2. Fund Financial Statements (continued)

Miscellaneous Special Revenue - is used to account for and report those revenues that are restricted (scholarships) and committed (extraclassroom activities) to expenditures for specific purposes.

3. Fiduciary Fund Types

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

D. 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 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 grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within the current period or soon enough thereafter to be used to pay liabilities of the current period, except for real property taxes, which are considered to be available if they 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

D. Measurement Focus and Basis of Accounting (continued)

General capital and right-to-use asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments of three months or less are considered as cash equivalents. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance.

F. Investments

Investments are stated at current market value.

G. Inventory

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase.

H. Capital Assets

Capital assets are reported at actual cost and, estimated historical costs, based on an appraisal conducted by independent third-party professionals was used. Estimated historical costs were estimated based on reverse trending techniques applied against the estimates of current replacement cost.

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 statements as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Building and improvements	$ 3,000	Straight-line	20-40 years
Furniture and equipment	3,000	Straight-line	5-10 years

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

I. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date. The third item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized, along with benefits paid subsequent to the measurement period.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has two items that qualify for reporting in this category. This represents the effect of the net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item relates to OPEB reporting in the District-wide Statement of Net Position. This represents the actuarial differences that are deferred and amortized.

J. Due To/From Other Funds

The amounts reported on the Statement of Net Position for due to and from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the individual fund balances at year-end is provided subsequently in these notes.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

K. Long-Term Debt

The liabilities reported as long-term liabilities include the School District's general obligation bonds, most obligations under lease/purchase and other financing arrangements, certain pension contributions and other long-term liabilities including vacation leave, sick leave, litigation, and other (i.e. workers' compensation, insurance-related liabilities pertaining to the Governmental Funds).

L. Unearned revenue

Unearned revenue is reported on the District's combined balance sheet. Unearned revenue arises when resources are received by the District before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both recognition criteria are met, or when the District has legal claim to the resources, the liability for unearned revenue is removed and revenue is recognized.

M. Compensated Absences

Sick Leave Pay - certain of the District's employee groups have negotiated sick leave benefits payable based on accumulated unused sick days. Generally the employee must have accumulated minimum years of service with the District and must be eligible for retirement under the provisions of either the teacher or employee retirement systems.

The District has recorded an estimated liability in the government-wide financial statements amounting to approximately $299,089 to recognize the cost of the benefits for those employees eligible to receive such a benefit. Payment of these benefits is dependent on many factors, therefore, the timing of future payments is not readily determinable. The District believes sufficient resources and budgetary appropriations will be available as the benefits become payable in future years. The liability for compensated absences is calculated at rates in effect as of the balance sheet date and is recorded in the District-wide financial statements.

N. Post-Employment Benefits and 105H Plan

In addition to the retirement benefits described in Note 3V, the District provides post-employment health insurance coverage to certain retired employees and their survivors in accordance with the provisions of the employment contracts negotiated between the School District and its employee groups. The District recognizes the net cost of providing health insurance in the governmental funds when paid. The Statement of Net position reports the computed District liability at year-end and the Statement of Activities reports the net increase or decrease in the liability as expense.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

N. Post-Employment Benefits and 105h Plan (continued)

Certain members of the Panama Faculty Association are eligible to receive contributions to an IRC Section 105(h) Health Spending Account. Generally members who retire with more than 100 sick leave days, at least 20 years of full time service and retire during the first year of eligibility may elect an option to receive an annual contribution from the District to a 105h plan account until age 65. The total accumulated 105h balances outstanding as of June 30, 2024 was $557,966 and is reported as an accrued liability in the general fund and government wide financial statements.

O. Fund Equity

1. Governmental Funds

The Governmental Accounting Standards Board (GASB) has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be reported within one of the fund balance categories listed below:

A. Nonspendable

Fund balance associated with assets that are inherently nonspendable in the current period because of their form or because they must be maintained intact, including inventories, prepaids, long-term loans and notes receivable, and property held for relate (unless the proceeds are restricted, committed, or assigned). Nonspendable Fund Balance includes the following category:

1. Inventory

Nonspendable - Inventory is used to limit the investment in inventory and to restrict that portion of fund balance which is unavailable for appropriation and is accounted for in the School Food Service Fund.

B. Restricted

Fund balance amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation. Restricted Fund Balance may include the following categories:

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

1. Reserve for Debt Service

This reserve is used for the purpose of retiring the outstanding obligation upon the sale of District property or capital improvement that was financed by obligations which remain outstanding at the time of sale. Interest and earnings on outstanding obligations and remaining bond proceeds no utilized for the intended purpose are recorded in the Reserve for Debt Service. These monies must be used to pay the debt service of the obligations from which they originated. This reserve is accounted for in the General Fund.

2. Insurance Reserve

This reserve is used to pay liability, casualty, and other types of losses, except losses incurred for which the following types of insurance may be purchased; life, accident, health, annuities, fidelity and surety, credit, title, residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to Law. This reserve may be established by Board action and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund.

3. Reserve for Employee Benefit Accrued Liability

The purpose of this reserve is for the payment of any accrued employee benefit due an employee upon termination of the employee's service. This reserve fund may be established by a majority vote of the Board of Education 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.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

4. Reserve for Retirement System Credits

This reserve is used to accumulate funds for employee retirement system contributions. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

5. Capital Reserve

These reserves are used to accumulate funds to finance all or a portion of future capital projects and bus purchases for which bonds may be issued. Voter authorization is required for both the establishment of the reserves and payments from the reserves. These reserves are accounted for in the General Fund or Capital Project Fund.

6. Repair Reserve

This reserve is used to accumulate funds to finance future costs of major repairs to capital improvements or equipment. Voter authorization is required to fund the reserve. Expenditures from this reserve may be made only after a public hearing has been held. In an emergency, expenditures may be made from the reserve fund without a public hearing with approval of two thirds of the Board of Education. The emergency expenditure must be repaid within the next two succeeding years. This reserve is accounted for in the General Fund.

7. Reserve for Teachers' Retirement Contributions

This reserve is used to pay for district expenses to the NYS Teachers' Retirement System. Funds may be paid into the retirement contribution reserve fund from budgetary appropriation or excess fund balance. Funds added to this reserve will not exceed 2% of teacher salaries in the prior year. When the District experiences a rate increase, the difference from year to year would be supported by the use of this reserve. The reserve may be established by a majority vote of the Board of Education and is accounted for in the General Fund.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

1. Governmental Funds (continued)

B. Restricted (continued)

8. Scholarships Reserve

This reserve is used to account for endowments, scholarships and other funds held by the School District. These monies and earnings must be used for the specific purpose of the original contribution. This reserve is accounted for in the miscellaneous special revenue fund.

C. Committed

Fund balance amounts that can be used only for specific purposes determined by a formal action of the District's Board of Education, which is the District's highest level of decision-making authority. The District reports the fund balance of the extraclassroom activities as committed fund balance as of June 30, 2024.

D. Assigned

Fund balance intended to be used by the District for specific purposes but does not meet the criteria to be restricted or committed. Along with the District's Board of Education, the Business Manager and Treasurer has been authorized to assign fund balance amounts for specific purposes through the establishment of an encumbrance.

1. Encumbrance Accounting

Encumbrance accounting, under which purchase orders, contracts, and other commitments of the expenditure of monies are recorded in order to reserve that portion of the applicable appropriation, is used in the General Fund, Special Revenue Funds, and Capital Projects Fund.

If resources have already been restricted or committed for encumbrances, the encumbered amounts will be included with restricted or committed resources. If resources have not already been restricted or committed, amounts encumbered are considered assigned for the purpose of the expected expenditure. Reserve for encumbrances totaled $- as of June 30, 2024.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

1. Governmental Funds (continued)

2. Appropriated Fund Equity

General Fund - The amount of $846,400 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2025 as allowed by Section 1318 of the Real Property Tax Law.

E. Unassigned

The residual classification of the general fund and includes all spendable amounts not contained in the other classifications.

2. Government-wide financial statements

A. Net Investment in Capital and Right-to-use assets

This designation of net position is used to accumulate the capital and right-to-use asset balances in the statement of net position less accumulated depreciation/amortization and outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

B. Restricted

This category represents amounts that can be spent only for specific purposes stipulated by constitutional, external resource providers including creditors, grantors, contributors, etc., or through enabling legislation.

C. Unrestricted

This category represents net position of the District not restricted for any other purpose.

3. Order of Fund Balance Spending Policy

When more than one classification of fund balance of the District are eligible to be utilized for an expenditure of the District, the order in which the fund balance classifications will be utilized will be as follows:

a. Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation;

b. Committed fund balance for which action has been taken by the Board of Education, a designated school official, or by the voters of the District, specifically designating funds to the expenditure;

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

O. Fund Equity (continued)

3. Order of Fund Balance Spending Policy (continued)

c. Assigned fund balance created specifically for the expenditure (encumbered fund balance);

d. Assigned fund balance within funds other than the General Fund of the District to which the expenditure relates;

e. Unassigned fund balance.

