PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Notes. See "TAX MATTERS" herein.

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

$4,000,000

MARATHON CENTRAL SCHOOL DISTRICT

CORTLAND, BROOME AND TIOGA COUNTIES, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE #: 565833

$4,000,000 Bond Anticipation Notes, 2025

(referred to herein as the "Notes")

Dated: August 19, 2025 **Due: July 23, 2026**

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

The Notes are not subject to redemption prior to maturity.

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

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

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon with the purchaser(s), on or about August 19, 2025.

July 29, 2025

ELECTRONIC BIDS for the Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on August 5, 2025 until 10:30 A.M., Prevailing Time, pursuant to the Notice of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale.

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 IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – MATERIAL EVENT NOTICES" INCLUDED HEREIN.

CORTLAND, BROOME AND TIOGA COUNTIES, NEW YORK

2025-2026 BOARD OF EDUCATION

JUSTIN LILLEY
President

CHARLIE FORKEY, III
Vice President

LUCAS BAKER
KIMBERLY MOORE
FLOYD PARKER
RICHARD STEARNS
(VACANT POSITION)

* * * * * * * * *

ADMINISTRATION

JAMIE M. COPPOLA
Superintendent

CHRISTOPHER LEINS
School Business Official

HEATHER FRINK
School District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

ORRICK, HERRINGTON & SUTCLIFFE LLP
Bond Counsel

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

TABLE OF CONTENTS

PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
250 South Clinton Street, Suite 502
Syracuse, New York 13202
(315) 752-0051
http://www.fiscaladvisors.com

OFFICIAL STATEMENT

OF THE

MARATHON CENTRAL SCHOOL DISTRICT
CORTLAND, BROOME AND TIOGA COUNTIES, NEW YORK

RELATING TO

$4,000,000 Bond Anticipation Notes, 2025

This Official Statement, which includes the cover page, has been prepared by the Marathon Central School District, Cortland, Broome and Tioga Counties, New York (the "School District" or "District", "Counties", and "State", respectively) in connection with the sale by the District of $4,000,000 principal amount of Bond Anticipation Notes, 2025 (the "Notes").

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

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

NATURE OF OBLIGATION

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

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

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

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

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

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

> "A pledge of the City's faith and credit is both a commitment to pay and a commitment of the City's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit" are used and they are not tautological. That is what the words say and this is what the courts have held they mean. So, too, although the Legislature is given the duty to restrict municipalities in order to prevent

> abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted. While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

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

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

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

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

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

THE NOTES

Description of the Notes

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

The Notes are dated August 19, 2025 and mature, without option of prior redemption, on July 23, 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 at the option of the Purchaser(s) either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

On October 29, 2024, the qualified voters of the District approved a proposition authorizing the District to construct an addition to the Appleby Elementary School and improve and reconstruct various District buildings at a maximum cost of $12,000,000 with such cost being funded with $900,000 of 2018 Capital Reserve Fund monies and the balance of such cost, not in excess of $11,100,000, through the issuance of the District's serial bonds. The Notes are being issued pursuant to a bond resolution duly adopted by the Board of Education on May 12, 2025 authorizing the issuance of $11,100,000 of bonds to finance the capital project.

The proceeds of the Notes will provide $4,000,000 in new monies for the abovementioned purpose.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds. 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 is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.6 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 Bond and 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 the Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities 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.

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 in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

The Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

THE SCHOOL DISTRICT

General Information

The District covers approximately 103 square miles and is comprised of portions of the Towns of Cincinnatus, Freetown, Harford, Lapeer, Marathon, Virgil and Willet located in Cortland County; Lisle and Triangle located in Broome County; and Richford located in Tioga County (the "Towns"). The District lies approximately 10 miles south of the City of Cortland, 15 miles east of the City of Ithaca and 20 miles north of the City of Binghamton.

The Village of Marathon serves as the commercial and residential hub of the District. Highways in close proximity to the District include Interstate Routes 81, which bisects the District, and 17, located 20 miles to the south. Gas and electric services are provided by New York State Electric & Gas as well as National Grid. Sewer and water services are provided in the District by the municipalities located in the District. Police protection is provided by Village, County and State agencies. Fire protection is provided by various volunteer units.

Source: District officials.

Population

The population of the District is estimated to be 4,372.

Source: U.S. Census Bureau, 2019-2023 American Community Survey 5-Year Estimates.

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The figures set below with respect to such Towns and Counties 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 Counties 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:						
Cincinnatus	$ 21,689	$ 27,416	$ 33,247	$ 53,636	$ 61,771	$ 71,518
Freetown	19,765	26,864	31,369	44,375	60,667	75,000
Harford	16,840	27,779	33,056	49,044	72,963	79,375
Lapeer	18,373	23,946	31,905	47,083	80,000	71,406
Marathon	24,739	25,129	30,098	52,941	64,485	75,924
Virgil	27,764	34,302	44,164	66,477	88,750	110,833
Willet	16,727	23,687	30,111	42,250	59,000	80,000
Lisle	21,595	26,973	31,271	55,000	66,125	72,413
Triangle	22,335	26,807	34,114	64,118	51,157	75,852
Richford	20,318	26,840	37,836	55,156	64,824	86,607
Counties of:						
Cortland	22,078	28,407	33,818	57,743	71,430	85,316
Broome	24,314	29,721	35,116	57,545	69,596	83,422
Tioga	24,596	32,298	41,155	59,907	75,656	86,598
State of:						
New York	30,948	40,898	49,520	67,405	87,270	105,060

Source: U.S. Census Bureau, 2006-2010, 2016-2020 and 2019-2023 American Community Survey 5-Year estimates.

Larger Employers

Some of the major employers located in or in close proximity to the School District are as follows:

Name	Type	Employees
Greek Peak-Hope Lodge	Recreation	270/735 *
Square Deal Machining	Manufacturing	265
Marathon Central School District	Education	154
E.L. Wood Braiding	Manufacturing	75
Gregg's Market	Retail	24
Kurtz Welding	Manufacturing	20

*Seasonal employment.

Source: District officials.

Unemployment Rate Statistics

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

Annual Averages

	2018	2019	2020	2021	2022	2023	2024
Cortland County	4.8%	4.5%	7.5%	4.9%	3.7%	4.1%	4.2%
Broome County	4.7%	4.4%	8.1%	5.2%	3.8%	3.7%	4.0%
Tioga County	4.4%	4.0%	7.7%	4.6%	3.3%	3.3%	3.5%
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	June
Cortland County	5.4%	5.4%	4.6%	3.6%	3.1%	3.7%
Broome County	4.8%	5.0%	4.4%	3.3%	3.3%	3.7%
Tioga County	4.5%	4.8%	4.1%	2.9%	2.7%	3.0%
New York State	4.6%	4.3%	4.1%	3.7%	3.5%	3.8%

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

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

Form of School Government

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

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial management functions of the District are the responsibility of the Superintendent of Schools and the School Business Official.

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) Savings Accounts, Now Accounts or Money Market Accounts of designated banks, (2) Certificates of Deposit issued by a bank or trust company located and authorized to do business in New York State, (3) Demand Deposit Accounts in a bank or trust company authorized to do business in New York State, (4) Obligations of New York State, (5) Obligations of the United States Government (U.S. Treasury Bills and Notes), (6) Repurchase Agreements involving the purchase and sale of direct obligations of the United States. The District does not invest in reverse repurchase obligations or similar derivative type investments.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared a tentative budget of the District 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 the qualified voters on May 21, 2024 with a vote of 270 to 64. The District's budget for 2024-25 remained within the Tax Cap imposed by Chapter 97 of the Laws of 2011. The budget called for a total tax levy increase of 0%, which was below the District's tax levy limit of 0.51% for the 2024-2025 fiscal year.

The District's 2025-2026 budget was approved by the District voters on May 20, 2025 with a vote of 141 to 46. The District's 2025-2026 budget remained within the Tax Cap imposed by Chapter 97. The 2025-2026 budget called for a tax levy increase of 1.98% which was below the District's School District Tax Cap increase of 2.97% for the 2025-2026 fiscal year.

State Aid

The District receives financial assistance from the State. In its adopted budget for the 2025-2026 fiscal year, approximately 77.0% of the revenues of the District are estimated to be received in the form of State aid. If the State should not adopt its budget in a timely manner in any year municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

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

There can be no assurance that the State appropriation for building aid and other State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State's fiscal year of April 1. With the exception of the State's fiscal year 2025-26 Enacted Budget (which 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 2025-2026 preliminary building aid ratios, the District expects to receive State building aid of approximately 94.2% 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 included $29.5 billion in state aid to school districts, and significantly increased funding for schools and local governments, including a $1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of $13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of $629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, $105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of $10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

School district fiscal year (2022-2023): The State's 2022-23 Budget provided $31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of $2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a $1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Budget also programed $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 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 Budget allocated $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Budget increased federal funds by $125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School district fiscal year (2023-2024): The State's 2023-24 Budget included $34.5 billion for school aid, an increase of $3.1 billion or 10%. The States 2023-24 Budget also provided a $2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 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.

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

School district fiscal year (2025-2026): The State's 2025-26 Budget includes approximately $37 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of $1.7 billion. The State's 2025-26 Budget provides an estimated $26.3 billion in Foundation Aid, a year over year increase of $1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. The State's 2025-26 Budget also makes a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

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

State Aid Litigation

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

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

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

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

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

The State's 2025-26 Budget 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 and budgeted figures for the 2024-2025 and 2025-2026 fiscal years comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2019-2020	$ 17,189,333	$ 12,494,495	72.69%
2020-2021	17,512,121	12,504,932	71.41
2021-2022	18,896,377	13,957,438	73.86
2022-2023	18,802,544	14,001,703	74.47
2023-2024	20,640,507	15,702,183	76.07
2024-2025 (Budgeted)	20,808,530 [(1)]	15,958,430	76.69
2025-2026 (Budgeted)	21,652,800 [(1)]	16,677,700	77.02

[(1)] Does not include appropriated fund balance, reserves or interfund transfers, as applicable.

Source: Audited financial statements for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year and adopted budgets of the District for the 2024-2025 and 2025-2026 fiscal years. This table is not audited.

School Facilities

Name	Grades	Capacity	Year(s) Built
Appleby Elementary	K-6	594	1970, '88, '96
Marathon Junior-Senior High School	7-12	602	1925, '31, '51, '54, '74

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2020-21	701	2025-26	715
2021-22	709	2026-27	720
2022-23	709	2027-28	725
2023-24	727	2028-29	724
2024-25	709	2029-30	720

Source: District officials.

Employees

The District currently employs 150 total full and part-time employees, with the 108 of the employees represented by the unions listed below:

Employees	Union Representation	Contract Expiration Date
92	Marathon Teachers Association	June 30, 2027
12	Marathon Educational Support Association	June 30, 2027
4	Marathon Administrators Association	June 30, 2027

Source: District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally 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 2019-2020 through and including 2023-2024 and budgeted figures for the 2024-2025 and 2025-2026 fiscal years are as follows:

Fiscal Year	TRS	ERS
2019-2020	$ 594,247	$ 180,485
2020-2021	602,047	187,091
2021-2022	637,638	204,683
2022-2023	689,605	156,836
2023-2024	662,518	171,634
2024-2025 (Budgeted)	710,000	200,000
2025-2026 (Budgeted)	710,000	200,000

Source: District officials.

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually.

Retirement Incentive Program. Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District does not currently have 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 (2021-2022 to 2025-2026) is shown below:

State Fiscal Year	ERS	TRS
2021-2022	16.2%	9.80%
2022-2023	11.6	10.29
2023-2024	13.1	9.76
2024-2025	15.2	10.11
2025-2026	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 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 is not participating 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 allows school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a reserve.

Other Post-Employment Benefits

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

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

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

GASB 75. In 2015, the Governmental Accounting Standards Board ("GASB") released new accounting standards for public Other Post-Employment Benefits ("OPEB") plans and participating employers. These standards, GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* ("GASB 75"), have substantially revised the valuation and accounting requirements previously mandated under GASB Statements No. 43 and 45. The District implemented GASB 75 for the fiscal year ended June 30, 2018. The implementation of this statement requires school districts to report OPEB liabilities, OPEB expenses, deferred outflow of resources and deferred inflow of resources related to OPEB. GASB Statement No. 75 replaced GASB Statement 45, which also required the District to calculate and report a net OPEB obligation. However, under GASB 45, school districts could amortize the OPEB liability over a period of years, whereas GASB 75 requires school districts to report the entire OPEB liability on the statement of net position.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

Summary of Changes from the Last Valuation. The District contracted with Korn Ferry, an actuarial firm, to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability during the last two fiscal years, by source.

Balance beginning at June 30:	2022	2023
Changes for the year:	$ 45,547,016	$ 47,918,824
Service cost	1,470,934	1,599,394
Interest	1,646,258	2,025,285
Differences between expected and actual experience	(1,844,115)	(615,971)
Changes in assumptions or other inputs	2,134,686	(616,764)
Changes of benefit terms	-	-
Benefit payments	(1,035,955)	(969,487)
Net Changes	$ 2,371,808	$ 1,422,457
Balance ending at June 30:	2023	2024
	$ 47,918,824	$ 49,341,281

Source: Audited Financial Statements of the District. For additional information see "APPENDIX – D" attached hereto. The above table is not audited.

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

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

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

Other Information

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

The District has complied 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.

Financial Statements

The District retains independent Certified Public Accountants. The audit report covering the fiscal year ending June 30, 2024 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.

Insero & Co. CPAs, LLP, 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. Insero & Co. CPAs, LLP also has not performed any procedures relating to this Official Statement.

Projected Unaudited Results for Fiscal Year Ending June 30, 2025

The District expects to conclude the fiscal year ending June 30, 2025 with an unassigned fund balance of approximately $850,000.

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

Projected Revenues:	$	21,485,597
Projected Expenditures:		21,293,525
Projected Excess (Deficit) Revenues Over Expenditures:	$	192,072
Total General Fund Balance at June 30, 2024:	$	6,626,879
Total Projected General Fund Balance at June 30, 2025:	$	6,818,951

The audited financial statements for the fiscal year ending June 30, 2025 are expected to be available on or about October 15, 2025.

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

Note: Reference to website implies no warranty of accuracy of information therein, and 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 five fiscal years of the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2024	No Designation	20.0
2023	No Designation	23.3
2022	Susceptible Fiscal Stress	26.7
2021	Susceptible Fiscal Stress	26.7
2020	Susceptible Fiscal Stress	26.7

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

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

TAX INFORMATION

Taxable Assessed Valuations

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Cincinnatus	$ 518,214	$ 519,632	$ 521,197	$ 522,728	$ 511,439
Freetown	30,128,717	30,692,231	32,432,502	33,072,171	33,471,630
Harford	30,196,793	29,944,239	30,101,967	30,330,245	30,359,309
Lapeer	81,073,600	81,291,952	82,267,231	83,115,003	83,759,605
Marathon	91,427,339	92,236,195	93,961,889	95,019,436	95,727,247
Virgil	15,890,990	16,073,830	16,056,809	16,054,908	16,111,296
Willet	5,722,175	5,732,875	5,809,098	5,718,018	5,734,699
Lisle	21,840,256	22,063,305	22,171,913	22,017,428	22,123,294
Triangle	554,000	554,000	554,000	554,000	554,000
Richford	1,982,723	1,979,229	2,019,041	2,025,243	2,120,713
Total Assessed Values	$ 279,334,807	$ 281,087,488	$ 285,895,647	$ 288,429,180	$ 290,473,232
State Equalization Rates					
Towns of:					
Cincinnatus	100.00%	100.00%	100.00%	84.00%	81.00%
Freetown	100.00%	100.00%	91.00%	79.00%	71.50%
Harford	100.00%	100.00%	100.00%	90.00%	85.00%
Lapeer	94.00%	94.00%	87.00%	73.50%	71.00%
Marathon	94.00%	94.00%	87.00%	73.50%	71.00%
Virgil	92.00%	92.00%	78.00%	68.00%	65.00%
Willet	85.00%	84.00%	78.50%	68.50%	59.66%
Lisle	97.00%	95.00%	89.60%	80.20%	78.40%
Triangle	97.00%	96.00%	87.50%	80.00%	75.00%
Richford	92.00%	96.00%	92.00%	80.50%	74.50%
Total Taxable Full Valuation	$ 293,602,143	$ 295,920,231	$ 324,384,452	$ 381,164,968	$ 402,162,751

Tax Rate Per $1,000 (Assessed)

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Towns of:					
Cincinnatus	$ 14.13	$ 14.29	$ 13.27	$ 13.70	$ 13.46
Freetown	14.13	14.29	14.58	14.56	15.25
Harford	14.13	14.29	13.27	12.78	12.83
Lapeer	15.03	15.20	15.25	15.65	15.36
Marathon	15.03	15.20	15.25	15.65	15.36
Virgil	15.35	15.53	17.01	16.92	16.77
Willet	16.61	17.01	16.90	16.80	18.27
Lisle	14.56	15.04	14.81	14.35	13.91
Triangle	14.56	14.89	15.16	14.38	14.54
Richford	15.35	14.89	14.42	14.29	14.64

Tax Collection Record

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Total Tax Levy	$ 4,147,335	$ 4,228,642	$ 4,303,282	$ 4,385,597	$ 4,385,597
Amount Uncollected (1)	324,544	321,304	360,753	354,162	221,421
% Uncollected	7.83%	7.60%	8.38%	8.08%	5.05%

(1) The School District receives 100% of its tax levy each year. See "Tax Collection Procedures".

