PRELIMINARY OFFICIAL STATEMENT DATED JUNE 17, 2026

SERIAL BONDS **RATING: SEE "RATING" SECTION HEREIN**

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 Bonds is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds 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 Bonds 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 Bonds. See "Tax Matters" herein.

*The School District **WILL NOT** designate the Bonds as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.*

$22,895,000
OTEGO-UNADILLA CENTRAL SCHOOL DISTRICT
OTSEGO AND DELAWARE COUNTIES, NEW YORK
GENERAL OBLIGATIONS
$22,895,000 SCHOOL DISTRICT (SERIAL) BONDS, 2026
(the "Bonds")

Dated: July 8, 2026 **Due: July 1, 2027-2040**

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, ("DTC") which will act as securities depository for the Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. The Bonds bear interest from July 8, 2026, with interest thereon payable on January 1, 2027 and semi-annually thereafter on July 1 and January 1. Principal and interest will be paid by the School District to DTC, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds as described herein. The Record Date for the Bonds shall be the 15th day of the calendar month preceding each payment date. Such Bonds mature on July 1 each year as set forth below.

The below-stated annual principal installments, together with the interest thereon, are expected to provide for substantially level or declining annual debt service on the Bonds.

MATURITIES*

Year	Amount	Year	Amount	Year	Amount
2027	$1,405,000	2032	$1,645,000	2037	$2,110,000**
2028	1,480,000	2033	1,725,000	2038	2,220,000**
2029	1,555,000	2034	1,815,000	2039	1,395,000**
2030	1,550,000	2035	1,910,000**	2040	515,000**
2031	1,565,000	2036	2,005,000**		

*Principal amounts are subject to change pursuant to the accompanying Notice of Bond Sale in order to achieve substantially level or declining annual debt service.
** The Bonds maturing in the years 2035-2040 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS – Optional Redemption for the Bonds" herein.

The Bonds are general obligations of the Otego-Unadilla Central School District, Otsego and Delaware Counties, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount, subject to applicable statutory limitations. See "Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on Bonds will be payable on January 1, 2027, and semi-annually thereafter on July 1 and January 1 in each year until maturity (or early redemption). Principal and interest will be paid by the District to DTC, which in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY-SYSTEM" herein. The Bonds may not be converted into coupon bonds or be registered to bearers.

Proposals for the Bonds shall be for not less than $22,895,000 and accrued interest, if any, on the total principal amount of the Bonds. Proposals must be accompanied by a good faith deposit in the form of a wire transfer or certified or cashier's check, payable to the order of Otego-Unadilla Central School District, Otsego and Delaware Counties, New York, in the amount of $228,950.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the legal opinion as to the validity of the Bonds of Orrick, Herrington, & Sutcliffe, LLP, of New York City, New York, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery in Jersey City, New Jersey (through the facilities of DTC) or at such other place as may be agreed with the purchaser(s) on or about July 8, 2026.

Electronic or Facsimile bids will be received WEDNESDAY June 24, 2026 until 11:00 a.m. Prevailing Time, in accordance with the Notice of Bond Sale that accompanies this Official Statement at R.G. Timbs, Inc., 11 Meadowbrook Road, Whitesboro, New York 13492, fax (315) 266-9212. Electronic bids for the Bonds may be submitted via facsimile or iPreo's Parity Electronic Bid Submission System ("PARITY"), also in accordance with the terms stated in the Notice of Bond Sale. No bids will be accepted after the time for receiving bids as detailed above.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF BOND SALE WITH RESPECT TO THE BONDS. THE DISTRICT WILL ENTER INTO UNDERTAKINGS FOR THE BONDS TO PROVIDE CERTAIN CONTIUING DISCLOSURE, AS REQUIRED BY THE RULE (SEE "DISCLOSURE UNDERTAKING,") HEREIN.

OTEGO-UNADILLA CENTRAL SCHOOL DISTRICT
OTSEGO AND DELAWARE COUNTIES, NEW YORK

School District Officials

2025-26 BOARD OF EDUCATION

James M. Salisbury - President
David Clapper- Vice President

Brian Davis
Matthew Downey
Janette Johnson
Jilene Nordberg
Cindy O'Hara

Dr. David S. Richards - Superintendent of Schools
Patricia Loker- Business Manager
Amber Birdsall – Treasurer
Sheila Nolan - District Clerk

School District Attorney

Ferrara Fiorenza PC

BOND COUNSEL

Orrick, Herrington & Sutcliffe LLP

MUNICIPAL ADVISOR

R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:

R. G. Timbs, Inc
11 Meadowbrook Road
Whitesboro, New York 13492
877-315-0100
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OFFICIAL STATEMENT

of the

OTEGO-UNADILLA CENTRAL SCHOOL DISTRICT
OTSEGO AND DELAWARE COUNTIES, NEW YORK
Relating To
$22,895,000 School District (Serial) Bonds, 2026
(the “Bonds”)

This Official Statement, which includes the cover page, has been prepared by the Otsego-Unadilla Central School District, Otsego and Delaware Counties, New York (the “District,” “Counties” and “State,” respectively) in connection with the sale by the District of $22,895,000 School District (Serial) Bonds, 2026 (the “Bonds”).