P. Budgetary Procedures and Budgetary Accounting

1. Budget Policies

The budget policies are as follows:

a) The School District administration prepares a proposed budget for approval by the Board of Education for the General Fund and the School Food Service Fund.

b) The proposed appropriations budget is approved by the voters within the District.

c) Appropriations are adopted at the program level.

d) Appropriations established by adoption of the budget constitute a limitation on expenditures and encumbrances which may be incurred. Appropriations lapse at the fiscal year-end. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need which exists which was not determined at the time the budget was adopted. During the current year, the District reported a supplemental appropriations for the use of its repair reserve ($18,000) and capital reserve ($300,000) which was transferred to the capital project fund.

2. Budget Basis for Accounting

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the current year are increased by the encumbrances carried forward from the prior year.

The budget and actual comparison for the Food Service Fund reflects budgeted and actual amounts for funds with legally authorized (appropriated) budgets. The District does not budget for food service fund revenues and expenditures.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

2. Budget Basis for Accounting (continued)

Budgetary controls for the special aid fund and capital funds are established in accordance with the applicable grant agreement or authorized project limit which may cover a period other than the District's fiscal year. Consequently, the budgets for such funds have been excluded from the combined schedule of revenue, expenditures and changes in fund equity - budget and actual.

Q. Property Taxes

1. Calendar

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on October 31.

2. Enforcement

Uncollected real property taxes are subsequently enforced by the County, in which the School District is located. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the School District no later than the forthcoming April 1.

R. Interfund Transfers

The operations of the School District give rise to certain transactions between funds, including transfers to provide services and construct assets.

S. Estimates

Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and the reported revenue and expenses.

T. Reclassifications

Certain prior year amounts have been reclassified to conform with the current year presentation.

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

A. Total Fund Equity of Governmental Funds vs. Net Position of Governmental Activities

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

B. Statement of Revenues, Expenditures and Changes in Fund Equity vs. Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures and Changes in Fund Equity and the Statement of Activities fall into one of five broad categories. These categories are more fully explained below:

1. Long-term Revenue Differences

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

2. Capital Related Differences

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

3. Long-term Debt Transaction Differences

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

NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS (continued)

4. Pension Differences

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

5. OPEB Differences

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

NOTE 3 - DETAIL NOTES ON ALL FUNDS

I. Cash and Investments

The ***Panama Central School District's*** investment policies are governed by State statutes. School District monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District treasurer is authorized to use demand accounts and certificates of deposits. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. While the District does not have a specific policy with regards to custodial credit risk, New York State statutes govern the District's investment policies. At June 30, 2024, the District's bank deposits were fully collateralized.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit 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 School Districts.

A. Deposits

Deposits are valued at cost or cost plus interest and are categorized as either:

(1) Insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the entity or by the agent in the entity's name;

(2) Collateralized with securities held by the pledging financial institution's trust department or agency in the entity's name;

(3) Uncollateralized

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

I. Cash and Investments (continued)

A. Deposits (continued)

Total financial institution (bank) balances at June 30, 2024 per bank (excluding NYClass investments) were approximately $1,797,000. These deposits are categorized as follows:

Category 1	Category 2	Category 3	Carrying Value
$ 250,000	$ 1,547,000	$ -	$ 1,797,000

B. Investments

The District has few investments specifically funds invested in NYClass. The 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, or investments held by the District or by the District's agent in the District's name or,

(2) Uninsured and unregistered, with the investments held by the financial institutes trust department in the District's name, or

(3) Uninsured and unregistered, with investments held by the financial institution or its trust department but not in the District's name.

The District participates in the Cooperative Liquid Assets Securities System - New York (NYCLASS) a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 3-A and 5-G Sections 119-n and o, and Chapter 623 of the Laws of 1998, whereby it holds a portion of the investments in cooperation with other participants. The investments are highly liquid and are considered to be cash equivalents. All NYCLASS investment and collateral policies are in accordance with general municipal law sections 10 and 11. The investments of the cooperative at June 30, 2024 consisted of 16% in repurchase agreements, 68% in U.S. Treasury Securities, and 16% in collateralized bank and other deposits, with various interest rates and due dates. The amount below represents the cost of the investment pool shares, and are considered to approximate market value. Additional information concerning NYCLASS, including the annual report, can be found on its website at www.newyorkclass.org.

NY Class investments	$ 2,881,556

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

II. Capital Assets and Right-to-Use Assets

A. Capital Assets

Capital asset balances and activity for the year ended June 30, 2024 were as follows:

	Beginning Balance 6/30/23	Additions Net of Disposals	Ending Balance 6/30/24
Governmental activities:			
Capital assets that are not depreciated:			
Land	$ 51,008	$ -	$ 51,008
Construction-in-progress	4,976,532	(4,569,675)	406,857
Total non-depreciable capital assets	5,027,540	(4,569,675)	457,865
Capital assets that are depreciated:			
Buildings and improvements	32,570,539	4,976,531	37,547,070
Furniture and equipment	3,368,090	47,965	3,416,055
Total depreciable historical cost	35,938,629	5,024,496	40,963,125
Total cost	40,966,169		41,420,990
Less accumulated depreciation:	20,703,507	$ 914,184	21,617,691
Total net book value	$20,262,662		$19,803,299

B. Right-to-use assets

The District reported right-to-use assets net of amortization as of June 30, 2024 and 2023 in the amount of $168,864 and $171,298, respectively. See Note 6.

C. Depreciation and Amortization

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

General support	$ 183,237
Instruction	695,976
Pupil transportation	276,091
	$ 1,155,304

D. Additions

Total additions during the current year amounted to approximately $825,000.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

III. Interfund Transactions

Interfund balances at June 30, 2024 are as follows:

	Interfund Receivable	Interfund Payable
General Fund	$ 609,034	$ 945
Special Aid Fund	4,535	575,832
Debt Service Fund	-	-
School Lunch Fund	945	-
Miscellaneous Special Revenue Fund	-	-
Capital Project Fund	-	37,737
Total	$ 614,514	$ 614,514

Interfund transfers consisted of the following during the fiscal year ended June 30, 2024:

	Interfund Revenue	Interfund Expenditures
General Fund	$ 58,533	$ 401,926
Special Aid Fund	5,031	58,533
Debt Service Fund	-	-
School Lunch Fund	-	-
Capital Projects Fund	396,895	-
Total	$ 460,459	$ 460,459

During the current year, the District transferred $5,031 from the general fund to the special aid fund as the local share of the summer school handicap program. The District also transferred $396,895 from the general fund to the capital project fund for a capital outlay project and capital improvement project. Lastly, the District transferred $58,533 from the special aid fund to reimburse the general fund for grant expenditures incurred in a prior year.

IV. Receivables

Receivables at June 30, 2024 consisted of amounts due from State and Federal sources as well as amounts due from other governments and other miscellaneous receivables. District management has deemed the amounts to be fully collectible.

V. Liabilities

A. Pension Plans

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost- sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided

a. Teachers' Retirement System (TRS) (continued)

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, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

b. Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (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 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, NY 12244.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

1. Plan Descriptions and Benefits Provided (continued)

b. Employees' Retirement System (ERS) (continued)

2. Contributions

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0 to 3.5 percent of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law.

Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

	ERS	TRS
2024	$ 177,000	$ 454,000
2023	$ 143,000	$ 480,000
2022	$ 180,000	$ 445,000

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57, and 105.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

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

Measurement date	ERS 3/31/2024	TRS 6/30/2023
Net pension asset (liability)	$ (740,752)	$ (288,824)
District's portion of the Plan's total net pension liability	.0050309%	.025256%

For the year ended June 30, 2024, the District's recognized pension expense of $342,087 for ERS and $849,992 for TRS. At June 30, 2024 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 238,595	$ 700,321	$ 20,198	$ 1,731
Changes of assumptions	280,062	621,830	-	135,524
Net difference between projected and actual earnings on pension plan investments	-	147,641	361,853	-
Changes in proportion and differences between the Districts contributions and proportionate share of contributions	69,392	121,618	19,349	1,306
District's contributions subsequent to the measurement date	52,137	454,412	-	-
Total	$ 640,186	$ 2,045,822	$ 401,400	$ 138,561

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

3. Pension Asset (Liability), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions (continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ending June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ending:		
2025	$ (119,004)	$ 144,090
2026	153,697	(121,949)
2027	224,236	1,184,821
2028	(72,280)	108,997
2029	-	85,470
Thereafter	-	51,420

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	3/31/24	6/30/23
Actuarial valuation date	4/1/23	6/30/22
Interest rate	5.9%	6.95%
Salary scale	4.4% average	1.95% - 5.18%
	4/1/15 – 3/31/20	7/1/15 – 6/30/20
Decrement tables	System's Experience	System's Experience
Inflation rate	2.9%	2.4%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

4. Actuarial Assumptions (continued)

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020 System's experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active members' mortality rates are based on plan members' experience.