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged from October 1st to October 31st. On or about November 1st, uncollected taxes are returnable to the Counties for collection. The District receives this amount of uncollected taxes from said Counties prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually.

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below completed fiscal years and budgeted figures for the 2024-2025 and 2025-2026 fiscal years comprised of Real Property Taxes and Tax Items.

Fiscal Year	Total Revenues	Total Real Property Taxes & Tax Items	Percentage of Total Revenues Consisting of Real Property Taxes & Tax Items
2019-2020	$ 17,189,333	$ 3,995,262	23.24%
2020-2021	17,512,121	4,100,617	23.42
2021-2022	18,892,097	4,104,980	21.72
2022-2023	18,802,544	4,182,700	22.25
2023-2024	20,640,507	4,262,641	20.65
2024-2025 (Budgeted)	20,808,530 (1)	4,330,597	20.81
2025-2026 (Budgeted)	21,652,800 (1)	4,415,597	20.39

(1) Does not include appropriated fund balance, reserves and or interfund transfers, as applicable.

Source: Audited financial statements for the 2019-2020 fiscal year through and including the 2023-2024 fiscal year and adopted budgets of the District for the 2024-2025 and 2025-2026 fiscal years. This table is not audited.

Larger Taxpayers 2024 Assessment Roll for 2024-2025 Tax Roll

Name	Type	Taxable Assessed Valuation
NYS Electric & Gas	Utility	$ 41,689,363
Enterprise Terminals Storage	Business/ Commercial	11,380,244
State of New York	Government	9,176,600
TE Products Pipeline Company	Business/ Commercial	2,864,218
Dairyland	Agriculture	1,794,200
Richard Drake	Agriculture	1,435,000
Square Deal Machining	Manufacturing	1,417,900
Farm East LLC	State Land	1,150,000
Blaine Keller	Agriculture	1,032,200
Cotton Hanlon	Agriculture	1,011,100

The ten larger taxpayers listed above have a total taxable assessed valuation of $72,950,825 which represents 25.1% of the 2024-2025 tax base of the District.

As of the date of this Official Statement, the District does not have any pending or outstanding tax certioraris that are pending or threatened which, if decided adversely to the District, are reasonably expected to have a material adverse impact on the finances of the District.

Source: District Tax Rolls.

Additional Tax Information

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

Senior citizens' exemptions are offered to those who qualify.

The total valuation of the District is estimated to be categorized as follows: Residential-70%, Commercial-10% and Agricultural-20%.

The estimated total annual property tax bill of a $100,000 market value residential property located in the School District is approximately $4,000 including County, Town, Village, District and Fire District taxes.

STAR – School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program. 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 municipalities applicable to the District 2025-2026 tax roll:

Town of:	Enhanced Exemption	Basic Exemption	Date Certified
Cincinnatus	$ 69,740	$ 24,300	4/10/2025
Freetown	61,560	21,630	4/10/2025
Harford	73,190	25,500	4/10/2025
Lapeer	61,130	21,300	4/10/2025
Marathon	61,130	21,300	4/10/2025
Virgil	86,100	30,000	4/10/2025
Willet	51,370	18,650	4/10/2025
Lisle	67,500	23,520	4/10/2025
Triangle	64,580	22,500	4/10/2025
Richford	64,140	22,350	4/10/2025

$466,578 of the District's $4,385,597 school tax levy for the 2023-2024 fiscal year was exempt by the STAR Program. The District received reimbursement of such exempt taxes from the State by January 2024.

$425,166 of the District's $4,385,597 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.

TAX LEVY LIMITATION LAW

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

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

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

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

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

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 the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the equalization rate which such assessed valuation bears to the full valuation; such rate is determined by the State Office of Real Property Services. The Legislature prescribes the manner by which such rate 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) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,

(3) Such obligations are authorized in violation of the provisions of the Constitution.

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

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

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:	2021	2022	2023	2024	2025
Bonds	$ 14,225,000	$13,345,000	$ 12,365,000	$ 11,433,601	$ 9,805,000
Bond Anticipation Notes	0	0	0	0	0
Energy Performance Contract [(1)]	0	698,638	651,638	603,601	554,509
Lease Liabilities [(2)]	0	94,536	72,178	48,618	24,899
Total Debt Outstanding	$ 14,225,000	$14,138,174	$ 13,088,816	$ 12,085,820	$ 10,384,408

(1) Represents an Energy Performance Contract obligation. Said obligation is not considered general obligation indebtedness; however, does count against the debt limit of the District. See "Energy Performance Contract Financing" herein.

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

Notes: At the close of the Fiscal Year Ending 2021, the District issued $5,830,000 in bonds through DASNY in June and the outstanding $6,200,000 bond anticipation notes were not due until July 7, 2021. The proceeds of the bonds issued through DASNY and available funds of the District were used to retire outstanding bond anticipation notes on July 7, 2021 and are not included in the total above.

Apart from as noted above, 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 "Lease Liabilities" and "Energy Performance Contract Financing" herein.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District as of July 29, 2025:

Type of Indebtedness	Maturity		Amount
Bonds	2025-2037		$ 9,805,000
		Total Indebtedness	$ 9,805,000

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

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of July 29, 2025:

Full Valuation of Taxable Real Property			$ 402,162,751
Debt Limit 10% thereof			40,216,275
Inclusions:			
Bonds	$ 9,805,000		
Total Inclusions prior to issuance of the Notes	9,805,000		
Add: New money proceeds of the Notes	4,000,000		
Total Net Inclusions after issuance of the Notes		$ 13,805,000	
Exclusions:			
State Building Aid [(1)]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness [(2)]			$ 13,805,000
Net Debt-Contracting Margin			$ 26,411,275
The percent of debt contracting power exhausted is [(2)]			34.33%

(1) Based on the 2025-2026 building aid ratio, the District anticipates State Building aid of 94.2% 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.

(2) Does not include indebtedness related to the District's lease liabilities or Energy Performance Contract obligations. See "Lease Liabilities" and "Energy Performance Contract Financing" herein. Said obligations are not considered general obligation indebtedness; however, do count against the debt limit of the District.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District. See "Cash Flow Borrowings" herein.

Bonded Debt Service

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

Cash Flow Borrowings

The District historically does not issue revenue or tax anticipation notes nor deficit or budget notes and does not have any plans to issue any for the foreseeable future.

Capital Project Plans

On May 20, 2025, District voters approved a proposition in the amount of $575,000 for the purchase of school buses by a vote of 151 to 34. The District anticipates issuing $575,000 serial bonds in October 2025 for this purpose.

On October 29, 2024, District voters approved a capital improvement project in the amount of $12,000,000 by a vote of 124 to 76 consisting of construction of an addition to the Appleby Elementary School and to improve and reconstruct various District buildings and facilities. The District will finance the project with the expenditure of $900,000 from the capital reserve fund and the issuance of $11,100,000 of bond anticipation notes and serial bonds. The proceeds of the Notes will provide $4,000,000 new monies as the first borrowing against said authorization. The District anticipates issuing additional bond anticipation notes and serial bonds the project's cash flow needs warrant.

Other than as stated above, there are currently no other capital projects authorized or contemplated at this time.

Energy Performance Contract Financing

In June 2020, the District entered into a lease purchase to finance an Energy Performance Contract (EPC) in the amount of $789,623 at an interest rate of 2.202%. The last principal payment is expected to be made in 2035. The principal amount outstanding as of the date of this Official Statement is $554,509. Leases purchases do count against the District's debt limit. The energy savings along with the anticipated building aid are expected to offset the lease payments.

Lease Liabilities

The following is a summary of the District's debt service requirements for its other lease purchase obligations as of June 30, 2024:

Year	Principal	Interest	Total
2025	$ 23,719	$ 1,475	$ 25,194
2026	21,872	763	22,635
2027	3,027	107	3,134
TOTAL	$ 48,618	$ 2,345	$ 50,963

Source: 2024 Audited Financial Statements. This table itself is not audited.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

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 for the below municipalities.

Municipality	Status of Debt as of	Gross Indebtedness [1]		Exclusions [2]		Net Indebtedness	District Share	Applicable Indebtedness
County of:								
Cortland	6/30/2025	$ 17,620,000	(3)	$ 535,000		$ 17,085,000	10.11%	$ 1,727,294
Broome	6/30/2025	156,285,930	(3)	-		156,285,930	0.22%	343,829
Tioga	6/30/2025	3,130,000	(3)	-		3,130,000	0.07%	2,191
Town of:								
Cincinnatus	12/31/2023	127,258	(4)	-	(6)	127,258	0.85%	1,082
Freetown	12/31/2023	-	(5)	-		-	78.89%	-
Harford	12/31/2023	-	(4)	-		-	41.90%	-
Lapeer	12/31/2023	-	(4)	-		-	97.21%	-
Marathon	12/31/2023	-	(5)	-		-	99.75%	-
Virgil	12/31/2023	500,000	(4)	-	(6)	500,000	8.26%	41,300
Willet	12/31/2023	18,571	(4)	-	(6)	18,571	11.89%	2,208
Lisle	12/31/2023	-	(5)	-		-	19.93%	-
Triangle	12/31/2023	-	(4)	-		-	0.39%	-
Richford	12/31/2023	123,500	(4)	-	(6)	123,500	2.79%	3,446
Village of:								
Marathon	5/31/2024	2,066,088	(5)	-	(6)	2,066,088	100.00%	2,066,088
							Total:	$ 4,187,437

(1) 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 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 if such data is available for the respective municipality.

(5) Information not available.

(6) Exclusion information not available.

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of July 29, 2025:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 13,805,000	$ 3,157.59	3.43%
Net Indebtedness Plus Net Overlapping Indebtedness [d]	17,992,437	4,115.38	4.47

(a) The 2023 estimated population of the District is 4,372. (See "THE SCHOOL DISTRICT – Population" herein.)
(b) The District's full value of taxable real estate for the 2024-2025 fiscal year is $402,162,751. (See "TAX INFORMATION – Taxable Assessed Valuations" herein.)
(c) See "Debt Statement Summary" herein for the calculation of Net Indebtedness.
(d) The estimated Net Overlapping Indebtedness is $4,187,437. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

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

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

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

No Past Due Debt. No principal of or interest on School District indebtedness is past due. The School District has never defaulted in the payment of the principal of and interest on any indebtedness.

MARKET AND RISK FACTORS

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

The financial condition of the School District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the School District's control. There can be no assurance that adverse events in the State or in other jurisdictions in the country, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the School 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 School 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 School District, in any year, the School District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the School District. In several recent years, the School 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 School District could have an impact upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See "TAX MATTERS" herein.

Cybersecurity

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

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP ("Bond Counsel"), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code") and is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Notes is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Notes included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. A complete copy of the proposed form of opinion of Bond Counsel is set forth in "APPENDIX – E".

To the extent the issue price of any maturity of the Notes is less than the amount to be paid at maturity of such Notes (excluding amounts stated to be interest and payable at least annually over the term of such Notes), the difference constitutes "original issue discount," the accrual of which, to the extent properly allocable to each owner thereof, is treated as interest on the Notes which is excluded from gross income for federal income tax purposes and exempt from State of New York personal income taxes. For this purpose, the issue price of a particular maturity of the Notes is the first price at which a substantial amount of such maturity of the Notes is sold to the public (excluding bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). The original issue discount with respect to any maturity of the Notes accrues daily over the term to maturity of such Notes on the basis of a constant interest rate compounded semiannually (with straight-line interpolations between compounding dates). The accruing original issue discount is added to the adjusted basis of such Notes to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Notes. Owners of the Notes should consult their own tax advisors with respect to the tax consequences of ownership of Notes with original issue discount, including the treatment of owners who do not purchase such Notes in the original offering to the public at the first price at which a substantial amount of such Notes is sold to the public.

Notes purchased, whether at original issuance or otherwise, for an amount higher than their principal amount payable at maturity (or, in some cases, at their earlier call date) ("Premium Notes") will be treated as having amortizable bond premium. No deduction is allowable for the amortizable bond premium in the case of bonds, like the Premium Notes, the interest on which is excluded from gross income for federal income tax purposes. However, the amount of tax-exempt interest received, and an owner's basis in a Premium Note, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Notes should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

Bond Counsel is of the further opinion that the amount treated as interest on the Notes and excluded from gross income will depend upon the taxpayer's election under Internal Revenue Notice 94-84. Notice 94-84, 1994-2 C.B. 559, states that the Internal Revenue Service (the "IRS") is studying whether the amount of the stated interest payable at maturity on short-term debt obligations (i.e., debt obligations with a stated fixed rate of interest which mature not more than one year from the date of issue) that is excluded from gross income for federal income tax purposes should be treated (i) as qualified stated interest or (ii) as part of the stated redemption price at maturity of the short-term debt obligation, resulting in treatment as accrued original issue discount (the "original issue discount"). The Notes will be issued as short-term debt obligations. Until the IRS provides further guidance with respect to tax-exempt short-term debt obligations, taxpayers may treat the stated interest payable at maturity either as qualified stated interest or as includable in the stated redemption price at maturity, resulting in original issue discount as interest that is excluded from gross income for federal income tax purposes. However, taxpayers must treat the amount to be paid at maturity on all tax-exempt short-term debt obligations in a consistent manner. Taxpayers should consult their own tax advisors with respect to the tax consequences of ownership of Notes if the taxpayer elects original issue discount treatment.

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

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

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

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent owners from realizing the full current benefit of the tax status of such interest. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect the market price for, or marketability of, the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authorities, and represents Bond Counsel's judgment as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the Internal Revenue Service ("IRS") or the courts. Furthermore, Bond Counsel cannot give and has not given any opinion or assurance about the future activities of the District, or about the effect of future changes in the Code, the applicable regulations, the interpretation thereof or the enforcement thereof by the IRS. The District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes, and, unless separately engaged, Bond Counsel is not obligated to defend the District or the owners regarding the tax-exempt status of the Notes in the event of an audit examination by the IRS. Under current procedures, owners would have little, if any, right to participate in the audit examination process. Moreover, because achieving judicial review in connection with an audit examination of tax-exempt bonds is difficult, obtaining an independent review of IRS positions with which the District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Notes for audit, or the course or result of such audit, or an audit of bonds presenting similar tax issues may affect the market price for, or the marketability of, the Notes, and may cause the District or the owners to incur significant expense.

Payments on the Notes generally will be subject to U.S. information reporting and possibly to "backup withholding." Under Section 3406 of the Code and applicable U.S. Treasury Regulations issued thereunder, a non-corporate owner of Notes may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Notes and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Notes. The payor will be required to deduct and withhold the prescribed amounts if (i) the payee fails to furnish a U.S. taxpayer identification number ("TIN") to the payor in the manner required, (ii) the IRS notifies the payor that the TIN furnished by the payee is incorrect, (iii) there has been a "notified payee underreporting" described in Section 3406(c) of the Code or (iv) the payee fails to certify under penalty of perjury that the payee is not subject to withholding under Section 3406(a)(1)(C) of the Code. Amounts withheld under the backup withholding rules may be refunded or credited against an owner's federal income tax liability, if any, provided that the required information is timely furnished to the IRS. Certain owners (including among others, corporations and certain tax-exempt organizations) are not subject to backup withholding. The failure to comply with the backup withholding rules may result in the imposition of penalties by the IRS.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Notes are subject to the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel. Bond Counsel expects to deliver an opinion at the time of issuance of the Notes substantially in the form set forth in "APPENDIX – E" hereto.

LITIGATION

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

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor"), is a municipal advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent 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. 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 <u>not</u> rated. Subject to the approval of the District, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, such as a rating action that may require the filing of a material event notification to EMMA, and/or the provision of a supplement to the final Official Statement.

The District currently does not have an underlying rating by S&P Global Ratings or Moody's Investors Service, Inc.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The District's contact information is as follows: Mr. Christopher Leins, School Business Official, Marathon Central School District, 1 Park Street, P.O. Box 339, Marathon, New York 13803, Phone: (607) 849-3224, Email: leinsc@marathonschools.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.