The factors affecting the District's financial condition and the Bonds 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 Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

DESCRIPTION OF THE BONDS

The Bonds 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 Bonds 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 Bonds and interest thereon, without limitation as to rate or amount.

The Bonds will be dated July 8, 2026, and mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading “Optional Redemption” hereunder. The “Record Date” of the Bonds will be the 15th day of the calendar month preceding each such interest payment date.

The Bonds will be issues as registered bonds and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, Jersey City, New Jersey, which will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry-only form, in the principal amount of $5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and Interest will be paid by the District to the Securities Depository, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds bear interest from July 8, 2026, with interest thereon payable on January 1, 2027, July 1, 2027 and semi-annually thereafter on January 1 and July 1.

Nature of the Obligation

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

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

The Bonds will be general obligations of the School District and will contain a pledge of the faith and credit of the School 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 School District has power and statutory authorization to levy ad valorem taxes on all real property within the School District subject to such taxation by the School 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"). 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 School District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds 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 School 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.

Purpose and Authorization

The Bonds are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law, the Local Finance Law, and pursuant to a bond resolution dated June 7, 2021 authorizing the issuance of obligations of the District in the amount of $25,742,651 for the financing of reconstruction and renovation to buildings, including site work, playing fields, as well as original furnishings, equipment, machinery, apparatus, and other improvements and costs incidental thereto.

The proceeds of the Bonds, together with $1,032,651 available funds, will redeem the maturing $23,927,651 Bond Anticipation Note on July 16, 2026.

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Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds 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. Upon issuance of the Bonds, one fully registered bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such issue, and will be deposited with DTC. DTC, the world's largest security depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC.

DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation ("NSCC") and Fixed Income Clearing Corporation ("FICC"), 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**.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

If applicable, redemption notices shall be sent to DTC. If less than all of the Bonds within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the School District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.’s consenting or voting rights to those Direct Participants to whose accounts Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, and principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts upon DTC’s receipt of funds and corresponding detail information from the School District, on the payable date in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name”, and will be the responsibility of such Participant and not of DTC (nor its nominee), or the School District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the School 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 Bonds at any time by giving reasonable notice to the School District. Under such circumstances, in the event that a successor securities depository is not obtained, bond certificates are required to be printed and delivered.

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

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the School District believes to be reliable, but the School District takes no responsibility for the accuracy thereof.
Source: The Depository Trust Company, Jersey City, New Jersey.

THE SCHOOL 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 BONDS (I) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS, (II) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS, OR (III) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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 SCHOOL 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 (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (II) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (III) 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 (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE SCHOOL 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 Bonds

In the event that the book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State of New York to be named as the fiscal agent by the School District upon termination of the book-entry-only system.

Interest on the Bonds will remain payable January 1, 2027 and semi-annually thereafter on July 1 and January 1, in each year until maturity (or earlier redemption). Interest on the Bonds will be payable by check or draft mailed by the fiscal agent to the registered owners of the Bonds, as shown on the registration books of the School District maintained by the fiscal agent as of the close of business on the Record Date, being the 15th day of the calendar month immediately preceding each interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner for Bonds of the same maturity or any other authorized denomination or denominations in the same aggregate principal amount in the manner described on the Bonds and as referenced in certain proceedings of the School District referred to therein.

THE DISTRICT

General Information

The District is located in upstate New York in the Counties of Otsego and Delaware. The District's physical facilities are located in and around the Villages of Otego and Unadilla, lying southwest of the City of Oneonta and northeast of the City of Binghamton. The District, with an approximate land area of 140 square miles, is composed predominantly of rural towns with many District residents commuting to nearby Oneonta and Binghamton for employment.

Interstate Highway #88, which runs from Binghamton northeasterly to Albany, intersects the District. Other thoroughfares serving the District include New York State Routes #7 and #357. The District is served by Greyhound Bus Lines and the Delaware & Hudson Freight. Air service is provided by the Albany and Binghamton Airports.

The District is principally agricultural in nature. The major economic activity within the District is dairy farming. Another aspect of the area's economy is institutional. There are three institutions of higher learning in close proximity to the District: Hartwick College, the State University at Oneonta (SUNY) and the State University at Binghamton (SUNY), with an aggregate enrollment of 12,000 students, are within a short ride from the District.

Electricity and natural gas are provided by New York State Electric and Gas. Telephone service is provided by Verizon and Frontier. District residents utilize the services of various commercial banks including JPMorgan Chase Bank, N.A., Trustco, and Community Bank, N.A. Police services are provided by the New York State Police and the Otsego County Sheriffs' Department.

District Population

The 2024 population of the School District is estimated to be 6,372. (Source: 2024 U.S. Census Bureau estimate)

Economic Developments

As the Otego-Unadilla School District is only utilizing the Unadilla Elementary School Building, now named the Unatego Elementary Building, the District sold the Otego Elementary school building to the Otsego Christian Academy. The Otsego Christian Academy has relocated their PK-12 Christian School from Oneonta, NY to the Otego location.