For ERS, the actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2021. For TRS, the actuarial assumptions used in the June 30, 2022 valuation are based on the results of an actuarial experience study for the period July 1, 2015 – June 30, 2020.

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

Measurement date	ERS 3/31/24	Expected Rate of Return	TRS 6/30/23	Expected Rate of Return
Asset Type:				
Domestic equity	32%	4.00%	33%	6.8%
International equity	15%	6.65%	15%	7.7%
Global equity	-%	-%	4%	7.2%
Private equity	10%	7.25%	9%	10.1%
Real Estate	9%	4.60%	11%	6.3%
Opportunistic/ARS portfolio	3%	5.25%	-%	-%
Credit	4%	5.40%	-%	-%
Real assets	3%	5.79%	-%	-%
Domestic fixed income	-%	-%	16%	2.2%
Global Bonds	-%	-%	2%	1.6%
Real estate debt	-%	-%	6%	3.2%
Private debt	-%	-%	2%	6.0%
High-yield fixed income	-%	-%	1%	4.4%
Fixed Income	23%	1.50%	-%	-%
Cash	1%	.25%	1%	.3%
Total:	100%		100%	

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

5. Discount Rate

The discount rate used to calculate the total pension asset (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 that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension asset (liability).

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

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 5.9% for ERS and 6.95% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1- percentage point lower (4.9% for ERS and 5.95% for TRS) or 1-percentage point higher (6.9% for ERS and 7.95% for TRS) than the current rate:

ERS	1% Decrease (4.9%)	Current Assumption (5.9%)	1% Increase (6.9%)
Employer's proportionate share of the net pension asset (liability)	$ (2,328,999)	$ (740,752)	$ 585,764

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

6. Sensitivity of the Proportionate Share of the Net Pension Asset (Liability) to the Discount Rate Assumption (continued)

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension asset (liability)	$ (4,398,936)	$ (288,824)	$ 3,167,958

7. 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	3/31/24	6/30/23
Employers' total pension liability	$ 240,696,851	$ 138,365,122
Plan net position	$ 225,972,801	$ 137,221,537
Employers' net pension asset (liability)	$ (14,724,050)	$ (1,143,585)
Ratio of plan net position to be Employers' total pension asset (liability)	93.88%	99.20%

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

A. Pension Plans (continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2024 represent the projected employer contribution for the period of April 1, 2024 through June 30, 2024 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2024 amounted to $52,137.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2024 are paid to the System in September, October and November 2024 through a state aid intercept. Accrued retirement contributions as of June 30, 2024 represent employee and employer contributions for the fiscal year ended June 30, 2024 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2024 amounted to $507,065 of which $454,412 is related to employer contributions and $52,653 is related to employee contributions.

B. Other Post-Employment Benefits

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan). The Plan provides medical and dental insurance benefits to eligible retires and their spouses. Benefit provisions are based on bargaining agreements as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility for the Plan is established by the District and specified in the District's employment contracts.

Employees Covered by Benefit Terms

For the fiscal year ended June 30, 2024 the plan had total active employees of 109 and retirees and retiree spouses of 47.

Total OPEB Liability

The District's total OPEB liability of $1,462,757 was measured as June 30, 2024 and was determined by an actuarial valuation as of July 1, 2023.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Actuarial Methods and Other Inputs

The total OPEB liability in the July 1, 2023 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.42% per year
Salary increases	3.42% per year
Discount rate	3.78% as of June 30, 2023 and 3.98% as of June 30, 2024
Healthcare cost trend rates	2024 – 5.10% reduced to an ultimate rate of 3.86% after 2070.
Retirees' share of benefit-related costs	Varies based on contract

The discount rate reflects a blending of the investment rate of return and the long-term bond rate using expected plan benefit payments If no pre-funding is established, the discount rate is based on the yield for 20-year tax-exempt general obligation municipal bonds.

Mortality rates were based on the Scale MP-2021, fully generational.

The actuarial assumptions used in the June 30, 2024 measurement date represent a long-term expectation of future OPEB outcomes.

Changes in the Total OPEB Liability

Service cost	$ 20,421
Interest	42,825
Change of benefit terms	-
Differences between expected and actual experience	296,234
Changes in assumptions or other inputs	(9,248)
Benefit payments	(129,647)
Net changes	220,585
Net OPEB liability – beginning of year	1,242,172
Net OPEB liability – end of year	$ 1,462,757

Changes in actuarial assumptions consisted of a change in discount rate from 3.78% to 3.98% as of June 30, 2024. The salary scale also changed from 3.53% to 3.42%. Inflation rate changed from 2.53% to 2.42%.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease (2.98%)	Current Assumption (3.98%)	1% Increase (4.98%)
Total OPEB liability	$ 1,304,508	$ 1,462,757	$ 1,183,697

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates

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

	1% Decrease (4.10%-2.86%)	Current Assumption (5.10%-3.86%)	1% Increase (6.10%-4.86%)
Total OPEB liability	$ 1,158,157	$ 1,462,757	$ 1,335,855

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

For the year ended June 30, 2024, the District recognized OPEB expense of $121,737. At June 30, 2024, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 257,762	$ 16,217
Changes in assumptions or other inputs	20,680	8,047
Benefits subsequent to measurement date	32,323	-
Total	$ 310,765	$ 24,264

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

B. Other Post-Employment Benefits (continued)

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

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

Year ending:	
2025	$ 38,202
2026	38,202
2027	38,202
2028	38,202
2029	38,010
Thereafter	63,360

C. Indebtedness

1. Short-Term Debt

a. Bond Anticipation Notes

Notes issued in anticipation of proceeds from the subsequent sale of bonds is recorded as a current liability of the fund that will actually receive the proceeds from the issuance of the bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date. On July 13, 2022, the District issued a bond anticipation note of $4,650,000 with an interest rate of 2.85% and maturity date of June 29, 2023. On June 28, 2023 the District issued a serial bond and utilized the proceeds along with $190,000 from the general fund to redeem the outstanding bond anticipation note. As of June 30, 2024 there were no bond anticipation notes outstanding.

b. Short-Term Debt Interest

Total interest incurred on short-term debt was $- during the fiscal year ended June 30, 2024.

2. Long-Term Debt

a. Debt Limit

At June 30, 2024, the total outstanding indebtedness represented approximately 24% of the District's debt limit.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness

2. Long-Term Debt

b. Serial Bonds

The District borrows money in order to acquire or construct buildings and improvements or for the purchase of vehicles. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of capital assets.

c. Long-Term Debt Interest

Interest expenditures for serial bonds are recognized on a cash basis, when amounts become due and payable. The District recognized $314,357 of expenditures for serial bond interest in the governmental fund financial statements during the fiscal year ended June 30, 2024.

d. Changes

The School District's indebtedness, as of June 30, 2024 and 2023 are summarized as follows:

	Balance June 30, 2024	Balance June 30, 2023
Serial bonds	$ 4,435,000	$ 5,105,000
Unamortized bond premiums	485,792	576,448
Energy performance contract	468,381	560,681
Compensated absences	299,089	305,600
Net pension liabilities	1,029,576	1,462,252
Other post-employment benefit	1,462,757	1,242,172
	$ 8,180,595	$ 9,252,153

The District made principal payments on serial bonds in the amount of $670,000 during the current fiscal year, and had amortization of bond premiums of $90,656. The District had principal payments in the amount of $92,300 on the energy performance contract liability. The net change in compensated absences was a decrease of $6,511 during the fiscal year ended June 30, 2024. The net change in other post-employment benefit liability was an increase of $220,585. The net pension liabilities (ERS and TRS) decreased in the current year in the amount of $432,676.

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

2. Long-Term Debt (continued)

e. Summary

1. The following is a summary of maturity of indebtedness:

Description	Outstanding June 30, 2024
2018 School District Refunding Serial Bond (Original issue $2,540,000), due in annual principal installments, through June 15, 2025 plus interest from 3.0% to 5.0%.	$ 555,000
Serial Bonds, issued in 2023 with maturity date of June 2038, bonds carry interest at 5%.	3,880,000
	$ 4,435,000

f. Maturity

1. The following is the amortization schedule for the long-term liability for serial bonds.

Year	Principal payments	Interest payments
2025	$ 770,000	$ 221,750
2026	225,000	183,250
2027	235,000	172,000
2028	250,000	160,250
2029	260,000	147,750
2030-2034	1,505,000	530,250
2035-2038	1,190,000	129,750
Totals	$ 4,435,000	$ 1,545,000

3. Bond premiums and amortization

Premiums resulting from bond and other debt refinancing are being amortized over the life of the related debt.