MARATHON CENTRAL SCHOOL DISTRICT

Dated: July 29, 2025

JUSTIN LILLEY
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	$ 1,051,837	$ 286,766	$ 581,693	$ 517,597	$ -
Restricted Cash	4,181,286	4,220,124	3,666,797	5,026,899	4,699,313
Taxes Receivable	197	534	-	-	-
Due from Other Funds	819,771	754,069	2,084,317	1,401,587	2,640,762
State and Federal Aid Receivable	909,704	935,508	-	-	-
Due from other Governments	416	416	1,776,844	807,421	802,726
Other Receivables	176,626	42,979	64,696	29,575	65,285
Prepaid Items	-	-	-	12,113	8,075
TOTAL ASSETS	$ 7,139,837	$ 6,240,396	$ 8,174,347	$ 7,795,192	$ 8,216,161
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 587,429	$ 118,194	$ 399,832	$ 710,629	$ 417,708
Accrued Liabilities	124,985	118,559	180,825	104,370	123,090
Due to Other Funds	177,304	19,877	948,575	12,782	190,596
Due to Teachers' Retirement System	594,247	647,981	637,638	707,131	727,852
Due to Employees' Retirement System	46,773	52,250	39,249	43,307	55,036
Unearned Revenues	1,294	1,294	1,294	1,294	-
Planned Balance	75,000	75,000	75,000	75,000	75,000
TOTAL LIABILITIES	$ 1,607,032	$ 1,033,155	$ 2,282,413	$ 1,654,513	$ 1,589,282
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ 12,113	$ 8,075
Restricted	4,181,286	3,649,435	3,666,797	5,026,899	5,166,899
Assigned	656,318	545,522	493,286	73,459	551,553
Unassigned	695,201	1,012,284	1,731,851	1,028,208	900,352
TOTAL FUND EQUITY	$ 5,532,805	$ 5,207,241	$ 5,891,934	$ 6,140,679	$ 6,626,879
TOTAL LIABILITIES and FUND EQUITY	$ 7,139,837	$ 6,240,396	$ 8,174,347	$ 7,795,192	$ 8,216,161

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2020	2021	2022	2023	2024
REVENUES					
Real Property Taxes	$ 3,335,419	$ 3,447,774	$ 3,543,921	$ 3,648,263	$ 3,762,019
Other Tax Items	659,843	652,843	33,338	36,418	34,044
School Tax Relief Reimbursement	-	-	527,721	498,019	466,578
Charges for Services	5,543	291	1,920	6,099	6,099
Use of Money & Property	7,112	954	1,849	37,368	127,073
Sale of Property and Compensation for Loss	13,524	7,644	18,925	14,667	17,288
Miscellaneous	456,664	445,628	479,465	438,594	389,749
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	12,494,495	12,504,932	13,957,438	14,001,703	15,702,183
Revenues from Federal Sources	36,733	302,055	81,800	46,413	60,474
Total Revenues	$ 17,009,333	$ 17,362,121	$ 18,646,377	$ 18,727,544	$ 20,565,507
Other Sources:					
Appropriated Planned Balance	-	-	75,000	75,000	75,000
Appropriated Reserves	-	-	-	-	-
Interfund Transfers	180,000	150,000	175,000	-	-
Total Revenues and Other Sources	$ 17,189,333	$ 17,512,121	$ 18,896,377	$ 18,802,544	$ 20,640,507
EXPENDITURES					
General Support	$ 1,788,270	$ 1,982,725	$ 2,043,741	$ 2,110,540	$ 2,321,083
Instruction	8,934,573	8,791,082	8,510,816	8,668,523	9,450,657
Pupil Transportation	564,749	586,155	643,961	760,168	871,814
Community Services	-	-	-	-	-
Employee Benefits	4,733,881	4,842,420	4,917,045	4,921,103	5,313,547
Debt Service	1,390,113	1,633,931	2,096,119	2,090,042	2,189,169
Total Expenditures	$ 17,411,586	$ 17,836,313	$ 18,211,682	$ 18,550,376	$ 20,146,270
Other Uses:					
Interfund Transfers	9,155	1,372	-	3,423	8,037
Total Expenditures and Other Uses	$ 17,420,741	$ 17,837,685	$ 18,211,682	$ 18,553,799	$ 20,154,307
Excess (Deficit) Revenues Over Expenditures	(231,408)	(325,564)	684,695	248,745	486,200
FUND BALANCE					
Fund Balance - Beginning of Year	5,764,213	5,532,805	5,207,239	5,891,934	6,140,679
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 5,532,805	$ 5,207,241	$ 5,891,934	$ 6,140,679	$ 6,626,879

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2024			2025	2026
	Original Budget	Final Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 3,728,597	$ 3,728,597	$ 3,762,019	$ 4,303,597	$ 4,388,597
Other Real Property Tax Items	27,000	27,000	34,044	27,000	27,000
State Tax Relief Reimbursement	575,000	575,000	466,578	-	-
Nonproperty Tax Items	12,500	12,500	-	12,500	12,500
Charges for Services	24,000	24,000	6,099	24,000	24,000
Use of Money & Property	25,000	25,000	127,073	25,000	65,000
Sale of Property and Compensation for Loss	12,000	12,000	17,288	12,000	12,000
Miscellaneous	75,000	75,000	389,749	75,000	75,000
Interfund Revenues	-	-	-	-	-
Revenues from State Sources	16,015,354	16,015,354	15,702,183	15,958,430	16,677,700
Revenues from Federal Sources	351,003	351,003	60,474	371,003	371,003
Total Revenues	$ 20,845,454	$ 20,845,454	$ 20,565,507	$ 20,808,530	$ 21,652,800
Other Sources:					
Appropriated Planned Balance	75,000	75,000	75,000	75,000	75,000
Appropriated Fund Balance	308,459	308,459	-	459,310	500,000
Interfund Transfers	-	-	-	574,000	710,000
Total Revenues and Other Sources	$ 21,228,913	$ 21,228,913	$ 20,640,507	$ 21,916,840	$ 22,937,800
EXPENDITURES					
General Support	$ 2,261,136	$ 2,459,007	$ 2,321,083	$ 2,940,810	$ 3,062,775
Instruction	9,899,077	9,681,164	9,450,657	9,781,830	10,251,550
Pupil Transportation	796,900	884,625	871,814	791,900	896,475
Community Services	3,000	3,000	-	3,000	3,000
Employee Benefits	5,989,300	5,846,167	5,313,547	6,119,800	6,378,500
Debt Service	2,152,500	2,227,950	2,189,169	2,152,500	2,218,500
Total Expenditures	$ 21,101,913	$ 21,101,913	$ 20,146,270	$ 21,789,840	$ 22,810,800
Other Uses:					
Interfund Transfers	127,000	127,000	8,037	127,000	127,000
Total Expenditures and Other Uses	$ 21,228,913	$ 21,228,913	$ 20,154,307	$ 21,916,840	$ 22,937,800
Excess (Deficit) Revenues Over Expenditures	-	-	486,200	-	-
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	6,140,679	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ -	$ -	$ 6,626,879	$ -	$ -

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2026	$ 1,775,000	$ 458,290	$ 2,233,290
2027	1,440,000	372,783	1,812,783
2028	1,175,000	306,781	1,481,781
2029	1,135,000	252,125	1,387,125
2030	1,190,000	196,625	1,386,625
2031	740,000	140,750	880,750
2032	475,000	103,750	578,750
2033	500,000	80,000	580,000
2034	520,000	55,000	575,000
2035	545,000	34,200	579,200
2036	280,000	12,400	292,400
2037	30,000	1,200	31,200
TOTALS	$ 9,805,000	$ 2,013,904	$ 11,818,904

Note: The table above does not include any energy performance contract, capital lease, or installment purchase indebtedness, to the extent any such indebtedness may be applicable to the District. See “Lease Liabilities and “Energy Performance Contract Financing” herein.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2013 DASNY - Capital Project Principal	Interest	Total	2022 Buses Principal	Interest	Total
2026	$ 470,000	$ 35,500.00	$ 505,500.00	$ 80,000	$ 2,024.00	$ 82,024.00
2027	240,000	12,000.00	252,000.00	85,000	714.00	85,714.00
TOTALS	$ 710,000	$ 47,500.00	$ 757,500.00	$ 165,000	$ 2,738.00	$ 167,738.00

Fiscal Year Ending June 30th	2017A DASNY - Capital Project Principal	Interest	Total	2020 Buses Principal	Interest	Total
2026	$ 520,000	$ 158,500.00	$ 678,500.00	$ 85,000	$ 531.25	$ 85,531.25
2027	545,000	132,500.00	677,500.00	-	-	-
2028	575,000	105,250.00	680,250.00	-	-	-
2029	600,000	76,500.00	676,500.00	-	-	-
2030	635,000	46,500.00	681,500.00	-	-	-
2031	295,000	14,750.00	309,750.00	-	-	-
TOTALS	$ 3,170,000	$ 534,000.00	$ 3,704,000.00	$ 85,000	$ 531.25	$ 85,531.25

Fiscal Year Ending June 30th	2021A DASNY - Capital Project Principal	Interest	Total	2021 Buses Principal	Interest	Total
2026	$ 350,000	$ 223,500.00	$ 573,500.00	$ 85,000	$ 1,062.50	$ 86,062.50
2027	370,000	206,000.00	576,000.00	-	-	-
2028	390,000	187,500.00	577,500.00	-	-	-
2029	410,000	168,000.00	578,000.00	-	-	-
2030	430,000	147,500.00	577,500.00	-	-	-
2031	445,000	126,000.00	571,000.00	-	-	-
2032	475,000	103,750.00	578,750.00	-	-	-
2033	500,000	80,000.00	580,000.00	-	-	-
2034	520,000	55,000.00	575,000.00	-	-	-
2035	545,000	34,200.00	579,200.00	-	-	-
2036	280,000	12,400.00	292,400.00	-	-	-
2037	30,000	1,200.00	31,200.00	-	-	-
TOTALS	$ 4,745,000	$ 1,345,050.00	$ 6,090,050.00	$ 85,000	$ 1,062.50	$ 86,062.50

Fiscal Year Ending June 30th	2023 Buses Principal	Interest	Total	2024 Buses Principal	Interest	Total
2026	$ 85,000	$ 9,503.13	$ 94,503.13	$ 100,000	$ 27,669.44	127,669.44
2027	90,000	5,893.75	95,893.75	110,000	15,675.00	125,675.00
2028	95,000	2,018.75	97,018.75	115,000	12,012.50	127,012.50
2029	-	-	-	125,000	7,625.00	132,625.00
2030	-	-	-	125,000	2,625.00	127,625.00
TOTALS	$ 270,000	$ 17,415.63	$ 287,415.63	$ 575,000	$ 65,606.94	$ 640,606.94

MATERIAL EVENT NOTICES

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

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Note, or other material events affecting the tax status of the Notes

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

(h) note calls, if material and tender offers

(i) defeasances

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

(k) rating changes

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

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

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material

(o) incurrence of a "financial obligation" (as defined in the Rule) of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or (as defined by the Rule) other similar terms of a financial obligation of the School District, any of which affect noteholders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the School District, any of which reflect financial difficulties.

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

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

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

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

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

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

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

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

THE REMAINDER OF THIS PAGE IS LEFT INTENTIONALLY BLANK

MARATHON CENTRAL SCHOOL DISTRICT
CORTLAND, BROOME AND TIOGA COUNTIES, NEW YORK

FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

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.

MARATHON CENTRAL
SCHOOL DISTRICT

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2024

MARATHON CENTRAL SCHOOL DISTRICT
TABLE OF CONTENTS

D'Arcangelo&Co., LLP
Certified Public Accountants & Consultants

5000 Brittonfield Parkway, Building B, Suite 103, East Syracuse, NY 13057
315-475-7213 Fax: 315-475-7206

Independent Auditor's Report

Board of Education
Marathon Central School District

Opinions

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Marathon Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise the Marathon 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 Marathon 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 Marathon Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Marathon Central School District's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

Required Supplementary Information

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

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Marathon Central School District's basic financial statements. The other supplementary information as listed in the table of contents is presented for purposes of additional analysis as required by the New York State Education Department and is not a required part of the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the financial statements.

The Schedule of Expenditures of Federal Awards and other supplementary information are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole.

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 29, 2024, on our consideration of the Marathon 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 Marathon 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 Marathon Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 29, 2024

East Syracuse, New York

MARATHON CENTRAL SCHOOL DISTRICT
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended June 30, 2024

Marathon Central School District's discussion and analysis of financial performance provides an overall review of the School District's financial activities for the fiscal years ended June 30, 2024 and 2023. The intent of this discussion and analysis is to look at the School District's financial performance as a whole. This should be read in conjunction with the financial statements, which immediately follow this section.

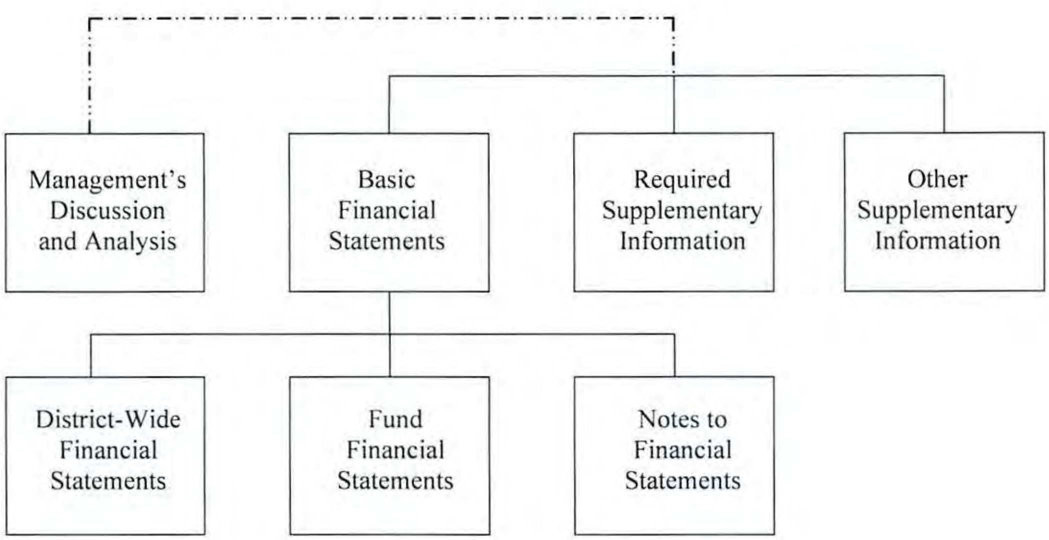
1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year 2024, are as follows:

- The School District's total Net Position, as reflected in the District-wide financial statements, decreased by $3,202,610.
- The School District's expenses for the year, as reflected in the District-wide financial statements, totaled $26,691,607. Of this amount, $35,111 was offset by program charges for services. General revenues of $20,665,438 amount to 88.0% of total revenues.
- The School District received $2,788,448 in operating grants to support instructional and food service programs.
- State and Federal aid revenue increased by $1,714,541 to $15,762,657 in 2024 from $14,048,116 in 2023.
- The General Fund's total fund balance, as reflected in the fund financial statements on pages 16 and 18, increased by $486,200 to an ending fund balance of $6,626,879.

2. OVERVIEW OF THE FINANCIAL STATEMENTS

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



A. District-Wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

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

Governmental Funds

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

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

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

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The School District's total net position decreased $3,202,610 between fiscal year 2023 and 2024. A summary of the School District's Statement of Net Position for June 30, 2024 and 2023, is as follows:

	2024	2023	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 9,297,899	$ 9,087,582	$ 210,317	2.3%
Right to Use Leased Asset, Net of Amortization	113,836	151,001	(37,165)	(24.6%)
Capital Assets, (Net of Accumulated Depreciation)	20,452,324	21,898,183	(1,445,859)	(6.6%)
Total Assets	29,864,059	31,136,766	(1,272,707)	(4.1%)
Deferred Outflows of Resources				
Deferred Outflows - Pensions	3,297,237	4,301,783	(1,004,546)	(23.4%)
Deferred Outflows - OPEB	8,223,309	11,643,050	(3,419,741)	(29.4%)
Total Deferred Outflows of Resources	11,520,546	15,944,833	(4,424,287)	(27.7%)
Total Assets and Deferred Outflows	$ 41,384,605	$ 47,081,599	$ (5,696,994)	(12.1%)
Non-Current Liabilities	$ 63,167,468	$ 63,418,969	$ (251,501)	(0.4%)
Net Pension Liability Proportionate Share	892,756	1,417,870	(525,114)	(37.0%)
Current and Other Liabilities	1,450,256	1,817,335	(367,079)	(20.2%)
Total Liabilities	65,510,480	66,654,174	(1,143,694)	(1.7%)
Deferred Inflows of Resources				
Deferred Inflows - Pensions	487,775	403,569	84,206	20.9%
Deferred Inflows - OPEB	10,824,029	12,258,925	(1,434,896)	(11.7%)
Total Deferred Inflows of Resources	11,311,804	12,662,494	(1,350,690)	(10.7%)
Net Investment in Capital Assets	7,988,823	7,760,159	228,664	2.9%
Restricted	7,038,813	6,885,333	153,480	2.2%
Unrestricted (Deficit)	(50,465,315)	(46,880,561)	(3,584,754)	(7.6%)
Total Net Position (Deficit)	(35,437,679)	(32,235,069)	(3,202,610)	(9.9%)
Total Liabilities and Net Position	$ 41,384,605	$ 47,081,599	$ (5,696,994)	(12.1%)

Current and other assets increased by $210,317 as compared to the prior year. The increase is primarily due to the increase in Due from Other Governments balances over the prior year.

Capital assets (net of accumulated depreciation) decreased by $1,445,859 as compared to the prior year. This decrease is primarily due to depreciation expense exceeding the cost of current year fixed asset additions. Note 6 to the financial statements provide additional information. In addition, there was $113,836 of Right to Use Leased Asset, net included in this year as a result of GASB 87.

Government accounting standards requires the inclusion of the District's proportionate share of net assets and/or liabilities in the New York State Teachers' Retirement System and Employees' Retirement System. The Net Pension Liability inceased from the prior year due to a change in the actuarially calculated portion of the plans. The Net Pension liability consists of both the Teachers Retirement System liability and Employees' Retirement System liability.

Deferred outflows of resources decreased by $4,424,287, which is primarily due to the decrease in other postemployment benefits deferred outflows of $3,419,741 as determined by the District's actuary.

Non-current liabilities decreased by $251,501, as compared to the prior year. This decrease is primarily the result of District making repayments on the serial and installment bonds in the amount of $1,583,036 offset by an increase in the District's OPEB liability in the amount of $1,422,460.