4. Energy Performance Contract and Maturity

In 2014, the District issued a $1,134,681 energy performance contract at an interest rate of 3.57% and final maturity date of March 1, 2029. Total interest incurred on the energy performance contract during the current year was $19,967. The following is the amortization schedule:

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

V. Liabilities (continued)

C. Indebtedness (continued)

4. Energy Performance Contract and Maturity (continued)

Year	Principal payments	Interest payments
2025	$ 97,600	$ 16,672
2026	101,500	13,188
2027	105,000	9,564
2028	110,000	5,816
2029	54,281	1,888
Totals	$ 468,381	$ 47,128

VI. Fund Equity

A. Classification

The District's fund equity is comprised of various components.

Category / Fund	Description	Balance June 30, 2024
Nonspendable:		
Food Service	Inventory	$ 6,620
Restricted:		
General	Repairs reserve	$ 146,646
	Capital reserve	356,500
	Retirement reserve	126,103
		$ 629,249
Miscellaneous special revenue	Scholarships and other	$ 71,948
Committed:		
Miscellaneous special revenue	Extraclassroom	$ 74,259
Assigned:		
General	Appropriated Fund Balance	$ 846,400
	Encumbrances	-
		$ 846,400
Food Service	Fund Equity	$ 144,238
Capital Project Fund	Fund Equity	$ 78,605

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VI. Fund Equity (continued)

B. Assigned – Appropriated Fund Balance

General Fund - The amount of $846,400 has been designated as the amount estimated to be appropriated to reduce taxes for the year ending June 30, 2025 as allowed by Section 1318 of the Real Property Tax Law.

C. District-wide Net Position

Net position of the District include restricted net position of approximately $701,000 which represent restricted amounts in the general and debt service funds as presented above.

D. Deficit Fund Balance

A District's capital project fund will occasionally report an accumulated deficit. It is not uncommon for school districts to have deficit fund balances in the capital projects fund as a result of short-term debt being recorded as liabilities until they are converted to long-term debt (serial bonds) or redeemed at which time such proceeds are recorded as other financing sources revenue. The District did not report an accumulated deficit as of June 30, 2024.

VII. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

The ***Panama Central School District*** is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

For its employee health and accident coverage, ***Panama Central School District*** is a participant in the Chautauqua County School Districts' Medical health Plan, a public entity risk pool operated for the benefit of various individual governmental units located within Chautauqua County. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Chautauqua County School Districts' Medical Health Plan obtains independent coverage for insured events in excess of this amount.

2. Risk Sharing Pools

The ***Panama Central School District*** also participates in a risk sharing pool, Erie 2 – Chautauqua-Cattaraugus BOCES, to insure Workers' Compensation claims. This is a public

NOTE 3 - DETAIL NOTES ON ALL FUNDS (continued)

VII. Commitments and Contingencies (continued)

A. Risk Financing and Related Insurance (continued)

2. Risk Sharing Pools (continued)

entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims.

B. Compensated Absences

The District does not accrue a liability for accumulating, non-vesting sick leave, since payment is based on an uncontrollable future event (sickness). In accordance with the provisions of Governmental Accounting Standards Board Statement No. 16, the value for accumulating, non-vesting sick leave is considered a contingent liability. The District reports approximately $188,000 as of June 30, 2024 for accumulating non-vesting sick leave.

C. Federal and State Grants

The District has received grants reported in the special aid fund which are subject to audit by agencies of the state and federal government. Such audits may result in disallowances and a request for a return of funds. Based on past audits and no known significant areas of non-compliance, the District believes disallowances, if any, will not be material.

D. Litigation

The District may be a party to various claims and legal proceedings covering a wide range of matters that arise in the course of the District's business. A claim has been brought by a former student against the District under the New York State Child Victims Act. Discovery of this matter is in the early stages and the scope of damages, if any, cannot presently be assessed. To date, the claim is being defended under a reservation of rights by the District's insurance carriers. The District will continue to vigorously defend against the claim.

NOTE 4 – CAPITAL PROJECT

The voters of ***Panama Central School District*** approved a resolution authorizing a reconstruction project in the amount of $7,200,000 to be financed with serial bonds, and District funds. Total expenditures incurred related to the project were $303,412 during the year ended June 30, 2024.

The District also had expenditures related to a capital outlay project totaling $96,895 and smart schools bond expenses of $25,429.

NOTE 5 – COVID 19 PANDEMIC

In March 2020, the World Health Organization declared the novel strain of COVID-19 (coronavirus) a global pandemic and has become increasingly widespread in the United States. The coronavirus outbreak has had a significant impact on financial markets and general economic conditions.

In December 2020, the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately $596,000 of CRRSA Act assistance to the District. As of June 30, 2024, 2023, and 2022 the District has spent $175,229, $131,178 and $72,481, respectively, of the CRRSA allocation.

In March 2021, the American Rescue Plan (ARP) Act was passed which provides additional assistance to school districts. The New York State Department of Education has allocated approximately $1,797,000 of ARP Act assistance to the District. As of June 30, 2024, 2023, and 2022 the District has spent $693,520, $530,341 and $206,893, respectively, of the ARP allocation.

NOTE 6 – RIGHT-TO-USE ASSETS/LEASES

The District has entered into various agreements with Erie 1 BOCES to acquire IT and computer equipment. The equipment is owned by Erie 1 BOCES, however the District has recognized a right-to-use asset in accordance with Governmental Accounting Standards Board Statement No. 87, Leases. The District paid cash for the equipment rather than through an installment purchase agreement. The District amortizes its right-to-use assets over a period of 5 years. Below is a summary of the activity of the District's right-to-use assets during the year ended June 30, 2024:

NOTE 6 – RIGHT-TO-USE ASSETS/LEASES (continued)

	Balance 7/1/2023	Additions
Right-to-use asset	$ 228,877	$ 43,334
Accumulated amortization	(57,579)	(45,768)
	$ 171,298	$ (2,434)

	Deletions	Balance 6/30/2024
Right-to-use asset	$ (2,452)	$ 269,759
Accumulated amortization	2,452	(100,895)
	$ -	$ 168,864

NOTE 7 – PRIOR PERIOD ADJUSTMENTS

The District implemented GASB 87, Leases, during the year ended June 30, 2023, which resulted in a prior period adjustment related to agreements made for various IT and computer equipment that were already in place as of July 1, 2022, and which GASB 87 requires retroactive application of these agreements. The District's net position increased $115,481, as a result of the prior period adjustment which represents the remaining book value of its right-to-use assets. Also, the District's net position and fund equity increased $136,551 as a result of the District moving its scholarship and extraclassroom funds to a miscellaneous special revenue fund in accordance with GASB 84. Finally the District recorded a prior period adjustment in the capital project fund in the amount of $4,660,583 to decrease fund equity related to a Bond Anticipation Note that should have been recorded as a short-term liability however was recorded as revenue.

NOTE 8 – SUBSEQUENT EVENTS

Subsequent events were evaluated through October 21, 2024, which is the date the financial statements were available to be issued.

PANAMA CENTRAL SCHOOL DISTRICT
COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2024

	Adopted Budget	Final Budget	Current Year's Revenue	Over (Under) Revised Budget
Revenues				
Local Sources:				
Real property taxes and tax items	$ 3,480,607	$ 3,480,607	$ 3,497,054	$ 16,447
Use of money and property	15,000	15,000	117,255	102,255
Sale of property and compensation for loss	5,000	5,000	10,871	5,871
Miscellaneous	80,000	80,000	92,279	12,279
State Sources:				
Basic formula	8,810,229	8,810,229	8,759,828	(50,401)
BOCES	541,107	541,107	547,692	6,585
Textbooks	39,186	39,186	39,188	2
All other aid	2,700	2,700	2,700	-
Federal Sources:				
Medicaid reimbursement	33,000	33,000	31,647	(1,353)
Total revenue	13,006,829	13,006,829	13,098,514	91,685
Other Sources				
Operating transfer in	-	-	58,533	58,533
Total revenue and other sources	13,006,829	13,006,829	13,157,047	$ 150,218
Supplemental appropriation	-	318,000		
Appropriated reserves	165,000	165,000		
Appropriated fund equity	746,400	746,400		
Total revenue, other sources, reserves and appropriated fund equity	$ 13,918,229	$ 14,236,229		

See accompanying independent auditor's report.