Current and other liabilities decreased by $367,079, as compared to the prior year. This decrease is primarily due to a decrease in the accounts payable in the amount of $325,359.

Deferred inflows of resources decreased by $1,350,690, as compared to the prior year. The decrease is primarily due to a decrease in the deferred inflows for OPEB (other postemployment benefits) as calculated by the district's actuary.

The net investment in capital assets (net of related debt) is calculated by subtracting the amount of outstanding debt used for construction and leased assets from the total cost of all asset acquisitions, net of accumulated depreciation and amortization. The total cost of these acquisitions includes expenditures to purchase land, construct and improve buildings and purchase vehicles, equipment and furniture to support School District operations. See page 54 of the financial statements for additional information.

The unrestricted net deficit at June 30, 2024, is $50,465,315, which represents the amount by which the School District's assets and deferred outflow of resources and other than capital and leased assets, is less than the School District's liabilities and deferred inflows of resources, excluding debt related to capital construction. This is primarily due to the accrual of $49,341,284 in OPEB liability as required by GASB 75.

B. Changes in Net Position

The results of this year's operations as a whole are reported in the Statement of Activities in a programmatic format in the accompanying financial statements. In the accompanying financial statements STAR (school tax relief) revenue is included in the other tax items line. However, in this MD&A, STAR revenue has been combined with property taxes. A summary of this statement for the years ended June 30, 2024 and 2023 is as follows:

Revenues	2024	2023	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	$ 35,111	$ 24,547	$ 10,564	43.0%
Operating Grants	2,788,448	2,623,747	164,701	6.3%
General Revenues				
Property Taxes and STAR	4,262,641	4,182,700	79,941	1.9%
State and Federal Sources	15,762,657	14,048,116	1,714,541	12.2%
Other	640,140	591,194	48,946	8.3%
Total Revenues	23,488,997	21,470,304	2,018,693	9.4%
Expenses				
General Support	4,926,753	3,596,663	1,330,090	37.0%
Instruction	19,291,159	18,497,181	793,978	4.3%
Pupil Transportation	1,849,156	1,520,844	328,312	21.6%
Debt Service - Interest	390,914	450,724	(59,810)	(13.3%)
Food Service Program	233,625	207,614	26,011	12.5%
Total Expenses	26,691,607	24,273,026	2,418,581	10.0%
Total Change in Net Position	$ (3,202,610)	$ (2,802,722)	$ (399,888)	

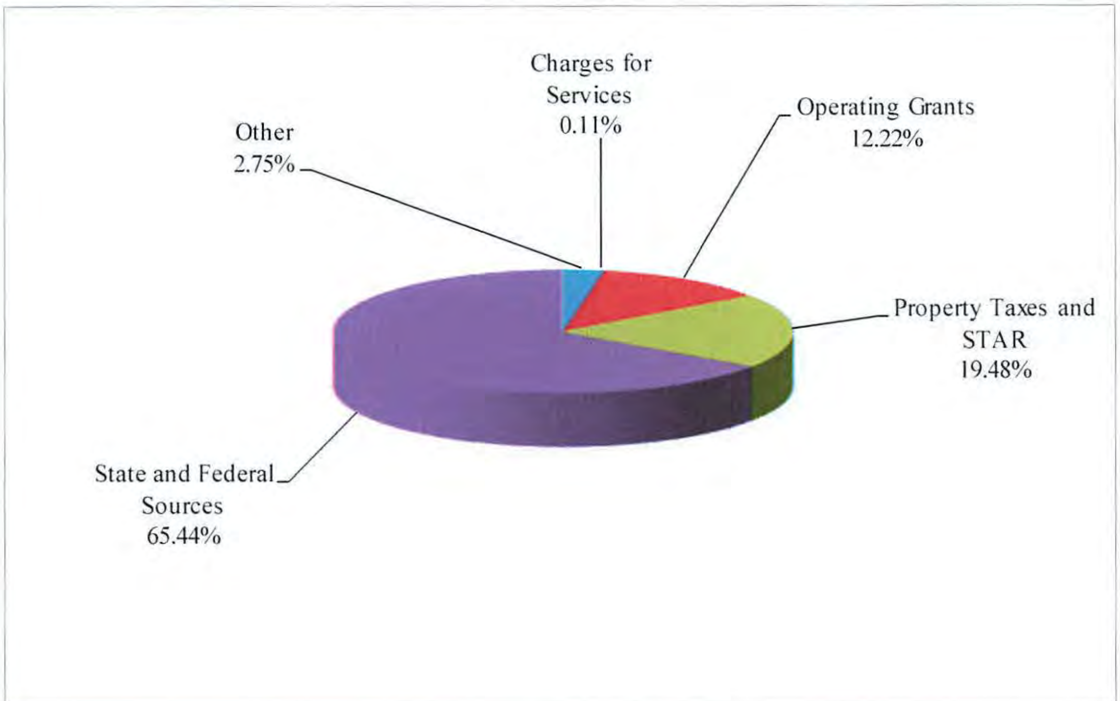
The School District's revenues increased by $2,018,693 in 2024. The major factors that contributed to the increase were:

- The District received additional $164,701 in operating grants as well as an increase of $1,714,541 in state and federal sources. Primarily, the increase in the state and federal sources include $1,456,780 increase in basic formula, $122,479 excess cost aid and $139,160 lottery aid.

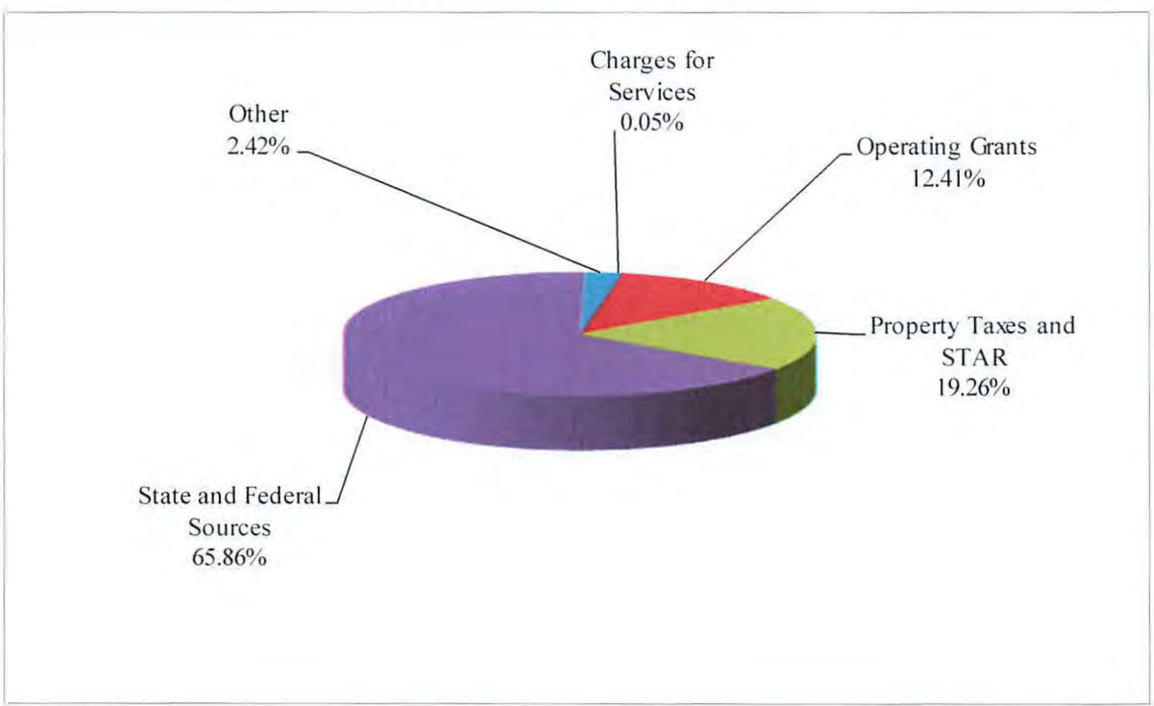
The School District's expenses for the year increased by $2,418,581 or 10.0%. The major factor that contributed to the increase was an increase primarily due to the allocation of employee benefit costs related to pension and other post-employment benefits.

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

For the Year Ended June 30, 2024

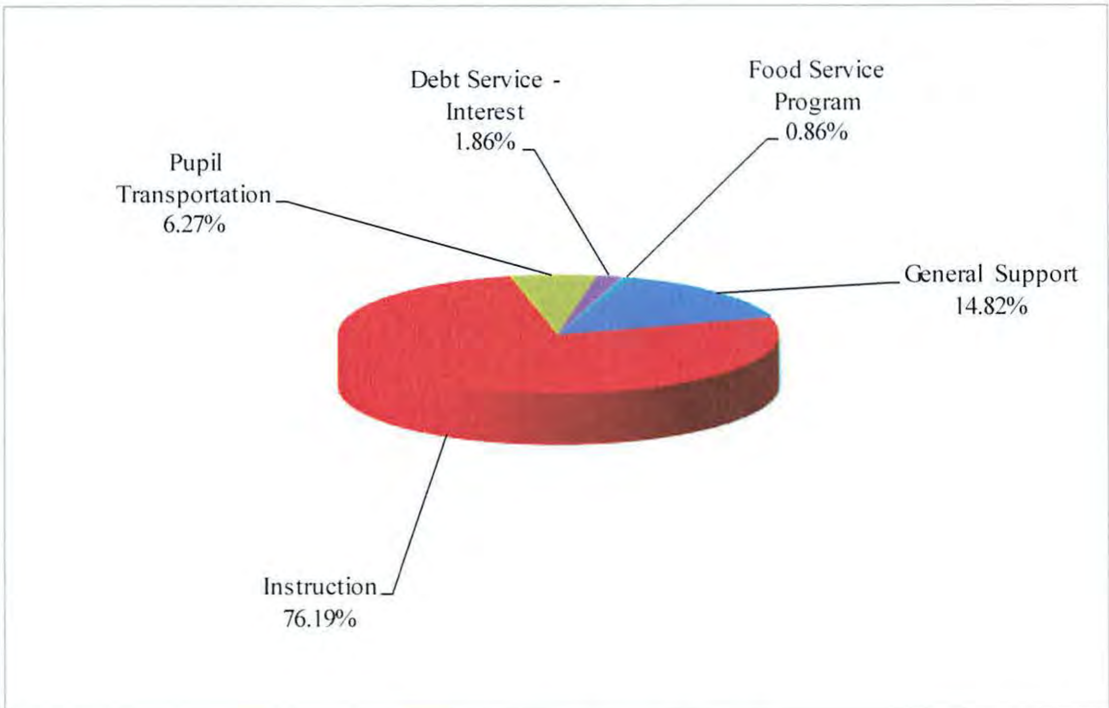


For the Year Ended June 30, 2023

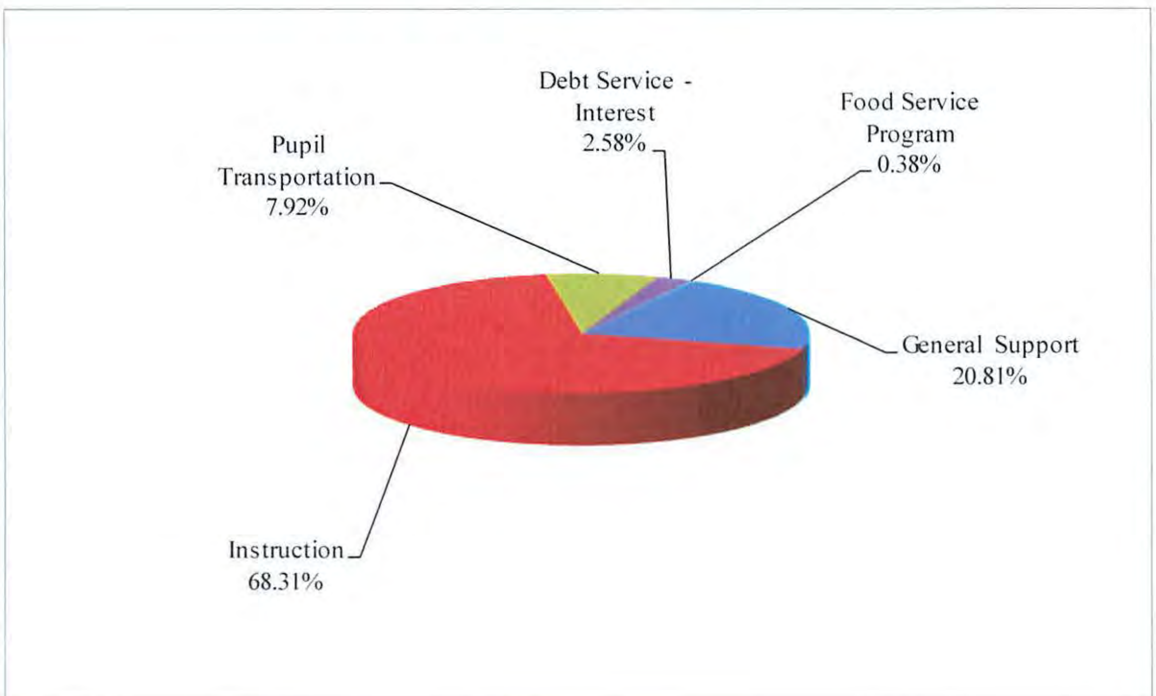


A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2024



For the Year Ended June 30, 2023



4. FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUND BALANCES

At June 30, 2024, the School District's governmental funds reported combined fund balance of $7,858,469 which is an increase of $569,459 compared to the prior year. A summary of the change in fund balance by fund is as follows:

	2024	2023	Increase (Decrease)
General Fund			
Nonspendable	$ 8,075	$ 12,113	$ (4,038)
Restricted for:			
Unemployment Insurance	252,412	252,412	
Workers Compensation	387,642	387,642	
Retirement Contribution - TRS	525,095	525,095	
Retirement Contribution - ERS	972,438	972,438	
Employee Benefit Accrued Liability	1,111,958	1,111,958	
Repair	146,200	146,200	
Capital	1,771,154	1,631,154	140,000
Total Restricted	5,166,899	5,026,899	140,000
Assigned	551,553	73,459	478,094
Unassigned	900,352	1,028,208	(127,856)
Total General Fund	6,626,879	6,140,679	486,200
School Lunch Fund			
Nonspendable	10,153	14,208	(4,055)
Assigned	92,774	18,940	73,834
Total School Lunch Fund	102,927	33,148	69,779
Miscellaneous Special Revenue Fund			
Restricted	147,554	148,662	(1,108)
Total Miscellaneous Special Revenue Fund	147,554	148,662	(1,108)
Debt Service Fund			
Restricted for Debt Service	1,331,813	1,317,225	14,588
Capital Projects Fund			
Restricted	392,547	392,547	
Unassigned (Deficit)	(743,251)	(743,251)	
Total Capital Projects Fund	(350,704)	(350,704)	
Total Fund Balance - All Funds	$ 7,858,469	$ 7,289,010	$ 569,459

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2023-2024 Budget

The School District's General Fund adopted budget for the year ended June 30, 2024, was $21,198,785. This was an increase of $972,104 over the prior years adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was $4,330,597 in estimated property taxes and STAR and State Aid in the amount of $16,015,354.

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

Opening, Unassigned Fund Balance	$ 1,028,208
Revenues and Transfers Under Budget	(279,947)
Decrease in Nonspendable	4,038
Net Increase in Restricted Funds	(140,000)
Expenditures and Encumbrances and Other Financing Uses	982,363
Appropriated Reserves	(235,000)
Appropriated for June 30, 2025 Budget	(459,310)
Closing, Unassigned Fund Balance	$ 900,352

Opening, Unassigned Fund Balance

The $1,028,208 shown in the table is the portion of the School District's June 30, 2023, fund balance that was retained as unassigned. This was 4.85% of the School District's 2023-2024 approved operating budget.

Revenues and Transfers Under Budget

The 2023-2024 final budget for revenues excluding other financing sources was $20,845,454. The actual revenues and including transfers from other funds for the year was $20,565,507. The actual revenue under the estimated or budgeted revenue was $279,947. This variance contributes directly to the change to the unassigned portion of the general fund balance from June 30, 2023 to June 30, 2024.

Decrease in Nonspendable

The School District prepaid balance decreased by $4,038 at June 30, 2024 and has been designated as a nonspendable fund balance.

Expenditures and Encumbrances and Other Financing Uses Under Budget

The 2023-2024 final budget for expenditures was $21,228,913. The actual expenditures, encumbrances, and other uses were $20,246,550. The final budget was under expended after encumbrances by $982,363. This under expenditure contributes to the change to the unassigned portion of the general fund balance from June 30, 2023 to June 30, 2024.

Net Increase to Restricted Funds

The net increase of $140,000 to the General Fund restricted fund balances during the year ended June 30, 2024 represent funding of the Capital Reserve.

Appropriated Reserves

The School District appropriated $235,000 in reserves to fund the 2023-2024 budget.

Appropriated Fund Balance

The School District has chosen to use $459,310 of its available June 30, 2024, fund balance to partially fund its 2024-2025 approved operating budget.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the School District will begin the 2024-2025 fiscal year with an unassigned fund balance of $900,352. This is a decrease of $127,856 from the unassigned balance from the prior year, and equates to 4.11% of the 2024-2025 voter approved budget.