	Adopted Budget	Final Budget	Current Year's Expenditures	Encumbrances	Unencumbered Balances
Expenditures					
General Support:					
Board of education	$ 12,000	$ 11,929	$ 8,368	$ -	$ 3,561
Central administration	208,478	208,478	193,018	-	15,460
Finance	443,563	453,254	444,951	-	8,303
Staff	111,388	112,271	67,009	-	45,262
Central services	923,485	964,868	889,718	-	75,150
Special items	193,003	196,446	194,625	-	1,821
Instructional:					
Instruction, administration and improvement	450,209	469,956	453,300	-	16,656
Teaching - regular school	3,856,514	3,868,814	3,616,055	-	252,759
Programs for children with handicapping conditions	1,537,586	1,312,227	1,000,678	-	311,549
Occupational education	256,138	256,138	256,138	-	-
Instructional media	480,405	529,761	481,630	-	48,131
Pupil services	539,142	616,596	532,072	-	84,524
Pupil Transportation	697,658	694,610	651,681	-	42,929
Employee Benefits	2,964,868	2,997,089	2,971,647	-	25,442
Community Service	18,350	18,350	13,029	-	5,321
Debt Service:					
Debt service principal	767,300	767,300	762,300	-	5,000
Debt service interest	358,142	358,142	334,324	-	23,818
Total expenditures	13,818,229	13,836,229	12,870,543	-	965,686
Other Uses:					
Transfer to other funds	100,000	400,000	401,926	-	(1,926)
Total other uses	100,000	400,000	401,926	-	(1,926)
Total expenditures and other uses	$ 13,918,229	$ 14,236,229	13,272,469	$ -	$ 963,760
Excess (deficiency) of revenue and other sources over expenditures and other uses			$ (115,422)		

COMBINING SCHEDULE OF REVENUE, EXPENDITURES AND CHANGES IN FUND EQUITY - BUDGET AND ACTUAL - GOVERNMENTAL FUNDS FOR THE YEAR ENDED JUNE 30, 2024

	School Food Service Fund		
	Budget (Amended)	Actual	Variance Fav. (Unf.)
Revenue			
State sources	$ 17,000	$ 53,030	$ 36,030
Federal sources	165,000	152,367	(12,633)
Sales	22,850	27,935	5,085
Surplus food	-	12,030	12,030
Use of money and property	150	3,100	2,950
Total revenue	205,000	248,462	43,462
Expenditures			
Cost of sales	205,000	236,327	(31,327)
Total expenditures	205,000	236,327	(31,327)
Excess of revenue over expenditures	$ -	12,135	$ 12,135
Fund equity, beginning of year		138,723	
Fund equity, end of year		$ 150,858	

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted budget	$	13,918,229
Additions:		
Prior Year Encumbrances		-
Original budget		13,918,229
Budget revisions:		
Supplemental appropriation - use of repair reserve		18,000
Supplemental appropriation - transfer from capital improvement reserve		300,000
Final budget	$	14,236,229

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-25 voter-approved expenditure budget	**$**	**14,356,541**
Maximum allowed (4% of 2024-25 budget)	**$**	**574,262**
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Committed fund balance	$	-
Assigned fund balance		846,400
Unassigned fund balance		2,220,278
Total unrestricted fund balance		3,066,678
Less:		
Appropriated fund balance		846,400
Total adjustments		846,400
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	**$**	**2,220,278**
Actual percentage		**15.47%**

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

SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
FOR THE YEAR ENDED JUNE 30, 2024

			Expenditures				Unexpended	Methods of financing				Fund
Project Title	Original Appropriation	Revised Appropriation	Prior Years	Current Year	Interfund Transfer	Total	(Overexpended) Balance	Proceeds of Obligations	State Sources	Local Sources	Total	Balance June 30, 2024
Smart Schools Bond Act Project	$ 713,373	$ 713,373	$ 159,870	$ 25,429	$ -	$ 185,299	$ 528,074	$ -	$ 73,773	$ 111,526	$ 185,299	$ -
Capital Outlay Project	100,000	100,000	-	96,895	-	96,895	3,105	-	-	96,895	96,895	-
Capital Improvement Project - 2023	7,200,000	7,200,000	-	303,412	-	303,412	6,896,588	-	-	300,000	300,000	(3,412)
Reconstruction Project	5,000,000	5,000,000	4,989,609	-	-	4,989,609	10,391	4,660,584	-	344,042	5,004,626	15,017
Total	$ 13,013,373	$ 13,013,373	$ 5,149,479	$ 425,736	$ -	$ 5,575,215	$ 7,438,158	$ 4,660,584	$ 73,773	$ 852,463	$ 5,586,820	11,605
								Plus: Prior year capital project fund balance				67,000
								Total fund equity as of June 30, 2024				$ 78,605

BUDGET COMPARISON STATEMENT FOR STATE AND OTHER GRANT PROGRAMS - SPECIAL AID AND FOOD SERVICE FUNDS FOR THE YEAR ENDED JUNE 30, 2024

Grant Title	Grantors Project No.	Grant Period	Award/ Program Budget	Total Revenue	Total Expenditures
Summer school *	N/A	2024	$ 31,212	$ 31,212	$ 31,212
Universal Pre-kindergarten	0409-24-7455	2024	77,100	67,462	67,462
Universal Pre-kindergarten - expansion	0546-24-1050	2024	100,000	100,000	100,000
State food service program	N/A	2024	53,030	53,030	53,030
			$ 261,342	$ 251,704	$ 251,704

* Revenue includes interfund transfer of $5,031 from the general fund which represents local share of expenditures.

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED JUNE 30, 2024

Note 1 - Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards includes the federal grant activity of the ***Panama Central School District*** and is presented on the modified accrual basis of accounting. The information in the schedule is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some amounts presented in the schedule may differ from amounts presented in, or used in the preparation of the basic financial statements.

Basis of Accounting

The basis of accounting varies by Federal program consistent with underlying regulations pertaining to each program. The amounts reported as Federal expenditures generally were obtained from the appropriate Federal financial reports for the applicable program and periods. The amounts reported in these Federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Note 2 - Non-monetary Federal Program

The accompanying ***Panama Central School District*** is the recipient of a non-monetary federal award program. During the year ended June 30, 2024, the District reported in the Schedule of Federal Awards $12,030 of donated commodities at fair market value received and disbursed.

Note 3 – Indirect Cost Rate

The District has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance in the current year.

Federal Program Title	Federal CFDA Number	Agency or Pass-through Number	Program or Award Amount	Revenue	Expenditures
US Department of Education:					
Direct program:					
Small, Rural School Achievement Program	84.358A	N/A	$ 25,033	$ 25,033	$ 25,033
Passed through NYS					
Department of Education:					
Title I	84.010A	0021-24-0375	223,830	213,447	213,447
IDEA, Part B Section 611 **	84.027A	0032-24-0109	153,238	151,815	151,815
Covid-19 ARP - IDEA, Part B Section 611 **	84.027X	5532-22-0109	23,869	3,739	3,739
IDEA, Part B Section 619 **	84.173A	0033-24-0109	3,516	2,689	2,689
Covid-19 ARP - IDEA, Part B Section 619 **	84.173X	5533-22-0109	2,658	2,658	2,658
Title II, Part A	84.367A	0147-23-0375	15,000	15,000	15,000
Title II, Part A	84.367A	0147-24-0375	24,161	3,217	3,217
Title IV	84.424A	0204-24-0375	22,402	22,208	22,208
Covid-19 ARP - SLR Summer	84.425U	5882-21-0375	100,000	58,853	58,853
Covid-19 ARP - SLR Comprehensive	84.425U	5883-21-0375	100,000	56,362	56,362
Covid-19 ARP - SLR Learning Loss	84.425U	5884-21-0375	499,996	352,223	352,223
Covid-19 CRRSA - ESSER 2	84.425D	5891-21-0375	476,146	175,229	175,229
Covid-19 ARP - ESSER 3	84.425U	5880-21-0375	1,070,130	226,082	226,082
Total US Department of Education			2,739,979	1,308,555	1,308,555
US Department of Agriculture:					
Passed through NYS					
Department of Education;					
National School Lunch Program ***	10.555	N/A	102,790	102,790	102,790
National School Breakfast Program ***	10.553	N/A	33,145	33,145	33,145
Covid-19 Supply Chain Assistance ***	10.555	N/A	16,432	16,432	16,432
Passed through NYS					
Office of General Services;					
National School Lunch Program					
Noncash assistance (Donated Commodities) ***	10.555	N/A	12,030	12,030	12,030
Total US Department of Agriculture			164,397	164,397	164,397
Total expenditures and revenue				$ 1,472,952	$ 1,472,952

** Constitutes a cluster of Federal programs named Special Education Cluster with total revenue and expenditures of $ 160,901
*** Constitutes a cluster of Federal programs named Child Nutrition Cluster with total revenue and expenditures of $ 164,397