6. CAPITAL ASSET AND DEBT ADMINISTRATION

A. Capital and Leased Assets

At June 30, 2024, the School District had invested in a broad range of capital and leased assets, including land, construction in progress, buildings and improvements, and vehicles, furniture, and equipment. The net decrease in capital assets is due to depreciation recorded exceeding amounts expended for capital additions for the year ended June 30, 2024. A summary of the School District's capital and leased assets, net of accumulated depreciation and amortization at June 30, 2024 and 2023, is as follows:

	2024	2023	Increase (Decrease)
Land	$ 35,850	$ 35,850	$
Construction in Progress	746,547	746,547	
Buildings and Improvements	18,363,770	19,457,452	(1,093,682)
Vehicles, Furniture, and Equipment	1,306,157	1,658,334	(352,177)
Capital Assets, Net	$ 20,452,324	$ 21,898,183	$ (1,445,859)

	2024	2023	(Decrease)
Right to Use Leased Assets, Net	$ 113,836	$ 151,001	$ (37,165)

Depreciation expense was $1,638,285 and amortization expense was $51,277 for the year.

B. Debt Administration

At June 30, 2024, the School District had total bonds and installment debt payable of $11,433,601. A summary of the outstanding debt at June 30, 2024 and 2023, is as follows:

Issue Date	Interest Rate	2024	2023	Increase (Decrease)
1/20/2023	4% - 4.25%	$ 350,000	$ 425,000	$ (75,000)
6/15/2013	2.00%-5.00%	1,155,000	1,580,000	(425,000)
6/8/2017	2.00%-5.00%	3,665,000	4,135,000	(470,000)
12/30/2020	1.125%-1.200%	165,000	245,000	(80,000)
6/17/2021	1.00%-1.25%	165,000	245,000	(80,000)
6/16/2021	4.00%-5.00%	5,085,000	5,410,000	(325,000)
1/25/2022	4.00%-5.00%	245,000	325,000	(80,000)
6/15/2022	2.99%	603,601	651,637	(48,036)
		$ 11,433,601	$ 13,016,637	$ (1,583,036)

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- New York State's Enacted State Fiscal Year 2024-25 Budget commissioned the Rockefeller Institute of Government to conduct a study to assess the State's Foundation Aid education funding formula, discuss potential modifications to how the formula works, and make recommendations to the state for providing future funding. It is unclear at this point how that will affect the district's major source of revenue.

- Funding received through the American Rescue Plan and the Elementary and Secondary Emergency Relief (ESSER) funds will end in fiscal year 2024-2025. These funds went specifically to provide students with additional help to catch up on learning loss that occurred due to the pandemic. Any future expenditures related to learning loss will be at the district's expense

- The School District continues to utilize Title I, Title IIA, IV, V, and both IDEA grant programs (PL611 and PL619) in 2023-'24. Title grants help to supplement the salaries of teaching, academic intervention services for students, and teacher training. IDEA grants support teacher salaries and services for special education students.

- Retirement contribution rates for both the non-instructional Employee Retirement System (ERS) and the instructional Teacher Retirement System (TRS) are projected to rise slightly next year. The Board of Education has adopted reserves for both retirement systems and the district will continue to fund these reserves as it is able to help offset anticipated contribution increases over the next several years.

- The School District provides employee health care benefits through Excellus Blue Cross/ Blue Shield in association with the Cooperative Health Insurance Fund of Central New York. This health insurance consortium is comprised of 29 school districts throughout Central New York. The consortium operates very efficiently with 96% of revenues going to pay medical claims. While rates have increased less than the national average, consortium insurance rates are projected to increase by 6 - 7% over the next several years. This will continue to have a major impact on the District's budget.

8. CONTACTING THE DISTRICT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District Office, at 1 E. Main St, Marathon, New York 13803.

MARATHON CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2024

Assets		
Cash and Cash Equivalents	$	1,086,351
Restricted Cash and Cash Equivalents		5,679,885
Receivables		
State and Federal Aid		143,970
Due From Other Governments		2,303,342
Other Receivables		66,123
Inventory		10,153
Prepaid Expenditures		8,075
Right to Use Leased Assets, (Net of Amortization)		113,836
Capital Assets (Net of Accumulated Depreciation)		20,452,324
Total Assets		29,864,059
Deferred Outflows of Resources		
Deferred Outflows - Pensions		3,297,237
Deferred Outflows - Other Post Employment Benefits		8,223,309
Total Deferred Outflows of Resources		11,520,546
Total Assets and Deferred Outflows	$	41,384,605
Liabilities		
Accounts Payable	$	440,704
Accrued Interest Payable		10,826
Accrued Liabilities		123,090
Due To		
Other Governments		1,999
Teachers' Retirement System		727,852
Employees' Retirement System		55,036
Unearned Revenue		15,749
Planned Balance		75,000
Net Pension Liability - Proportionate Share		892,756
Noncurrent Liabilities		
Due Within One Year		
Lease Liability		23,719
Bonds, Bond Premium and Installment Purchase Contract Payable		1,832,816
Due in More Than One Year		
Bonds, Bond Premium and Installment Purchase Contract Payable		11,389,616
Lease Liability		24,899
Other Post Employment Benefits		49,341,284
Compensated Absences		555,134
Total Liabilities		65,510,480
Deferred Inflows of Resources		
Deferred Inflows - Pensions		487,775
Deferred Inflows - Other Post Employment Benefits		10,824,029
Total Deferred Inflows of Resources		11,311,804
Total Liabilities and Deferred Inflows		76,822,284
Net Position		
Net Investment in Capital Assets		7,988,823
Restricted		7,038,813
Unrestricted (Deficit)		(50,465,315)
Total Net Position (Deficit)		(35,437,679)
Total Liabilities and Net Position	$	41,384,605

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

MARATHON CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

		Program Revenues		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
General Support	$ 4,926,753	$	$	$ (4,926,753)
Instruction	19,291,159	6,099	2,116,607	(17,168,453)
Pupil Transportation	1,849,156			(1,849,156)
Debt Service - Unallocated Interest	390,914			(390,914)
Depreciation - Unallocated				
Food Service	233,625	29,012	671,841	467,228
Total Functions/Programs	$ 26,691,607	$ 35,111	$ 2,788,448	(23,868,048)
General Revenues				
Real Property Taxes and STAR				4,228,597
Other Real Property Tax Items				34,044
Use of Money and Property				146,665
Sales of Property and Compensation for Loss				17,288
State and Federal Sources				15,762,657
Miscellaneous				476,187
Total General Revenues				20,665,438
Change in Net Position				(3,202,610)
Net Position (Deficit), Beginning of Year				(32,235,069)
Net Position (Deficit), End of Year				$ (35,437,679)

MARATHON CENTRAL SCHOOL DISTRICT
BALANCE SHEET - GOVERNMENTAL FUNDS
June 30, 2024

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets							
Cash and Cash Equivalents	$	$ 256,341	$ 830,010	$	$	$	$ 1,086,351
Restricted Cash and Cash Equivalents	4,699,313			147,524	139,335	693,713	5,679,885
Receivables							
State and Federal Aid						143,970	143,970
Due From Other Governments	802,726	40,805	1,459,811				2,303,342
Due from Other Funds	2,640,762	28,019	159,763	30	1,192,478		4,021,052
Other Receivables	65,285	838					66,123
Inventory		10,153					10,153
Prepaid Expenditures	8,075						8,075
Total Assets	$ 8,216,161	$ 336,156	$ 2,449,584	$ 147,554	$ 1,331,813	$ 837,683	$ 13,318,951
Liabilities							
Payables							
Accounts Payable	$ 417,708	$ 22,996	$	$	$	$	$ 440,704
Accrued Liabilities	123,090						123,090
Due To							
Other Governments		17	1,982				1,999
Other Funds	190,596	207,785	2,434,284			1,188,387	4,021,052
Teachers' Retirement System	727,852						727,852
Employees' Retirement System	55,036						55,036
Planned Balance	75,000						75,000
Unearned Revenue		2,431	13,318				15,749
Total Liabilities	1,589,282	233,229	2,449,584			1,188,387	5,460,482
Fund Balances							
Nonspendable	8,075	10,153					18,228
Restricted	5,166,899			147,554	1,331,813	392,547	7,038,813
Assigned	551,553	92,774					644,327
Unassigned (Deficit)	900,352					(743,251)	157,101
Total Fund Balances(Deficit)	6,626,879	102,927		147,554	1,331,813	(350,704)	7,858,469
Total Liabilities and Fund Balances	$ 8,216,161	$ 336,156	$ 2,449,584	$ 147,554	$ 1,331,813	$ 837,683	$ 13,318,951

MARATHON CENTRAL SCHOOL DISTRICT
RECONCILIATION OF TOTAL GOVERNMENTAL FUNDS
BALANCE SHEET TO STATEMENT OF NET POSITION
June 30, 2024

	Total Govenmental Funds	Long-Term Assets & Liabilities	Reclassifications and Eliminations	Statement of Net Position Total
Assets				
Cash and Cash Equivalents	$ 1,086,351	$	$	$ 1,086,351
Restricted Cash and Cash Equivalents	5,679,885			5,679,885
Receivables				
State and Federal Aid	143,970			143,970
Due From Other Governments	2,303,342			2,303,342
Due from Other Funds	4,021,052		(4,021,052)	
Other Receivables	66,123			66,123
Inventory	10,153			10,153
Prepaid Expenditures	8,075			8,075
Right to Use Leased Assets, Net of Accumulated Amortization		113,836		113,836
Capital Assets, Net of Accumulated Depreciation		20,452,324		20,452,324
Total Assets	13,318,951	20,566,160	(4,021,052)	29,864,059
Deferred Outflows of Resources		11,520,546		11,520,546
Total Assets and Deferred Outflows of Resources	$ 13,318,951	$ 32,086,706	$ (4,021,052)	$ 41,384,605
Liabilities				
Accounts Payable	$ 440,704	$	$	$ 440,704
Accrued Liabilities	123,090			123,090
Accrued Interest Payable		10,826		10,826
Unearned Revenue	15,749			15,749
Due To				
Due From Other Governments	1,999			1,999
Other Funds	4,021,052		(4,021,052)	
Teachers' Retirement System	727,852			727,852
Employees' Retirement System	55,036			55,036
Net Pension Liability - Proportionate Share		892,756		892,756
Bonds and Premium on Bonds Payable		13,222,432		13,222,432
Lease Liability		48,618		48,618
Other Postemployment Benefits		49,341,284		49,341,284
Compensated Absences		555,134		555,134
Planned Balance	75,000			75,000
Total Liabilities	5,460,482	64,071,050	(4,021,052)	65,510,480
Deferred Inflows of Resources		11,311,804		11,311,804
Fund Balances/Net Position				
Total Fund Balances/Net Position (Deficit)	7,858,469	(43,296,148)		(35,437,679)
Total Liabilities and Fund Balances/Net Position	$ 13,318,951	$ 32,086,706	$ (4,021,052)	$ 41,384,605

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

MARATHON CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
ALL GOVERNMENTAL FUNDS
For the Year Ended June 30, 2024

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues							
Real Property Taxes and STAR	$ 3,762,019	$	$	$	$	$	$ 3,762,019
Other Real Property Tax Items	34,044						34,044
School Tax Relief Reimbursement	466,578						466,578
Charges for Services	6,099						6,099
Use of Money and Property	127,073	4,510		494	12,923	1,665	146,665
Sale of Property and Compensation for Loss	17,288						17,288
Miscellaneous	389,749	315		11,123			401,187
State Aid	15,702,183	133,543	358,501				16,194,227
Federal Aid	60,474	538,298	1,758,106				2,356,878
School Lunch Sales		29,012					29,012
Total Revenues	20,565,507	705,678	2,116,607	11,617	12,923	1,665	23,413,997
Expenditures							
General Support	2,321,083	589,733					2,910,816
Instruction	9,450,657		2,016,350	12,725			11,479,732
Pupil Transportation	871,814						871,814
Employee Benefits	5,313,547	46,166	108,294				5,468,007
Debt Service - Principal	1,606,596						1,606,596
Debt Service - Interest	582,573						582,573
Total Expenditures	20,146,270	635,899	2,124,644	12,725			22,919,538
Excess (Deficit) Revenues Over Expenditures	419,237	69,779	(8,037)	(1,108)	12,923	1,665	494,459
Other Financing Sources (Uses)							
Appropriation of Planned Balance	75,000						75,000
Transfers from Other Funds			8,037		1,665		9,702
Transfers to Other Funds	(8,037)					(1,665)	(9,702)
Total Other Financing Sources (Uses)	66,963		8,037		1,665	(1,665)	75,000
Excess (Deficit) Revenues Over Expenditures Other Financing Sources (Uses)	486,200	69,779		(1,108)	14,588		569,459
Fund Balances (Deficit), Beginning of Year	6,140,679	33,148		148,662	1,317,225	(350,704)	7,289,010
Fund Balances (Deficit), End of Year	$ 6,626,879	$ 102,927	$	$ 147,554	$ 1,331,813	$ (350,704)	$ 7,858,469

MARATHON CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE STATEMENT OF REVENUES AND EXPENDITURES OF THE GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended June 30, 2024

Net Changes in Fund Balance - Total Governmental Funds		$ 569,459
Capital outlays to purchase, build, or lease capital assets are reported in governmental funds as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as depreciation and amortization expense in the statement of activities. This is the amount by which depreciation and amortization exceeded capital outlays and lease additions in the period.		
Depreciation Expense	(1,638,285)	
Amortization Expense	(51,277)	
Leased Additions	14,112	
Capital Outlays	192,426	(1,483,024)
Bond and lease proceeds provide current financial resources to governmental funds, but issuing debt or leases increases long-term liabilities in the Statement of Net Position. Repayments of bond, installment debt and lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the Statement of Net Position.		
Repayment of Bond and Installment Debt Principal	1,583,036	
Repayment of Lease Payable	23,560	
Amortized Bond Premium	183,722	1,790,318
Certain expenses in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds.		
Change in Accrued Interest on Serial Bonds	7,937	
Change in Compensated Absences	(116,357)	
Change in Other Postemployment Benefits Expense	(3,407,305)	
Change in Pension Expense	(563,638)	(4,079,363)
Change in Net Position Governmental Activities		$ (3,202,610)

MARATHON CENTRAL SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
June 30, 2024

	Custodial
Assets	
Cash and Cash Equivalents - Restricted	$ 162,915
Total Assets	$ 162,915
Net Position	
Restricted for Extraclassroom	$ 162,915
Total Net Position	162,915
Total Liabilities and Net Position	$ 162,915

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

MARATHON CENTRAL SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
For the Year Ended June 30, 2024

	Custodial
Additions	
Extraclassroom Fundraising	$ 211,296
Deductions	
Extraclassroom Expenditures	187,293
Change in Net Position	24,003
Net Position, Beginning of Year	138,912
Net Position, End of Year	$ 162,915

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

Reporting Entity

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

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

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

(a) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. These funds are included in the combined basic financial statements in the Fiduciary Funds as agency funds because the Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the School District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be obtained from the Business Office. The School District accounts for assets held as an agent for various student organizations in a custodial fund.

Joint Venture

Marathon Central School District is a component district of the Onondaga-Cortland-Madison Board of Cooperative Education Services (BOCES). The BOCES is a joint venture in which the participating districts have an ongoing financial responsibility, no equity interest, and no single participant controls the financial or operating policies of the BOCES.

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

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

Basis of Presentation

(a) District-Wide Statements

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

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

(b) Fund Financial Statements

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

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

Special Revenue Funds: To account for and report the proceeds of specific revenue sources that are restricted or committed to expenditures for specified purposes other than debt service and capital projects.

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

Special Aid Fund: To account for and report the proceeds of Federal and State grants, that are legally restricted to expenditures for specified purposes.

Miscellaneous Special Revenue Fund: This fund is used to account for and report trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the School District or representatives of the donors may serve on committees to determine who benefits.

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

Debt Service Funds: To account for and report all financial resources that are restricted, committed, or assigned to expenditures for principal and interest.

(c) Fiduciary Funds

This fund is used to account for and report fiduciary activities. Fiduciary activities are those in which the School District acts as trustee or agent for resources that belong to others. These activities are not included in the District-Wide financial statements, because their resources do not belong to the School District, and are not available to be used. There is one class of fiduciary funds:

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

Measurement Focus and Basis of Accounting

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

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 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, other postemployment benefits, and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

Estimates

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

Cash and Cash Equivalents

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

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

Prepaid Items

Prepaid items represent payments made by the school district for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the district-wide and Government-wide financial statements. A current asset for the prepaid amounts is recorded at the time of purchase and an expense/expenditure is reported in the year the foods or services are consumed.

Property Taxes

Real property taxes are levied annually by the Board of Education and become a lien no later than August 10. Taxes are collected during the period September 1 to November 23. Uncollected real property taxes are subsequently enforced by the Counties of Broome, Cortland, and Tioga. An amount representing uncollected real property taxes transmitted to the county for enforcement is paid by the counties to the School District no later than the following April 1.

Receivables

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

Interfund Transactions and Transfers

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

The amounts reported on the Statement of Net Position for due to and due from other funds represents amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for amounts due to and due from within the same fund type. A detailed description of the interfund transactions for governmental and fiduciary funds for the year ended June 30, 2024 is shown in Note 10 to the financial statements.