SCHEDULE OF NET INVESTMENT IN CAPITAL ASSETS AND RIGHT-TO-USE ASSETS AS OF JUNE 30, 2024

Capital Assets and right-to-use assets, net	$	19,972,163
Less:		
Serial Bonds		(4,920,792)
Energy Performance Contract		(468,381)
Net investment in capital assets and right-to-use assets	$	14,582,990

PANAMA CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE DISTRICT'S NET OPEB LIABILITY AND RELATED RATIOS
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2024

As of the measurement date of March 31,	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	$ 20,421	$ 23,339	$ 21,715	$ 23,886	$ 17,918	$ 17,224	$ 15,297
Interest	42,825	34,012	24,060	27,319	27,013	27,880	27,615
Change of benefit terms	-	-	73	-	-	-	-
Differences between expected and actual experience	296,234	(22,973)	336,809	(43,239)	231,741	11,993	25,563
Changes in assumptions or other inputs	(9,248)	29,298	(113,636)	16,501	84,746	(230)	11,217
Benefit payments	(129,647)	(128,702)	(63,961)	(51,090)	(44,606)	(35,390)	(33,899)
Net change in total OPEB liability	220,585	(65,026)	205,060	(26,623)	316,812	21,477	45,793
Total OPEB liability - beginning	1,242,172	1,307,198	1,102,138	1,128,761	811,949	790,472	744,679
Total OPEB liability - ending	$ 1,462,757	$ 1,242,172	$ 1,307,198	$ 1,102,138	$ 1,128,761	$ 811,949	$ 790,472
Plan fiduciary net position							
Contributions - employer	$ 129,647	$ 128,702	$ 63,961	$ 51,090	$ 44,606	$ 35,390	$ 33,899
Benefit payments	(129,647)	(128,702)	(63,961)	(51,090)	(44,606)	(35,390)	(33,899)
Plan fiduciary net position - ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's net OPEB liability	$ 1,462,757	$ 1,242,172	$ 1,307,198	$ 1,102,138	$ 1,128,761	$ 811,949	$ 790,472
Plan fiduciary net position as a percentage of total OPEB liability	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
Covered-employee payroll	$ 5,954,387	$ 5,864,788	$ 5,669,749	$ 5,591,182	$ 5,591,182	$ 5,439,393	$ 5,439,393
District's net OPEB liability as a percentage of covered-employee payroll	24.57%	21.18%	23.06%	19.71%	20.19%	14.93%	14.53%

Notes to Schedule:

Benefit Changes: None

Changes in assumptions during 2024:

- Discount rate from 3.78% to 3.98%
- Updated mortality tables and healthcare cost trend rates
- Salary scale changed from 3.53% to 3.42% effective June 30, 2024
- Inflation changed from 2.53% to 2.42% effective June 30, 2024

SCHEDULE OF DISTRICT CONTRIBUTIONS – OPEB
FOR THE YEARS ENDED JUNE 30, 2018 THROUGH JUNE 30, 2024

For the year ended June 30,	2024	2023	2022	2021	2020	2019	2018
Actuarially determined contributions	$ 129,647	$ 128,702	$ 63,961	$ 51,090	$ 44,606	$ 35,390	$ 33,899
Contributions in relation to the actuarially determined contribution	(129,647)	(128,702)	(63,961)	(51,090)	(44,606)	(35,390)	(33,899)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 5,954,387	$ 5,864,788	$ 5,669,749	$ 5,591,182	$ 5,591,182	$ 5,439,393	$ 5,439,393
Contributions as a percentage of District's covered-employee payroll	2.18%	2.19%	1.13%	0.91%	0.80%	0.65%	0.62%

Notes to Schedule

Valuation date:
Actuarially determined contribution rates are calculated as of July 1, 2023 and measured as of June 30, 2024.

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry Age Normal Level % of Salary Method
Discount Rate	Discount rate of - 3.98% as of June 30, 2024
Inflation	2.42% per year
Healthcare cost trend rates	2024 - 5.1%. Rates expected to decrease each year thereafter with an ultimate rate of 3.86% after 2070.
Salary increases	3.42% per year
Mortality	Scale MP-2021, fully generational
Retiree Cost Sharing	Varies based on negotiated contracts
Participants	109 Active and 47 Retirees and retiree spouses

SCHEDULE OF DISTRICT CONTRIBUTIONS – NYSTRS AND NYSLERS
FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024

New York State Teachers' Retirement System

For the year ended June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 454,412	$ 479,942	$ 445,155	$ 418,906	$ 495,225	$ 453,211	$ 526,337	$ 589,781	$ 759,899	$ 680,653
Contributions in relation to the contractually required contribution	(454,412)	(479,942)	(445,155)	(418,906)	(495,225)	(453,211)	(526,337)	(589,781)	(759,899)	(680,653)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 4,655,861	$ 4,664,159	$ 4,542,398	$ 4,395,656	$ 5,589,447	$ 4,267,524	$ 5,370,786	$ 5,032,261	$ 5,730,762	$ 3,882,790
Contributions as a percentage of District's covered-employee payroll	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

New York State Local Employees' Retirement System

For the year ended March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually required contributions	$ 177,108	$ 143,458	$ 180,327	$ 169,396	$ 163,317	$ 152,029	$ 142,467	$ 133,974	$ 158,286	$ 172,277
Contributions in relation to the contractually required contribution	(177,108)	(143,458)	(180,327)	(169,396)	(163,317)	(152,029)	(142,467)	(133,974)	(158,286)	(172,277)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered-employee payroll	$ 1,495,161	$ 1,275,536	$ 1,149,708	$ 1,190,380	$ 1,155,786	$ 1,079,772	$ 969,820	$ 883,098	$ 883,098	$ 904,735
Contributions as a percentage of District's covered-employee payroll	11.85%	11.25%	15.68%	14.23%	14.13%	14.08%	14.69%	15.17%	17.92%	19.04%

PANAMA CENTRAL SCHOOL DISTRICT

Schedule SS9

SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) – NYSTRS AND PROPORTIONATE SHARE OF NET PENSION LIABILITY - NYSLERS

FOR THE YEARS ENDED JUNE 30, 2015 THROUGH JUNE 30, 2024

New York State Teachers' Retirement System - Net Pension Asset (Liability)

As of the measurement date of June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	n/a	0.025256%	0.026697%	0.027520%	0.027856%	0.027937%	0.028391%	0.028340%	0.028824%	0.028858%
District's proportionate share of the net pension asset (liability)	n/a	$ (288,824)	$ (512,291)	$ 4,769,015	$ (769,739)	$ 725,804	$ 513,387	$ 215,411	$ (308,716)	$ 2,997,416
District's covered-employee payroll	n/a	$ 4,664,159	$ 4,542,398	$ 4,395,656	$ 5,589,447	$ 4,267,524	$ 5,370,786	$ 5,032,261	$ 5,730,762	$ 3,882,790
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	n/a	-6.19%	-11.28%	108.49%	-13.77%	17.01%	9.56%	4.28%	-5.39%	77.20%
Plan fiduciary net position as a percentage of the total pension asset (liability)	n/a	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%

New York State Local Employees' Retirement System - Net Pension Asset (Liability)

As of the measurement date of March 31,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension asset (liability)	0.0050309%	0.0044300%	0.0040959%	0.0038984%	0.0037738%	0.0036657%	0.0034136%	0.0034710%	0.0035360%	0.0036140%
District's proportionate share of the net pension asset (liability)	$ (740,752)	$ (949,961)	$ 334,825	$ (3,882)	$ (999,319)	$ (259,726)	$ (110,171)	$ (326,131)	$ (567,579)	$ (122,008)
District's covered-employee payroll	$ 1,495,161	$ 1,275,536	$ 1,149,708	$ 1,190,380	$ 1,155,786	$ 1,079,772	$ 969,820	$ 883,098	$ 883,098	$ 904,735
District's proportionate share of the net pension asset (liability) as a percentage of its covered employee payroll	-49.54%	-74.48%	29.12%	-0.33%	-86.46%	-24.05%	-11.36%	-36.93%	-64.27%	-13.49%
Plan fiduciary net position as a percentage of the total pension asset (liability)	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

See accompanying independent auditor's report.

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

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

To the President and
Members of the Board of Education
Panama Central School District
Panama, New York

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities and each major fund of ***Panama Central School District*** as of and for the year ended June 30, 2024, and the related notes to the financial statements which collectively comprise ***Panama Central School District's*** basic financial statements and have issued our report thereon dated October 21, 2024.

Report on Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be a material weakness. However, we identified one deficiency in internal control over financial reporting that we consider to be a significant deficiency described in the accompanying schedule of findings and questioned costs as item II.A. 2024-001.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether ***Panama Central School District's*** financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed one instance of noncompliance that is required to be reported under Government Auditing Standards which is described in the accompanying schedule of findings and questioned costs as item II.B. 2024-002.

Panama Central School District's Responses to Findings

Government Auditing Standards requires the auditor to perform limited procedures on ***Panama Central School District's*** responses to the internal controls over compliance finding and compliance and other matters finding identified in our audit described in the accompanying schedule of findings and questioned costs. ***Panama Central School District's*** responses were not subjected to other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Jamestown, New York
October 21, 2024

Members of American Institute of Certified Public Accountants
Private Companies Practice Section

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

To the President and Members of
The Board of Education
Panama Central School District
Panama, New York

Report on Compliance for Each Major Federal Program

Opinion on Each Major Program

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

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of ***Panama Central School District*** and to meet our other ethical responsibilities, in accordance with 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of ***Panama Central School District's*** compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

Auditor's Responsibilities for the Audit of Compliance (continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding ***Panama Central School District's*** compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- Obtain an understanding of ***Panama Central School District's*** internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of ***Panama Central School District's*** internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Purpose of this Report

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

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
October 21, 2024

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's opinion(s) issued or whether the financial statements audited were prepared in accordance with GAAP: Unmodified

Internal control over financial reporting:

Material weakness(es) identified?		yes	x	no
Significant deficiency(ies) identified?	x	yes		none reported

Noncompliance material to financial statements noted?	x	yes		no

Federal Awards

Internal control over major programs:

Material weakness(es) identified?		yes	x	no
Significant deficiency(ies) identified?		yes	x	none reported

Type of auditor's opinion issued on compliance for major programs: Unmodified

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR-200.516(a)		yes	x	no

Federal Program Title	Federal CFDA Number	Amount
Total expenditures of Federal Awards		$ 1,472,952
Identification of Major Programs Tested:		
Covid-19 ARP - SLR Summer	84.425U	$ 58,853
Covid-19 ARP - SLR Comprehensive	84.425U	56,362
Covid-19 ARP - SLR Learning	84.425U	352,223
Covid-19 CRRSA - ESSER 2	84.425D	175,229
Covid-19 ARP - ESSER 3	84.425U	226,082
Total major programs tested		$ 868,749
% of Federal programs tested		59%

Dollar threshold used to distinguish between Type A and Type B programs:		$ 750,000		
Auditee qualified as low risk?	x	yes		no

II. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

2024-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2024

Condition and Criteria: During the current year, adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. Some of the adjustments and footnotes were related to converting to the full accrual method for government-wide financial statement purposes. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District.

Cause and Effect: AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency. Without this assistance, the potential risk exists of the District's financial statements not conforming to GAAP.

Auditor's Recommendation: Although auditors may continue to provide such assistance both now and in the future, under the new pronouncement, the District should continue to review and accept both proposed adjusting journal entries and footnote disclosures, along with the draft financial statements.

District's Response: The District has received, reviewed and approved all journal entries, footnote disclosures and draft financial statements proposed for the current year audit and will continue to review similar information in future years. Further the District believes it has a thorough understanding of these financial statements and the ability to make informed judgments based on these financial statements.

B. COMPLIANCE AND OTHER MATTERS

2024-002 Unassigned Fund Balance

Year ended June 30, 2024

Conditions and criteria: ***Panama Central School District's*** unassigned fund balance as of June 30, 2024 amounted to $2,220,278 . This amount constitutes approximately 15.47% of the 2024-2025 school budget.

Cause and Effect: The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Auditor's Recommendation: ***Panama Central School District*** should continue to monitor fund balance throughout the year and continue to review its options with regards to reservation and designation of fund balance.

District's Response: ***Panama Central School District*** realizes that it's unassigned fund balance as of June 30, 2024 was in excess of the NYS mandated 4% level. The District has and will continue to closely monitor fund balance in the future and will review all options with regards to reservation and designation of fund balance.

III. MAJOR FEDERAL AWARD PROGRAMS AUDIT – FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2024

There were no findings related to compliance during the year ended June 30, 2024.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2024

There were no findings related to internal control over compliance during the year ended June 30, 2024.

I. FINANCIAL STATEMENTS AUDIT - FINDINGS

A. INTERNAL CONTROL OVER FINANCIAL REPORTING

Year ended June 30, 2023

2023-001 Adjusting Journal Entries and Required Disclosures to the Financial Statements

Year ended June 30, 2023

Summary of Prior Year Finding: Adjusting journal entries, along with footnote disclosures were proposed by the auditors and accepted by the District to properly reflect the financial statements in accordance with generally accepted accounting principles. In addition, a draft of the financial statements was prepared by the auditors and reviewed and accepted by the District. AU-C Section 265 entitled Communicating Internal Control Related Matters Identified in an Audit, issued by the American Institute of Certified Public Accountants (AICPA) considers the need for significant adjusting journal entries and assistance when preparing the financial statements to be indicative of an internal control deficiency.

Current Status: Similar finding related to internal control over financial reporting is being reported upon during the year ended June 30, 2024 as finding 2024-001.

B. COMPLIANCE AND OTHER MATTERS

2023-002 Fund Balance

Year Ended June 30, 2023

Summary of Prior Year Finding: ***Panama Central School District's*** unassigned fund balance as of June 30, 2023 amounted to approximately $2,168,000. This amount constitutes approximately 15.6% of the 2023-2024 school budget. The District's unassigned fund balance violated New York State Education Law, which limits school districts from retaining an unassigned fund balance not greater than 4% of the subsequent year's budget.

Current Status: Similar finding related to compliance and other matters is being reported upon during the year ended June 30, 2024 as finding 2024-002.

II. MAJOR FEDERAL AWARD PROGRAMS AUDIT - FINDINGS AND QUESTIONED COSTS

A. COMPLIANCE

Year ended June 30, 2023

There were no findings related to compliance that were reported upon during the year ended June 30, 2023.

B. INTERNAL CONTROL OVER COMPLIANCE

Year ended June 30, 2023

There were no findings related to internal control over compliance that were reported upon during the year ended June 30, 2023.

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

To the President and Members of the
Board of Education
and School Administration
Panama Central School District
Panama, New York

Ladies and Gentlemen:

We have completed our audit for the year ended June 30, 2024 of the District's financial statements and have issued our reports thereon dated October 21, 2024. Our audit report expressed an unmodified opinion which states that the District's financial statements are in accordance with generally accepted accounting principles for governments and school districts located in New York State. In addition, we have issued a separate report on internal controls over financial reporting and compliance with laws and regulations as required by *Government Auditing Standards* and the *Uniform Guidance*.

In planning and performing our audit of the financial statements of the ***Panama Central School District*** for the year ended June 30, 2024, we considered its internal control structure in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure and its operation.

Attached to this letter is a schedule of revenue and expense comparisons (modified accrual basis) and analysis of fund equity for the school years ended June 30, 2022 through June 30, 2024. In addition, we have also presented a summary of additional comments which we desire to bring to the board and administration's attention involving various matters. Although such matters were not of sufficient nature to be disclosed in the previously mentioned reports, we do feel the comments should be reviewed and acted upon primarily by the business staff. ***Panama Central School District*** has provided responses to additional comments that follow, however, we did not audit such responses, and accordingly, we express no opinion on them.

The analysis of the use of the District's fund equity shows that the District maintains a number of reserves. The reserves presented here are only those that are reported in the General Fund. The uses and legal restrictions of each of these reserve categories are listed in the footnotes to the financial statements. These reserves reduce the amount of the District's unassigned fund equity.

We have enjoyed working with the District this year and wish to thank all of the staff who have assisted us during our audit.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
October 21, 2024

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Private Companies Practice Section

PANAMA CENTRAL SCHOOL DISTRICT
REVENUE AND EXPENDITURE COMPARISON AND ANALYSIS OF FUND EQUITY (AMOUNTS IN $1,000)

	6/30/2024	6/30/2023	** 6/30/2022
Revenue and other sources			
Property taxes	$ 3,497	$ 3,497	$ 3,492
State aid	9,349	9,110	7,774
All other	311	323	155
	13,157	12,930	11,421
Expenditures and other uses			
General support	1,798	1,682	1,529
Instruction	6,340	5,959	5,976
Transportation	652	650	556
Benefits	2,972	2,858	2,734
Debt	1,097	1,018	688
Community services	13	16	13
Transfers	402	2	6
	13,274	12,185	11,502
Excess (deficiency) of revenue over expenditures	(117)	745	(81)
Fund equity			
Beginning of year	3,811	3,066	3,147
End of year	$ 3,694	$ 3,811	$ 3,066
Analysis of fund equity			
Restricted			
Capital reserve	$ 357	$ 462	$ 301
Reserve for retirement	126	279	269
Reserve for repairs	147	156	151
Assigned	846	746	753
Unassigned	2,218	2,168	1,592
	$ 3,694	$ 3,811	$ 3,066

** - amounts audited by another auditor and provided for informational purposes only

Future Governmental Accounting Standards – GASB 101 – Compensated Absences

Governmental Accounting Standards Board has issued Statement No. 101, Compensated Absences which will be effective for the fiscal year ending June 30, 2025. The standard provides guidance on how the District will account for and disclose obligations related to compensated absences, including vacation leave, sick leave, and other similar benefits. We recommend that the District begin to familiarize themselves with the new compensated absences standard, which may include continuing education, webinars and further training.