Inventories

Inventories of food and/or supplies in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

Capital Assets

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

The School District uses capitalization thresholds of $5,000, (the dollar value above which asset acquisitions are added to the capital asset accounts) and depreciated using the straight–line method. Estimated useful lives of capital assets reported in the District-Wide statements:

Furniture and Equipment	5–20 Years
Vehicles	3–5 Years
Buildings and Improvements	20–40 Years

Right to Use Leased Assets

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

Deferred Outflow 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The School District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension asset or liability and difference during the measurement period between the School District's contributions and its proportion share of total contributions not included in pension expense. In addition, this item includes the School District's contributions to the pension systems (TRS and ERS) made subsequent to the measurement date. The second item is related to other postemployment benefits (OPEB) reported on the District-Wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Compensated Absences

Compensated absences consist of unpaid accumulated sick leave, vacation, and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts, and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

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

Consistent with GASB Statement No. 16, "Accounting for Compensated Absences," the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

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

Other Benefits

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

In addition to providing pension benefits, the School District provides postemployment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if School District employees are eligible for these benefits if they reach normal retirement age while working for the School District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the School District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 9).

Accrued Liabilities and Long-Term Obligations

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

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

Unearned Revenue

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

Deferred Inflows of Resources

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The School District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-Wide Statement of Net Position. This represents the effect of the net change in the School District's proportion of the collective net pension liability (ERS & TRS) and difference during the measurement periods between the School District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. The second item is related to other postemployment benefits (OPEB) reported on the District-Wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Planned Balance

Planned balance represents real property taxes levied in the General Fund for the amount raised in the current year's tax levy to meet expenditures of the first 120 days for the subsequent year. In the subsequent year, the liability is removed and revenues are recorded. In the District-wide financial statements the revenue is recognized in the year taxes are levied.

Equity Classifications

(a) District-Wide Statements

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

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

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

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

(b) Fund Statements

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

Non-Spendable Fund Balance

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

Restricted Resources

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

The School District has established the following restricted fund balances:

- ***Employee Benefit Accrued Liability Reserve*** – According to General Municipal Law §6-p; this reserve is used to reserve funds for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

- ***Unemployment Insurance Reserve*** – According to General Municipal Law §6-m, must be used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the employer has elected to use the benefit reimbursement method. The reserve may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. If the School District elects to convert to tax (contribution) basis, excess resources in the fund over the sum sufficient to pay pending claims may be transferred to any other reserve fund. This reserve is accounted for in the General Fund.

- ***Retirement Contribution Reserve*** – According to General Municipal Law §6-r, must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to the New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, not to exceed a total of 10%. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. The reserve is accounted for in the General Fund.

- ***Workers' Compensation Reserve*** (GML §6-J) – According to General Municipal Law §6-J; this reserve is used to pay for compensation benefits and other expenses authorized by Article 2 of the Worker's Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve may be established by board action, and is funded by budgetary appropriations and such other funds may be legally appropriated. Within 60 days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next fiscal year's budget. This reserve is accounted for in the General Fund.

- ***Capital Reserve*** – According to Education Law §3651, must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term, and the source of the funds. Expenditure may be made from the reserve only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in §3651 of the Education Law. This reserve is accounted for in the General Fund.

  On May 18, 2018 the Board and voters established a 2018 capital reserve fund up to $1 million to be used to finance in whole or part for the cost of acquisition, construction or reconstruction of District buildings and grounds and of other capital projects. The reserve was established with a probable term of ten years beginning July 1, 2018.

  Also, on May 18, 2018 the Board and voters established a 2018 bus, vehicle, and equipment capital reserve fund up to $1 million to be used to defray the cost for the acquisition of equipment and vehicles. The reserve was established with a probable term of ten years beginning July 1, 2018.

  In addition, on May 21, 2024 the Board and voters established a 2024 Technology Capital Reserve up to $1 million to be used to finance, in whole or in part, the cost of acquisition of district technology needs. The reserve was established for a period of ten years beginning July 1, 2024 and ending June 30, 2034.

  All of the capital reserve propositions only established the capital reserve funds and did not obligate the District to fund them at any specific level at any time. The District will determine the level of funding based on current and future financial conditions. As of June 30, 2024, the District has funded $931,154 in the 2018 capital reserve fund; $700,000 in the 2018 bus, vehicle, and equipment capital reserve fund and $140,000 in the 2024 Technology Capital Reserve.

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

- ***Debt Service Fund*** – This fund is used to account for and report the financial resources that are restricted to pay debt service. The funds include unused debt proceeds and interest and earnings on the temporary investment of debt proceeds.

- ***Capital Projects Fund***

  This fund is used to account for and report the financial resources that are restricted by a voter approved proposition for acquisition, construction or major repair of capital facilities.

- ***Miscellaneous Special Revenue Fund***

  This fund balance is used to account for and report various endowment and scholarship awards.

Unrestricted Resources

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

Committed - Includes amounts that can only be used for the specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority; i.e. the Board of Education. The School District has no committed fund balances as of June 30, 2024.

Assigned - Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances other than in the Capital Fund are classified as Assigned Fund Balance in the respective fund. The amount appropriated for the subsequent year's budget of the General fund is also classified as Assigned Fund Balance in the General Fund.

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

(c) Restricted for Extraclassroom Activities and Scholarships

This reserve is used to account for various endowment and scholarship awards as well as various student groups or extraclassroom activities. This reserve is accounted for in the Custodial Fund.

(d) Order of Use of Fund Balance

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

Future Changes in Accounting Standards

- GASB Statement No. 101, *Compensated Absences,* effective for the year ending June 30, 2025.
- GASB Statement No. 102, *Certain Risk Disclosures,* effective for the year ending June 30, 2025.
- GASB Statement No. 103, *Financial Reporting Model Improvements,* effective for the year ending June 30, 2026.

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

2. DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

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

Total Fund Balances of Governmental Funds Compared To Net Position of Governmental Activities

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

Statement of Revenues, Expenditures, and Changes In Fund Balances Compared To Statement of Activities

Differences between the governmental funds Statement of Revenues, Expenditures, and Changes in Fund Balances and the Statement of Activities fall into one of six broad categories. The amounts shown represent:

(a) Long-Term Revenue Differences

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

(b) Capital Related Differences

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

(c) Long-Term Debt Transaction Differences

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

(d) Employee Benefit Allocation

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

(e) Pension Differences

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

(f) OPEB Differences

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

3. STEWARDSHIP AND COMPLIANCE

Fund Balance Limitations

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation. At June 30, 2024, the School District's General Fund unassigned fund balance was 4.11% of the 2024-2025 budget.

Statutory Debt Limit

At June 30, 2024, the School District was in compliance with the statutory debt limit.

Budgetary Procedures and Budgetary Accounting

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

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

Appropriations are adopted at the program line-item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

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

Encumbrances

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

4. CASH AND CASH EQUIVALENTS

Custodial Credit Risk

Custodial credit risk is the risk that in the event of a bank failure, the School District's deposits may not be returned to it. The School District's policy for custodial credit risk and New York State statutes govern the School District's investment policies, as discussed previously in these notes. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are either:

A. Uncollateralized;
B. Collateralized by securities held by the pledging financial institution, or
C. Collateralized by securities held by the pledging financial institution's trust department or agent but not in the School District's name.

As of June 30, 2024, the School District had bank balances of $6,731,525 of which $1,000,000 was fully insured by the FDIC. The balance of $5,731,525 was exposed to credit risk but fully collateralized by a) securities held by an agent of the pledging financial institution in the School District's name in the amount of $2,708,226 and b)securities held by the pledging financial institution's trust department or agent but not in the School District's name in the amount of $3,023,299.

Investment and Deposit Policy

The School District follows an investment and deposit policy, the overall objective of which is to provide the School District with the best rate of return available without exposing the principal to an unreasonable risk of loss; to comply with the requirements of all applicable federal and state laws, including the Education Law, General Municipal Law, and Local Finance Law; and to provide sufficient liquidity of invested funds in order to meet obligations as they become due.

Restricted Cash

Restricted cash and cash equivalents of $4,699,313 in the General Fund represents the cash balances held for the District reserves held in the General Fund.

Restricted cash of $139,335 in the Debt Service Fund represents funds held by the School District in the reserve for debt service established by the School District.

Restricted cash and cash equivalents of $147,524 in the Misc. Special Revenue Fund represents funds gifted to the School District for scholarships to students.

Restricted cash of $693,713 in the Capital Fund represents amounts restricted for capital projects approved by the School District.

Restricted cash and cash equivalents of $162,915 in the Custodial Funds represent funds gifted to the School District for extraclassroom account balances. The funds are held in the Custodial Fund.

Investment Pool

The School District participates in a multi-municipal cooperation investment pool agreement pursuant to New York State General Municipal Law Article 5-G, Section 119-o, 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.

The School District has $517,695 included as restricted cash equivalents. This amount represents the cost of the investment pool share and is considered to approximate market value.

The investment pool is categorically exempt from the New York State collateral requirements. The investment pool is categorically exempt from the New York State collateral requirements. The Investment Pool issues a publicly available financial report that contains financial statements and required supplementary information for the System. The report may be obtained by writing to MBIA/CLASS, 113 King Street, Albany, New York 10504.

5. PARTICIPATION IN BOCES

During the year, the School District was billed $3,354,795 for BOCES' administrative and program costs.

The District's share of BOCES aid amounted to $1,168,285.

Financial statements for Onondaga-Cortland-Madison BOCES are available from the BOCES' administrative office at 6820 Thompson Road, Box 4754, Syracuse, New York 13221-4754.

During the year ended June 30, 2020, the BOCES issued $11,615,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY) on behalf of BOCES. Also, during 2015, the BOCES issued $5,890,000 in Revenue Lease Bonds with the Dormitory Authority of the State of New York (DASNY). These bonds will be repaid by the component districts of the BOCES as a lease payment included in the administrative budget of the BOCES over the term of the bonds. During 2024, principal payments of $570,00 were made and the outstanding balance at June 30, 2024 was $15,370,000.

6. CAPITAL ASSETS AND RIGHT TO USE ASSETS

Capital asset activity for the year ended June 30, 2024, is as follows:

	Beginnning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 35,850	$	$	$ 35,850
Construction in Progress	746,547			746,547
Total	782,397			782,397
Capital Assets Being Depreciated				
Buildings and Improvements	39,781,949			39,781,949
Furniture, Equipment, and Vehicles	5,831,215	192,426	13,000	6,010,641
Total	45,613,164	192,426	13,000	45,792,590
Accumulated Depreciation				
Buildings and Improvements	20,324,498	1,093,682		21,418,180
Furniture, Equipment, and Vehicles	4,172,880	544,603	13,000	4,704,483
Total	24,497,378	1,638,285	13,000	26,122,663
Net Capital Assets Being Depreciated	21,115,786	(1,445,859)		19,669,927
Net Capital Assets	$ 21,898,183	$ (1,445,859)	$	$ 20,452,324

Depreciation expense of $1,638,285 is charged as follows:

Function/Program		
General Support	$	1,117,738
Instruction		121,781
Pupil Transportation		384,913
School Lunch		13,853
Total Depreciation	$	1,638,285

Right to use leased asset activity for the year ended June 30, 2024 is as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Equipment	$ 274,580	$ 14,112	$ 32,305	$ 256,387
Total	274,580	14,112	32,305	256,387
Accumulated Amortization				
Leased Equipment	123,579	51,277	32,305	142,551
Total	123,579	51,277	32,305	142,551
Net Right to Use Leased Assets	$ 151,001	$ (37,165)	$	$ 113,836

Amortization expense of $51,277 is charged as follows:

Function/Program		
Instruction	$	51,277
Total Amortization	$	51,277

7. NONCURRENT LIABILITIES

Description	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Bonds Payable					
Serial Bonds	$ 12,365,000	$	$ 1,535,000	$ 10,830,000	$ 1,600,000
Installment Bonds	651,637		48,036	603,601	49,094
Premium On Bonds	1,972,553		183,722	1,788,831	183,722
Other Liabilities					
Compensated Absences	438,777	116,357		555,134	
Lease Liability	72,178		23,560	48,618	23,719
OPEB Liability	47,918,824	3,624,682	2,202,222	49,341,284	
Total Noncurrent Liabilities	$ 63,418,969	$ 3,741,039	$ 3,992,540	$ 63,167,468	$ 1,856,535

The General Fund has typically been used to liquidate noncurrent liabilities through budget appropriations.

Serial and Statutory Installment Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities, which are full faith and credit debt of the local government, are reported on the District-Wide Statement of Net Position.

Long-Term Debt Maturity Schedule

The following is a statement of serial bonds and installment purchase debt with corresponding maturity schedules:

Payable from/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate	Outstanding Amount
General Fund					
2013 DASNY Bond	06/15/13	$ 2,370,000	06/15/27	2.0% - 5.0%	$ 1,155,000
2017 DASNY Bond	06/08/17	5,025,000	06/15/31	2.0% - 5.0%	3,665,000
2021 DASNY Bond	06/16/21	5,830,000	06/15/37	4.0% - 5.0%	5,085,000
Serial Bonds 2020 (Buses)	12/30/20	400,000	12/15/26	1.125% - 1.20%	165,000
Serial Bonds 2021 (Buses)	06/17/21	400,000	06/15/26	1.0% - 1.25%	165,000
Serial Bonds 2022 (Buses)	01/25/22	400,000	12/15/26	4.0% - 5.0%	245,000
Serial Bonds 2023 (Buses)	01/20/23	425,000	12/15/27	4.0% - 4.25%	350,000
Installment Purchase Debt (EPC)	06/15/22	789,623	06/15/34	2.20%	603,601
Total		$ 15,639,623			$ 11,433,601

Principal and interest payments due on serial bonds and installment purchase debt is as follows:

For the Year Ending June 30,	Serial Bonds & Statutory Installment Bonds Principal	Interest	Total
2025	$ 1,649,094	$ 510,974	$ 2,160,068
2026	1,725,175	442,833	2,168,008
2027	1,381,280	368,215	1,749,495
2028	1,112,409	304,747	1,417,156
2029	1,063,563	253,324	1,316,887
2030-2034	3,586,040	599,395	4,185,435
2035-2037	916,040	49,144	965,184
	$ 11,433,601	$ 2,528,632	$ 13,962,233

Interest paid on debt for the fiscal year ended June 30, 2024, was as follows:

	Amount
Interest Paid	$ 582,573
Less: Interest Accrued in the Prior Year	(18,763)
Less: Amortization of Bond Premium	(183,722)
Plus: Interest Accrued in the Current Year	10,826
Total Interest Expense on Long-Term Debt	$ 390,914

Debt Limit

Pursuant to the Local Finance Law, the School District has the power to contract indebtedness for any school 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 School District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

Special Provisions Affecting Remedies Upon Default

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

Compensated Absences

Compensated absences represents vacation and sick time that has been earned by the School District employees but not used as of June 30, 2024.

Lease Liability

The District has entered into agreements with the BOCES and other vendors to lease certain equipment such as copiers and other technology equipment. The lease agreements qualify as other than short-term leases under GASB 87 and, therefore, have been recorded at the present value of the future minimum lease payments as of the date of the inception of the agreements. The agreements were executed on various dates ranging from 2020 to 2022 and are for a term of 3-5 years. Annual lease payments for these agreements range from $2,742 to $21,480. The lease liability is measured at a discount rate of 3% which is stated in the lease agreements. As a result of these leases, the District has recorded a right to use asset with a net book value of $113,836 at June 30, 2024.

For the Year Ending	Leases		
June 30,	Principal	Interest	Total
2025	$ 23,719	$ 1,475	$ 25,194
2026	21,872	763	22,635
2027	3,027	107	3,134
Total	$ 48,618	$ 2,345	$ 50,963

8. PENSION PLANS

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

(a) Plan Description

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

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

(b) Contributions

The System is noncontributory for employees who joined prior to July 28, 1976. For employees who joined after July 27, 1976, and prior to January 1, 2010, employees contribute 3% of their salary for the first ten years of membership. Employees who joined on or after January 11, 2010, but before April 1, 2012, are required to contribute 3% of their annual salary for their entire working career. Those who joined on or after April 1, 2012 must contribute at a rate ranging from 3% to 6% based on their total annualized salary. Under the authority of the RSSL, the Comptroller certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. All required contributions for the NYSERS fiscal year ended March 31, 2024, were paid.

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

	Amount
2022	$ 204,683
2023	$ 156,836
2024	$ 171,634

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

At June 30, 2024, the School District reported a liability of $494,095 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2024, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2023. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024, and 2023, the School District's proportion was 0.0033557% and 0.0033254%, respectively.

For the year ended June 30, 2024, the School District recognized a pension expense of $243,453. At June 30, 2024, the School District reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 159,148	$ 13,473
Changes of assumptions	186,806	
Net difference between projected and actual earnings on Pensions plan investments		241,363
Changes in proportion and differences between contributions and proportionate share of contributions	87,396	14,394
Contributions subsequent to the measurement date	55,036	
Total	$ 488,386	$ 269,230

At June 30, 2024, $55,036 was reported as deferred outflows of resources related to pensions resulting from the School District's contributions subsequent to the measurement date and will be recognized as a reduction of the net pension asset/liability in the year ended June 30, 2025. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended June 30:	Amount
2025	$ (64,959)
2026	$ 116,068
2027	$ 157,629
2028	$ (44,618)

(d) Actuarial Assumptions

The total pension liability at March 31, 2024 was determined by using an actuarial valuation as of April 1, 2023 with update procedures used to roll forward the total pension liability to March 31, 2024.