District response: The District will participate in trainings or webinars on the topics when they become available.

Capital Project Fund Balance

As noted on page 38 of the financial statements, the District has approximately $67,000 of fund balance remaining from Phases I-IV and prior transportation vehicle purchases. We recommend the District transfer this remaining fund balance to the debt service fund and develop a plan to utilize the remaining fund balance to reduce its long-term debt.

District response: The District will utilize the unspent fund balance from these prior year projects towards the debt service requirements of the District.

Accrued Liabilities

Included in accrued liabilities in the District's general fund are employee/retiree withholdings for health insurance, flexible spending accounts and other miscellaneous accounts which total approximately $60,000. We noted that during the course of the audit the District does not have a process in place to reconcile these accounts. We recommend the District review the transaction history of these accounts and put a process in place to ensure the balances are accurately reported.

District response: The District will review the detail of these accounts and make the appropriate adjustments during 2023-24 school year. We will also put a process in place to ensure these accounts are properly reconciled and reported.

PANAMA CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUND
FINANCIAL STATEMENT

FOR THE FISCAL YEAR ENDED JUNE 30, 2024

WITH
REPORT OF CERTIFIED PUBLIC ACCOUNTANTS

PANAMA CENTRAL SCHOOL DISTRICT
EXTRACLASSROOM ACTIVITY FUND

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

INDEPENDENT AUDITOR'S REPORT

To the President and
Members of the Board of Education
Panama Central School District
Panama, New York

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extraclassroom Activity Fund of the ***Panama Central School District*** for the year ended June 30, 2024, and the related notes to the financial statement.

In our opinion, the financial statement referred to above present fairly, in all material respects, the cash transactions of the Extraclassroom Activity Fund of ***Panama Central School District***, for the year ended June 30, 2024 on the basis of accounting described in Note 1.

Basis for Opinion

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

Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. The financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statement in accordance with the cash basis of accounting described in Note 1, and for determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible 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 Extraclassroom Activity Fund of ***Panama Central School District's*** ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 Extraclassroom Activity Fund of ***Panama Central School District's*** internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statement.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Extraclassroom Activity Fund of ***Panama Central School District's*** ability to continue as a going concern for a reasonable period of time.

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated October 21, 2024, on our consideration of the ***Panama Central School District's*** internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the ***Panama Central School District's*** internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering ***Panama Central School District's*** internal control over financial reporting and compliance.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
October 21, 2024

	Balances June 30, 2023	Total Receipts	Total Receipts & Balances	Total Payments	Balances June 30, 2024
Extraclassroom activities:					
Class of 2023	$ 2,935	$ -	$ 2,935	$ 2,774	$ 161
Class of 2024	13,893	19,339	33,232	31,744	1,488
Class of 2025	14,958	8,369	23,327	4,317	19,010
Class of 2026	7,631	13,224	20,855	4,468	16,387
Class of 2027	-	10,628	10,628	4,297	6,331
Boys Swim Club	52	938	990	123	867
Girls Swim Club	-	2,542	2,542	-	2,542
MS and HS Spanish Club	2,126	-	2,126	-	2,126
Music Department	5,862	22,453	28,315	24,442	3,873
SADD	159	-	159	44	115
Student Council	3,372	1,631	5,003	1,628	3,375
MS Student Council	6,071	50	6,121	1,811	4,310
Volleyball Club	1,917	5,505	7,422	3,413	4,009
CSP Track & Field Club	1,130	1,029	2,159	1,036	1,123
Gettysburg Trip	316	-	316	-	316
Girls Basketball Club	30	68	98	-	98
Softball Club	83	70	153	78	75
Trap Club	100	-	100	-	100
Yearbook	6,571	6,490	13,061	5,108	7,953
Total activity fund	$ 67,206	$ 92,336	$ 159,542	$ 85,283	$ 74,259

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Fund are included in the financial statements of the School District. Cash balances of $74,259 are included in the Miscellaneous Special Revenue Fund with a corresponding amount recorded as committed fund balance.

The accounts of the Extraclassroom Activity Fund of ***Panama Central School District*** are maintained on a cash basis, and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets, and accrued income and expenses, which would be recognized under generally accepted accounting principles, and which may be material in amount, are not recognized in the accompanying financial statement.

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BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Certified Public Accountants ▲ Business Advisors

To the President and Members of the
Board of Education
and School Administration
Panama Central School District
Panama, New York

Ladies and Gentlemen:

In planning and performing our audit of the statement of cash receipts and disbursements – cash basis of the Extraclassroom Activity Fund of ***Panama Central School District*** as of and for the year ended June 30, 2024, in accordance with auditing standards generally accepted in the United States of America, we considered ***Panama Central School District***'s internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of ***Panama Central School District***'s internal control. Accordingly, we do not express an opinion on the effectiveness of ***Panama Central School District***'s internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore material weaknesses or significant deficiencies may exist that were not identified. However, as discussed below, we identified a deficiency in internal control that we consider to be a material weakness.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. We consider the following deficiency in internal control to be a material weakness:

Point of Sale Records

We noted several instances where the receipt of cash lacked point of sale records. Each cash receipt received by the central treasurer should be accompanied by supporting documentation which reconciles cash received to participation times rates/fees. We recommend that point of sale records be filled out in detail or an appropriate summary be attached by the student treasurer or teacher advisor, and be verified or reviewed by the central treasurer.

District response: The Business Office staff discusses with class advisers, every year and throughout the year, regarding the need for accurate and detailed records. We will continue to work with advisers to maintain the appropriate records.

This communication is intended solely for the information and use of management, Board of Education, and others within ***Panama Central School District***, and is not intended to be, and should not be, used by anyone other than these specified parties.

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.

Jamestown, New York
October 21, 2024

Member of American Institute of Certified Public Accountants
Private Companies Practice Section

B·W·B
BUFFAMANTE WHIPPLE BUTTAFARO, P.C.
Certified Public Accountants ▲ Business Advisors

October 21, 2024

To the Audit Committee
and Board of Education
Panama Central School District
Panama, New York

We have audited the financial statements of Panama Central School District as of and for the year ended June 30, 2024. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards and *Government Auditing Standards*, and Uniform Guidance as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated May 1, 2024. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Panama Central School District are described in Note 1 to the financial statements. There were no new accounting standards implemented by the District in the current year. We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimate(s) affecting the financial statements were:

Management's estimate of the depreciation is based on estimates of useful lives of assets and cost basis of certain assets were derived from a third-party independent appraisal company. We evaluated the key factors and assumptions used to develop the depreciation in determining that it is reasonable in relation to the financial statements taken as a whole.

In addition, the District also has estimated future costs associated with pension and other post-employment benefits and has recorded a net pension liability (ERS), a net pension asset (TRS) and an other post-employment benefit liability based on an actuarial study performed by a third-party actuary. We evaluated the key assumptions used to develop this study and its' reasonableness in relation to the financial statements.

Certain financial statement disclosures are particularly sensitive because of their significance to the financial statement users. The most sensitive disclosures affecting the financial statements were the disclosures on long-term debt in Note 3V and disclosures related to the COVID-19 pandemic in Note 5 to the financial statements due to their significance.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

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Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements with the exception of the following: Uncorrected misstatements that management has determined are not material to the financial statements include: an understatement of lease liabilities in the amount of $10,000 related to GASB 87 and an understatement of right-to-use assets and SBITA liabilities in the amount of $43,000 related to GASB 96. The uncorrected misstatements or other matters underlying them could potentially cause future period financial statements to be materially misstated, even though, in our judgment, such uncorrected misstatements are immaterial to the financial statements as a whole.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 21, 2024.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to Panama Central School District 's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Panama Central School District 's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to the required supplementary information (RSI), which supplements the basic financial statements. Our procedures consisted of inquiries of management regarding 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 did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report on supplementary information which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Restriction on Use

This information is intended solely for the information and use of the Board and management of Panama Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Buffamante Whipple Buttafaro PC

BUFFAMANTE WHIPPLE BUTTAFARO, P.C.