Significant actuarial assumptions used in the April 1, 2023 valuation were as follows:

Investment rate of returnc (net of investment expense, including inflation)	5.90%
Salary scale	4.40%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience Study
Inflation rate	2.90%
Cost of Living Adjustments	1.50%

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

The actuarial assumptions used in the April 1, 2023 valuation are based on the results of an actuarial experience study for the period April 1, 2015 - March 31, 2020.

The long term expected rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2024 are summarized below.

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equity	32%	4.00%
International equity	15%	6.65%
Private equity	10%	7.25%
Real estate	9%	4.60%
Opportunistic/Absolute return strategies	3%	5.25%
Credit	4%	5.40%
Real assets	3%	5.79%
Fixed Income	23%	1.50%
Cash	1%	0.25%
	100%	

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

(e) Discount Rate

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

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

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

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Proportionate share of the net pension liability (asset)	$ 1,553,486	$ 494,095	$ (390,716)

(g) Pension Plan Fiduciary Net Position

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

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in the General Fund of $55,036 at June 30, 2024. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2024-2025 billing cycle and has been accrued as an expenditure in the current year.

B. New York State Teachers' Retirement System (TRS)

(a) Plan Description

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

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

(b) Contributions

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

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

	Amount
2022	$ 637,638
2023	$ 689,605
2024	$ 662,518

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

At June 30, 2024, the School District reported a net liability of $398,661 for its proportionate share of the net pension liability. The net pension liability was measured as of June 30, 2023, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2022. The School District's proportion of the net pension liability was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2023 and 2022, the School District's proportion was 0.034861% and 0.036728%, respectively.

For the year ended June 30, 2024, the School District recognized a pension expense of $1,186,635. At June 30, 2024, the School District 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
Differences between expected and actual experience	$ 966,648	$ 2,389
Changes of assumptions	858,306	187,063
Net difference between projected and actual earnings on Pensions plan investments	203,788	
Changes in proportion and differences between contributions and proportionate share of contributions	117,591	29,093
Contributions subsequent to the measurement date	662,518	
Total	$ 2,808,851	$ 218,545

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

Year ended June 30:	Amount
2024	$ 173,306
2025	$ (187,454)
2026	$ 1,618,955
2027	$ 139,348
2028	$ 113,354
Thereafter	$ 70,279

(d) Actuarial Assumptions

The total pension liability at June 30, 2023 measurement date was determined by using an actuarial valuation as of June 30, 2022, with update procedures used to roll forward the total pension liability to June 30, 2023.

Significant actuarial assumptions used in the June 30, 2022 valuation were as follows:

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

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

Projected COLAs	1.3% compounded annually.
Inflation rate	2.40%

Annuitant mortality rates are based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. Active member mortality rates are based on plan member experience, with adjustments for mortality improvements based on Scale MP2021.

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the System's target asset allocation as of the measurement date of June 30, 2023 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equity	33.0%	6.8%
International equity	15.0%	7.6%
Global Equities	4.0%	7.2%
Real Estate Equities	11.0%	6.3%
Private Equities	9.0%	10.1%
Domestic Fixed Income Securities	16.0%	2.2%
Global Bonds	2.0%	1.6%
Private Debt	2.0%	6.0%
Real Estate Debt	6.0%	3.2%
High-Yield Bonds	1.0%	4.4%
Short-Term	1.0%	0.3%
	100.0%	

** Real rates of return are net of the long-term inflation assumption of 2.4% for 2023.*

(e) Discount Rate

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

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

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

	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Proportionate share of the net pension liability (asset)	$ 6,071,815	$ 398,661	$ (4,372,706)

(g) Pension Plan Fiduciary Net Position

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

(h) Payables to the Pension Plan

The School District has recorded an amount due to TRS of $662,518 (excluding the employees' portion of $65,334) in the General Fund at June 30, 2024. This amount represents contribution for the 2023-2024 fiscal year that will be made in 2024-2025 and has been accrued as an expenditure in the current year.

9. OTHER POSTRETIREMENT HEALTH CARE BENEFITS

(a) Plan Description

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

(b) Benefits Provided

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

(c) *Employees covered by benefit terms*

At June 30, 2024, the following employees were covered by the benefit terms:

	Total
Inactive employees or Beneficiaries Currently Receiving Benefit Payments	102
Active Employees	142
Total	244

(d) *Total OPEB Liability*

The District's total OPEB liability of $49,341,284 was measured as of June 30, 2024 and was determined by an actuarial valuation as of that date.

(e) *Changes in the Net OPEB Liability*

The following outlines the changes to the Total OPEB Liability during the fiscal year, by source.

Beginning at June 30, 2023	$ 47,918,824
Changes for the year:	
Service Cost	1,599,397
Interest	2,025,285
Differences between expected and actual experience	(615,971)
Changes in assumptions or other inputs	(616,764)
Benefit payments	(969,487)
Net Changes:	1,422,460
Balance at June 30, 2024	$ 49,341,284

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

The following presents the total OPEB liability of the District's, as well as what the Districts' total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.21 percent) or 1-percentage-point higher (5.21 percent) than the current discount rate:

	1% Decrease (3.21%)	Current Assumption (4.21%)	1% Increase (5.21%)
Total OPEB liability	$ 57,938,493	$ 49,341,284	$ 42,498,867

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

The following presents the total OPEB liability of the District's, as well as what the Districts' total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower (5.75 declining to 3.14 percent) or 1-percentage-point higher (7.75 declining to 5.14 percent) than the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability	$ 41,088,926	$ 49,341,284	$ 60,092,809

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

The following deferrals of outflows and inflows were reported during the fiscal year.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,674,022	$ 1,993,534
Changes of assumptions or other inputs	5,549,287	8,830,495
Total	$ 8,223,309	$ 10,824,029

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

2025	$ 752,110
2026	752,112
2027	(1,893,717)
2028	(1,900,526)
2029	(134,594)
Thereafter	(176,105)

(i) Actuarial Methods and Assumptions

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

Valuation Date	June 30, 2022
Measurement Date	June 30, 2024
Reporting Date	June 30, 2024
Actuarial Cost Method	Entry Age Normal Level Percentage of Pay (EAN)
Plan Type	Single Employer Defined Benefit Plan
Discount Rate	4.21%
Salary Scale	Varied by Years of Service and Retirement System
Rate of Inflation	2.70%
Healthcare Cost Trend Rates	6.5% for 2024, decreasing to an ultimate rate of 4.14% for 2076

The discount rate has been updated based on the 20-year, tax-exempt general obligation municipal bonds with an average rating of AA/Aa or higher as of June 30, 2024. The impact of this update is a decrease in liability.

The actuarial assumptions used in the June 30, 2022 valuation were based on the following:

- Mortality rates were based on Pub-2010 Headcount-Weighted table (Teachers for TRS group and General Employees for ERS group) projected fully generationally using MP- 2021.
- Salary scale, termination and retirement rates were based on NYS ERS assumptions first adopted on April 1, 2020 and NYS TRS assumptions first adopted on June 30, 2021.
- Medical trend rates are developed using the Society of Actuaries (SOA) Long-Run Medical Cost Trend Model, with a trend rate of 6.5% for fiscal year 2023-2024, decreasing gradually to an ultimate rate of 4.14% by 2076.
- Actual spousal health coverage election and age was used for existing retirees. For future retirees, 55% of male and 50% of female employees are assumed to elect spousal coverage at retirement. Husbands are assumed to be three years older than wives.

10. INTERFUND BALANCES AND ACTIVITY

Interfund balances and activity as of and for the year ended June 30, 2024, were as follows:

	Interfund		Interfund	
Fund	Receivables	Payables	Revenues	Expenditures
General	$ 2,640,762	$ 190,596	$	$ 8,037
School Lunch	28,019	207,785		
Special Aid	159,763	2,434,284	8,037	
Debt Service	1,192,478		1,665	
Capital Fund		1,188,387		1,665
Miscellaneous Special Revenue	30			
Total	$ 4,021,052	$ 4,021,052	$ 9,702	$ 9,702

The School District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

The School District transferred $8,037 from the General Fund to the Special Aid Fund to fund a percentage of the Summer Handicapped program.

The School District transferred $1,665 from the Capital Fund to the Debt Service Fund to account for interest earnings.

Interfund receivable or payables are temporary in nature and will be repaid within one year.

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

11. TAX ABATEMENTS

The District is subject to tax abatements that are granted by the Cortland County Industrial Development Agency (Cortland County IDA). Article 18-A of the New York State Municipal Law, "New York State Industrial Development Agency Act" was enacted to provide for the creation of Industrial Development Agencies (IDA's) to facilitate economic development in specific localities, and delineate their powers and status as public benefit corporations. The legislation establishes the power of New York IDA's, including the authority to grant tax abatements and enter into agreements to require payments in lieu of taxes. Each IDA must adopt and follow a tax exemption policy with input from the effected taxing jurisdictions, however once created the IDA can independently grant abatements in conformity with their policy. The Cortland County IDA enters into agreements to abate property tax for the purpose of increasing or retaining employment in the County.

Property abatements may be partially offset by an agreement that requires payments in lieu of taxes. These agreements specify the annual amount to be remitted by the property owner and are allocated to the effected jurisdiction based on the proportion of taxes abated. The District has chosen to disclose information about its tax abatement by purpose. It established a quantitative threshold of 10 percent of the total dollar amount of taxes abated during the year.

Abatement agreements of Cortland County IDA resulted in a revenue impact to the District for the year ended June 30, 2024 as follows:

Purpose	Gross Tax Reduction	Payments in Lieu of Taxes	Net Revenue Reduction
Economic Development and Job Creation	$ 133,421	$ 21,203	$ 112,218

12. FUND BALANCE

The following is the disaggregation of fund balance that is reported in summary on the Governmental Fund's Balance Sheet at June 30, 2024:

	General	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital	Total
Nonspendable	$ 8,075	$ 10,153	$	$	$	$ 18,228
Restricted						
Capital Reserve	1,771,154					1,771,154
Workers Compensation Reserve	387,642					387,642
Unemployment Insurance Reserve	252,412					252,412
Employees' Retirement Contribution Reserve	972,438					972,438
Teachers' Retirement Contribution Reserve	525,095					525,095
Repair Reserve	146,200					146,200
Employee Benefit Accrued Liability Reserve	1,111,958					1,111,958
Capital Fund					392,547	392,547
Debt Service				1,331,813		1,331,813
Restricted for Scholarships			147,554			147,554
Total Restricted	5,166,899		147,554	1,331,813	392,547	7,038,813
Assigned						
School Lunch Fund		92,774				92,774
General Support	77,061					77,061
Instruction	7,895					7,895
Pupil Transportation	7,287					7,287
Appropriated for Subsequent Year's Budget	459,310					459,310
Total Assigned	551,553	92,774				644,327
Unassigned (Deficit)	900,352				(743,251)	157,101
Total Fund Balance (Deficit)	$ 6,626,879	$ 102,927	$ 147,554	$ 1,331,813	$ (350,704)	$ 7,858,469

The following is a summary of the General Fund restricted the reserve accounts during the year ended June 30, 2024:

	Beginning Balance	Increases	(Decreases)	Ending Balance
General Fund				
Capital Reserve	$ 1,631,154	$ 140,000	$	$ 1,771,154
Workers Compensation Reserve	387,642			387,642
Unemployment Insurance Reserve	252,412			252,412
Employees' Retirement Contribution Reserve	972,438			972,438
Teachers' Retirement Contribution Reserve	525,095			525,095
Repair Reserve	146,200			146,200
Employee Benefit Accrued Liability Reserve	1,111,958			1,111,958
Total	$ 5,026,899	$ 140,000	$	$ 5,166,899

13. RISK MANAGEMENT

General Information

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

Pool, Non-Risk Retained

For its employee health insurance coverage, the Marathon Central School District is a participant in the Cooperative Health Insurance Fund of Central New York, a public entity risk pool operated for the benefit of 29 individual governmental units located within the counties of Onondaga, Cortland, and Madison. The School District pays an annual premium to the Plan for this employee health insurance coverage. The Cooperative Health Insurance Fund of Central New York is considered a self-sustaining risk pool that will provide coverage for its members. The Cooperative Health Insurance Fund of Central New York obtains independent coverage for aggregate claims that approximate $148 million and the Marathon Central School District has essentially transferred all related risk to the Cooperative Health Insurance Fund of Central New York. During the 2023-2024 school year, the School District's expenditure to the pool was $3,764,749.

Workers' Compensation Consortium

The School District participates in a Workers' Compensation Consortium for its employees. Benefits are provided through self-funding by the individual participants through the purchase of insurance and through the purchase of "stop-loss" coverage. A member may withdraw from the Plan by submitting a notice of withdrawal by May 1 preceding the school year of withdrawal. Upon withdrawal, the Board will determine amounts owed by the member or amounts that may be due to the withdrawing member. The School District paid premiums to the Workers' Compensation Consortium which totaled $74,286 for the year ended June 30, 2024.

Financial statements for both risk pools are available at the OCM BOCES business office, 6820 Thompson Road, Syracuse, New York, 13221.

14. COMMITMENTS AND CONTINGENCIES

Construction Commitments

At June 30, 2024, the School District had various construction commitments outstanding on ongoing capital projects. The total voter authorization for these projects was $19,892,979. The School District has entered into various construction contracts that substantially cover the authorizations. For the year ended June 30, 2024, the School District expended $18,449,652 of the total capital project authorizations. The remaining commitment is contingent on the contractor's performance.

Potential Grantor Liability

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the Federal and State governments. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the School District expects such amounts, if any, to be immaterial.

Encumbrances

Encumbrance accounting is employed as an extension of formal budgetary integration for the General Fund, special revenue funds, and capital projects funds. At June 30, 2024, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. Encumbrances included in governmental fund balances are as follows:

	Assigned General
Encumbrances	
General Support	$ 77,061
Instruction	7,895
Pupil Transportation	7,287
Total Encumbrances	$ 92,243

15. NET POSITION DEFICIT – DISTRICT-WIDE

The District-wide net position had a deficit at June 30, 2024 of $35,437,679. The deficit is the result of the OPEB liability which required the recognition of an unfunded liability of $49,341,284 at June 30, 2024. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

16. FUND DEFICIT

Capital Fund

At June 30, 2024, the Capital Fund has a deficit of $350,704. This deficit is due to expenditures being incurred before permanent financing is obtained.

MARATHON CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
For the Year Ended June 30, 2024

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
Revenues				
Local Sources				
Real Property Taxes	$ 3,728,597	$ 3,728,597	$ 3,762,019	$ 33,422
Other Real Property Tax Items	27,000	27,000	34,044	7,044
State Tax Relief Reimbursement	575,000	575,000	466,578	(108,422)
Nonproperty Tax Items	12,500	12,500		(12,500)
Charges for Services	24,000	24,000	6,099	(17,901)
Use of Money and Property	25,000	25,000	127,073	102,073
Sale of Property and Compensation for Loss	12,000	12,000	17,288	5,288
Miscellaneous	75,000	75,000	389,749	314,749
State Aid	16,015,354	16,015,354	15,702,183	(313,171)
Federal Aid	351,003	351,003	60,474	(290,529)
Total Revenues	20,845,454	20,845,454	20,565,507	(279,947)
Other Financing Sources				
Appropriated Planned Balance	75,000	75,000	75,000	
Appropriated Fund Balance	308,459	308,459		(308,459)
Total Revenues and Other Financing Sources	$ 21,228,913	$ 21,228,913	20,640,507	$ (588,406)

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual and Encumbrances
Expenditures					
General Support					
Board of Education	$ 26,360	$ 47,859	46,514	$	$ 1,345
Central Administration	207,200	228,742	220,967	246	7,529
Finance	233,100	233,577	229,572	41	3,964
Central Services	1,294,476	1,315,224	1,192,033	76,774	46,417
Special Items	500,000	633,605	631,997		1,608
Total General Support	2,261,136	2,459,007	2,321,083	77,061	60,863
Instruction					
Instruction, Administration, and Improvement	469,700	536,468	528,245		8,223
Teaching - Regular School	5,409,375	5,149,657	5,063,187	1,616	84,854
Programs for Children With Special Needs	2,786,052	2,761,090	2,772,657		(11,567)
Teaching - Special School	1,000	1,000			1,000
Instructional Media	589,750	516,041	390,441		125,600
Pupil Services	643,200	716,908	696,127	6,279	14,502
Total Instruction	9,899,077	9,681,164	9,450,657	7,895	222,612
Pupil Transportation	796,900	884,625	871,814	7,286	5,525
Community Services	3,000	3,000			3,000
Employee Benefits	5,989,300	5,846,167	5,313,547	1	532,619
Debt Service - Principal	1,535,000	1,628,978	1,606,596		22,382
Debt Service - Interest	617,500	598,972	582,573		16,399
Total Expenditures	21,101,913	21,101,913	20,146,270	92,243	863,400
Other Financing Uses					
Transfers to Other Funds	127,000	127,000	8,037		118,963
Total Expenditures and Other Financing Uses	$ 21,228,913	$ 21,228,913	20,154,307	$ 92,243	$ 982,363
Net Change in Fund Balance			486,200		
Fund Balance - Beginning of Year			6,140,679		
Fund Balance - End of Year			$ 6,626,879		

Notes to Required Supplementary Information:

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

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

MARATHON CENTRAL SCHOOL DISTRICT
SCHEDULE OF DISTRICT PENSION CONTRIBUTIONS
For the Year Ended June 30, 2024

ERS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 171,634	$ 156,836	$ 204,683	$ 187,091	$ 179,372	$ 197,649	$ 156,080	$ 171,034	$ 172,788	$ 184,216
Contributions in Relation to the Contractually Required Contribution	171,634	156,836	204,683	187,091	179,372	197,649	156,080	171,034	172,788	184,216
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
School District's Covered-ERS Employee Payroll	$ 1,577,003	$ 1,433,753	$ 1,364,708	$ 1,373,671	$ 1,323,849	$ 1,304,170	$ 1,125,051	$ 1,183,411	$ 1,103,005	$ 1,135,747
Contributions as a Percentage of Covered-Employee Payroll	10.88%	10.94%	15.00%	13.62%	13.55%	15.16%	13.87%	14.45%	15.67%	16.22%

TRS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
Contractually Required Contribution	$ 662,518	$ 689,605	$ 637,638	$ 602,047	$ 549,354	$ 644,420	$ 587,038	$ 709,074	$ 746,799	$ 852,012
Contributions in Relation to the Contractually Required Contribution	662,518	689,605	637,638	602,047	549,354	644,420	587,038	709,074	746,799	852,012
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
School District's Covered-TRS Employee Payroll	$ 6,788,094	$ 6,701,701	$ 6,506,510	$ 6,795,113	$ 5,172,825	$ 6,062,277	$ 5,990,184	$ 6,060,462	$ 5,631,968	$ 4,860,308
Contributions as a Percentage of Covered-Employee Payroll	9.76%	10.29%	9.80%	8.86%	10.62%	10.63%	9.80%	11.70%	13.26%	17.53%

MARATHON CENTRAL SCHOOL DISTRICT
SCHEDULES OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
For the Year Ended June 30, 2024

ERS Pension Plan

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the net pension asset/liability	0.0033557%	0.0033254%	0.0035999%	0.0036534%	0.0038094%	0.0040295%	0.0034148%	0.0040465%	0.0037619%	0.0039988%
District's Proportionate share of the net pension asset (liability)	$ (494,095)	$ (713,095)	$ 294,281	$ (3,638)	$ (1,008,762)	$ (285,506)	$ (110,211)	$ (380,217)	$ (603,788)	$ (135,090)
District's covered-employee payroll	$ 1,577,003	$ 1,433,753	$ 1,364,708	$ 1,376,659	$ 1,306,245	$ 1,303,479	$ 1,106,800	$ 1,162,422	$ 1,076,286	$ 1,155,567
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	-31.33%	-49.74%	21.56%	-0.26%	-77.23%	-21.90%	-9.96%	-32.71%	-56.10%	-11.69%
Plan fiduciary net position as a percentage of total pension liability	93.88%	90.78%	103.65%	99.98%	86.39%	96.27%	98.24%	94.70%	90.70%	97.90%

TRS Pension Plan

	2023	2022	2021	2020	2019	2018	2017	2016	2015	2014
District's Proportion of the net pension asset/liability	0.034861%	0.036728%	0.037220%	0.036827%	0.036363%	0.036775%	0.035985%	0.036498%	0.032356%	0.031741%
District's Proportionate share of the net pension asset (liability)	$ (398,661)	$ (704,775)	$ 6,449,832	$ (1,017,624)	$ 944,716	$ 664,983	$ 273,519	$ (390,906)	$ 3,360,758	$ 3,535,724
District's covered-employee payroll	$ 6,701,701	$ 6,506,510	$ 6,795,113	$ 6,200,384	$ 6,062,277	$ 6,575,714	$ 6,060,462	$ 5,361,968	$ 4,860,308	$ 4,688,609
District's proportionate share of the net pension asset (liability) as a percentage of its covered-employee payroll	-5.95%	-10.83%	94.92%	-16.41%	15.58%	10.11%	4.51%	-7.29%	69.15%	75.41%
Plan fiduciary net position as a percentage of total pension asset/liability	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.46%	111.48%

MARATHON CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGES IN THE DISTRICTS
TOTAL OPEB LIABILITY AND RELATED RATIOS
For the Year Ended June 30, 2024

	2024	2023	2022	2021	2020	2019	2018
Service cost	$ 1,599,397	$ 1,470,934	$ 2,149,777	$ 2,266,188	$ 1,414,394	$ 892,759	$ 928,967
Interest	2,025,285	1,646,258	1,236,371	1,270,585	1,464,421	1,345,396	1,242,526
Changes of benefit terms				(2,594,498)			
Differences between expected and actual experience*	(615,971)	(1,844,115)	(259,586)	3,282,713	1,918,692	2,875,798	
Changes in assumptions or other inputs	(616,764)	2,134,686	(12,101,949)	(3,235,029)	11,544,311	2,904,531	(1,761,577)
Expected benefit payments**	(969,487)	(1,035,955)	(1,128,391)	(1,124,843)	(1,711,537)	(1,456,356)	(1,048,181)
Net change in total OPEB liability	1,422,460	2,371,808	(10,103,778)	(134,884)	14,630,281	6,562,128	(638,265)
Total OPEB liability - beginning of year	47,918,824	45,547,016	55,650,794	55,785,678	41,155,397	34,593,269	35,231,534
Total OPEB liability - ending of year	$ 49,341,284	$ 47,918,824	$ 45,547,016	$ 55,650,794	$ 55,785,678	$ 41,155,397	$ 34,593,269
Covered employee payroll	$7,508,117	$7,593,579	$7,695,203	$7,100,108	$7,309,894	$6,044,293	$6,826,386
Total OPEB liability as a percentage of covered payroll	657.17%	631.04%	591.89%	783.80%	763.15%	680.90%	506.76%

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

Notes to Required Supplementary Information:
 * Includes differences due to changes in health care trend rates.
 **Expected benefit payments includes deferred payments between the measurement date and the fiscal year end.
 Postemployment benefit charges (including ad hoc COLAs), and the sharing of benefit-related costs with inactive employees.

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

Plan Assets: No assets are accumulated in a trust that meets all of the following criteria of GASB No. 75, paragraph 4, to pay benefits.

MARATHON CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET AND SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION
For the Year Ended June 30, 2024

Change from Adopted Budget to Revised Budget

Adopted Budget		$ 21,198,785
Add: Prior Year Encumbrances		30,128
Original Budget		21,228,913
Final Budget		$ 21,228,913

Section 1318 of Real Property Tax Law Limit Calculation

2024-25 Voter-Approved Expenditure Budget		$ 21,916,840
Maximum Allowed (4% of 2024-25 Budget)		$ 876,674
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted fund balance:		
Assigned fund balance	$ 551,553	
Unassigned fund balance	900,352	
Total unrestricted fund balance	1,451,905	
Less:		
Appropriated fund balance	459,310	
Encumbrances included in committed and assigned fund balance	92,243	
Total adjustments	551,553	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 900,352
Actual Percentage		4.11%

MARATHON CENTRAL SCHOOL DISTRICT
SCHEDULE OF PROJECT EXPENDITURES - CAPITAL PROJECTS FUND
For the Year Ended June 30, 2024

			Expenditures				Methods of Financing				Fund
	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	State Aid	Local Sources	Total	Balance (Deficit) June 30, 2024
PROJECT TITLE											
Buses - Prior Years	$ 400,000	$ 489,948	$ 489,948	$	$ 489,948	$	$ 186,991	$	$ 132,000	$ 318,991	$ (170,957)
Buses - 2020	400,000	482,620	482,620		482,620		342,620		140,000	482,620	
Buses - 2021	358,389	358,890	358,389		358,389	501	270,389		88,000	358,389	
Buses - 2022	400,000	400,000	382,050		382,050	17,950	400,000			400,000	17,950
Buses - 2023	425,000	425,000	411,704		411,704	13,296	425,000			425,000	13,296
Transportation Vehicles	125,000	125,000									
School Bond Renovations	6,928,959	6,928,959	6,662,893		6,662,893	266,066	4,801,077		1,907,167	6,708,244	45,351
High School - 2017 Proposition	4,689,450	4,689,450	4,336,183		4,336,183	353,267	3,840,031		400,000	4,240,031	(96,152)
Appleby - 2017 Proposition	3,456,705	3,456,705	3,603,637		3,603,637	(146,932)	2,199,831		942,812	3,142,643	(460,994)
Bus Garage - 2017 Proposition	734,000	734,000	497,723		497,723	236,277	382,575		100,000	482,575	(15,148)
High School - 2020 Proposition (EPC)	412,866	412,866	412,866		412,866		412,866			412,866	
Appleby - 2020 Proposition (EPC)	34,894	34,894	34,894		34,894		34,894			34,894	
Bus Garage - 2020 Proposition (EPC)	341,863	341,863	341,863		341,863		341,863			341,863	
SMART Bond Project	1,012,784	1,012,784	434,882		434,882	577,902		750,832		750,832	315,950
Totals	$ 19,719,910	$ 19,892,979	$ 18,449,652	$	$ 18,449,652	$ 1,318,327	$ 13,638,137	$ 750,832	$ 3,709,979	$ 18,098,948	$ (350,704)

MARATHON CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
June 30, 2024

Capital Assets, Net	20,452,324
Add:	
Right to Use Leased Assets, Net of Amortization	113,836
Unexpended Bond Proceeds	693,713
Total Additions	807,549
Deduct:	
Bonds Payable and Installment Purchase Debt	11,433,601
Lease Liability	48,618
Premium on Obligations	1,788,831
Total Deductions	13,271,050
Net Investment in Capital Assets	$ 7,988,823

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

5000 Brittonfield Parkway, Building B, Suite 103, East Syracuse, NY 13057
315-475-7213 Fax: 315-475-7206

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

Board of Education
Marathon Central School District, 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, each major fund, and the aggregate remaining fund information of Marathon Central School District, as of and for the year ended June 30, 2024, and the related notes to the financial statements, which collectively comprise Marathon Central School District's basic financial statements, and have issued our report thereon dated October 29, 2024.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

D'Arcangelo + Co., LLP

October 29, 2024

East Syracuse, New York

D'Arcangelo & Co., LLP
Certified Public Accountants & Consultants

5000 Brittonfield Parkway, Building B, Suite 103, East Syracuse, NY 13057
315-475-7213 Fax: 315-475-7206

Independent Auditor's Report on Compliance for Each Major Program and on Internal Control Over Compliance Required by The Uniform Guidance

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

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

Basis for Opinion on Each Major Federal Program

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

We are required to be independent of Marathon 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 Marathon 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 Marathon 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 Marathon 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 Marathon Central School District's compliance with the requirements of each major federal program as a whole.

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

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

- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Marathon 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 Marathon 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 Marathon 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 might be material weaknesses 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.

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.

D'Arcangelo + Co., LLP

October 29, 2024

East Syracuse, New York

MARATHON CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Year Ended June 30, 2024

Federal Grantor/Pass-Through Grantor/Program Title	Federal ALN	Agency or Pass-through Number	Current Year Expenditures	Subrecipient
U.S. Department of Agriculture				
(Passed Through the State Education Department of the State of New York- Pass-Through Grantor No. 412902060000)				
Food Donation (Noncash)	10.555	N/A	$ 17,191	$
School Breakfast Program	10.553	N/A	173,032	
National School Lunch Program	10.555	N/A	310,779	
COVID-19 National School Lunch Program	10.555	N/A	24,941	
Snack Program	10.555	N/A	562	
Summer Food Service Program for Children	10.559	N/A	11,793	
Total Cash Assistance Subtotal			521,107	
Total U.S. Department of Agriculture (Total Nutrition Cluster)			538,298	
U.S. Department of Education				
(Passed Through the State Education Department of the State of New York)				
Title I Grants to Local Education Agencies (Part A of ESEA)	84.010A	0021-23-0575	25,774	
Title I Grants to Local Education Agencies (Part A of ESEA)	84.010A	0021-24-0575	254,083	
Total			279,857	
Special Education - Grants to States (IDEA, Part B)	84.027	0032-24-0155	216,947	
Special Education - Preschool Grants (IDEA Preschool)	84.173	0033-24-0155	3,839	
COVID-19 Special Education-Grants to States, (IDEA, Part B)	84.027X	5532-22-0155	379	
Total Special Education Cluster (IDEA)			221,165	
Improving Teacher Quality State Grants (Title II, Part A)	84.367	0147-24-0575	27,657	
Total			27,657	
Title IV-ESEA Part A	84.424	0204-24-0575	24,916	
Total			24,916	
Title V Rural & Low Income Schools	84.358	0006-23-0575	196	
Total			196	
COVID - 19 Education Stabilization Fund				
Elementary and Secondary School Emergency Relief (ESSER)	84.425D	5891-21-0575	79,970	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5880-21-0575	695,782	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5882-21-0575	77,300	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5883-21-0575	30,542	
American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)	84.425U	5884-21-0575	320,721	
Total Education Stabilization Fund			1,204,315	
Total U.S Department of Education			1,758,106	
Total Federal Financial Assistance			$ 2,296,404	$

See Notes to Schedule of Expenditures of Federal Awards and Independent Auditor's Report.

1. SIGNIFICANT ACCOUNTING POLICIES

Organization

The accompanying Schedule of Expenditures of Federal Awards represents all Federal awards administered by the Marathon Central School District. The School District's organization is defined in Note 1 to the School District's basic financial statements.

Basis of Accounting

The expenditures in the accompanying schedule are presented on an accrual basis of accounting. The information in this 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*. Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the basic financial statements.

Cluster Programs

The following programs are identified by "OMB Compliance Supplement" to be part of a cluster of programs:

U.S. Department of Agriculture
Nutrition Cluster
AL #10.553 School Breakfast Program
AL #10.555 National School Lunch Program
AL #10.555 Snack Program
AL #10.559 Summer Food Service Program

U.S. Department of Education
Special Education Cluster

AL #84.027 Special Education Grants to States (IDEA, Part B)
AL #84.173 Special Education Preschool Grants (IDEA Preschool)
AL #84.027X COVID-19- Special Education Grants to States (IDEA, Part B)

De Minimis Indirect Cost Rate

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

Food Donation

Nonmonetary assistance is reported in the schedule at fair market value of the food commodities received. At June 30, 2024, the School District had food commodities totaling $1,249 in inventory.

Donated Personal Protective Equipment (Unaudited)

During the emergency period of COVID-19, federal agencies and recipients of federal assistance funds donated personal protective equipment (PPE) to non-federal entities. In connection with that donation, the recipient must disclose the estimated value of donated PPE, but such amounts are not included in the Schedule of Expenditures of Federal Awards. The School District did not receive donated PPE during the reporting year.

MARATHON CENTRAL SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2024

Summary of Auditor's Results

(d)(1)(i)	Type of Financial Statement Opinion	Unmodified
(d)(1)(ii)	Was there any material control weakness conditions reported at the financial statement level (GAGAS)?	No
(d)(1)(ii)	Were there any other significant deficiencies reported at the financial statement level (GAGAS)?	No
(d)(1)(iii)	Was there any reported material noncompliance at the financial statement level (GAGAS)?	No
(d)(1)(iv)	Were there any material significant deficiencies reported for major Federal programs?	No
(d)(1)(iv)	Were there any other significant deficiencies reported for major Federal programs?	No
(d)(1)(v)	Type of Major Programs' Compliance Opinion	Unmodified
(d)(1)(vi)	Are there any reportable findings under 2 CFR Section 200.516(a)?	No
(d)(1)(vii)	Major Programs (list):	U.S. Department of Education **COVID-19 Education Stabilization Fund** ALN # 84.425D – Elementary and Secondary School Emergency Relief (ESSER) ALN # 84.425U – American Rescue Plan - Elementary and Secondary School Emergency Relief (ARP ESSER)
	Dollar Threshold: Type A\B Programs	Type A: > $ 750,000 Type B: all others
(d)(1)(ix)	Low Risk Auditee?	Yes

Findings – Financial Statement Audit

None noted.

Findings and Questioned Costs – Major Federal Award Programs Audit

None noted.

MARATHON CENTRAL SCHOOL DISTRICT
STATUS OF PRIOR YEAR'S FINDINGS AND QUESTIONED COSTS – FEDERAL COMPLIANCE REQUIREMENTS
For the Year Ended June 30, 2024

Findings – Financial Statement Audit

No findings were noted in the prior year.

Findings and Questioned Costs – Major Federal Award Program Audit

No findings were noted in the prior year.

APPENDIX – E

FORM OF BOND COUNSEL'S OPINION

August 19, 2025

Marathon Central School District,
Counties of Cortland, Broome and Tioga,
State of New York

Re: Marathon Central School District, Cortland, Broome and Tioga Counties, New York
$4,000,000 Bond Anticipation Notes, 2025

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $4,000,000 Bond Anticipation Notes, 2025 (the "Obligation"), of the Marathon Central School District, Counties of Cortland, Broome and Tioga, State of New York (the "Obligor"), dated August 19, 2025 in the denomination of $_________, bearing interest at the rate of _______________% per annum, payable at maturity, and maturing July 23, 2026.

We have examined:

(1) the Constitution and statutes of the State of New York;

(2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");

(3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and

(4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

(a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

(b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.

(c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal individual alternative minimum tax on individuals. We observe that interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

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

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

Very truly yours,

Orrick, Herrington & Sutcliffe LLP