Selected Wealth and Income Indicators

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

	Per Capita Income			Median Family Income		
	2006-2010	2016-2020	2020-2024	2006-2010	2016-2020	2020-2024
Towns Of:						
Butternuts	$23,767	$30,464	$43,351	$56,250	$79,018	$110,938
Franklin	25,100	31,639	41,729	63,333	52,194	74,250
Laurens	22,873	30,966	36,589	56,731	63,284	90,595
Oneonta	26,659	32,995	44,435	68,308	88,919	84,877
Otego	25,076	28,630	39,067	54,318	67,105	92,257
Sidney	22,892	23,237	30,911	50,625	61,134	62,287
Unadilla	21,076	27,434	34,758	61,039	58,848	80,647
Village Of:						
Otego	24,004	30,623	40,938	58,958	65,417	81,250
Unadilla	21,233	28,006	28,037	54,792	59,352	67,723
County Of:						
Delaware	22,928	28,139	37,564	53,590	65,755	78,872
Otsego	22,902	30,223	36,840	56,797	71,686	86,188
State Of:						
New York	30,948	40,898	50,712	67,405	87,270	106,873

Note: 2021-2025 American Community Survey Estimates are not available as of the date of this Official Statement.

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

District Facilities

Name	Grades	Year Built	Current Maximum Capacity	Date of Last Addition or Alteration
Unatego Junior-Senior High School	6-12	1967	1,120	2024
Unatego Elementary School	K-5	1935	655	2025

Source: District Official

District Employees

The District employs a total of 172 full-time and 2 part-time employees with representation by the various bargaining units listed below.

Bargaining Unit	Employees	Expiration Date
Otego-Unadilla CSD Teachers' Association	89	6/30/2027
Otego-Unadilla CSD Non-Teachers' Association	39	6/30/2030
Otego-Unadilla CSD Aides Association	34	6/30/2028
Otego-Unadilla CSD Clerical Association	7	6/30/2028
Otego-Unadilla CSD Administrators' Association	5	6/30/2027

Source: District Official

Historical and Projected Enrollment

Fiscal Year	Actual	Fiscal Year	Projected
2021-22	726	2026-27	740
2022-23	785	2027-28	738
2023-24	764	2028-29	736
2024-25	725	2029-30	733
2025-26	744	2030-31	730

Source: District Officials

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York and Local Employees' Retirement -System ("ERS"). Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS"). Payments to TRS are deducted from the School District's State aid payments. Both the ERS and the TRS (together, the "Retirement Systems") are non-contributory with respect to members hired prior to July 27, 1976. Other than those in Tier V and Tier VI, all members hired on or after July 27, 1976, with less than 10 years of service must contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 10, 2009, pension reform legislation was signed into law that created a new Tier V pension level. 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 toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

Members of the TRS have a separate Tier V benefit structure that will achieve equivalent savings as other civilian public employees. It includes:

- Raising the minimum age an individual can retire without penalty from 55 to 57 years.
- Contributing 3.5% of their annual wages to pension costs rather than 3% and continuing this increased contribution so long as they accumulate additional pension credits.
- Increasing the 2% multiplier threshold for final pension calculations from 20 to 25 years.

In accordance with constitutional requirements, Tier V applies only to public employees hired after December 31, 2009, and before April 2, 2012.

On March 16, 2012, the Governor signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years.

The State's Enacted 2026-27 Budget made a number of changes to the Tier VI pension program.

Lowered Retirement Age: The Full benefit retirements age is reduced from 63 to 58 for members with 30 years of service, allowing educators to retire without pension penalties earlier.

Reduced Contribution Rates: Member pension contribution percentages are adjusted into tiered salary brackets.

- $75,000 or less: 3%
- Over $75,000 to $100,000: 4%
- Over $100,000 to $125,000: 5.25%
- Over $125,000: 5.75%

Overtime Cap Increase: For eligible members, the maximum amount of overtime used to calculate final average salary benefits has been increased to $30,000 plus CPI (up from the previous $22,500 cap).

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

Fiscal Year	ERS	TRS
2020-2021	$245,044	$575,592
2021-2022	261,055	636,900
2022-2023	295,807	677,841
2023-2024	376,542	660,479
2024-2025	430,670	704,845
2025-2026 (Budgeted)	412,000	730,000
2026-2027 (Budgeted)	515,000	620,000

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

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 (2021-22 to 2026-27) is shown below:

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
2026-2027	17.6	8.24*

*Estimated

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

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

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

Stable Rate Pension Contribution Option - The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 12.5% for TRS. The pension contribution rates under this program would reduce near-term payments for employers; but will require higher than normal contributions in later years.

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

The State's 2019-2020 Enacted Budget will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such 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 Board of Education approved the creation of the TRS reserve during the 2018-19 year. Currently the District has been able to fund $780,200 into the reserve.

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

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School districts and Boards of Cooperative Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits 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 - refers to "other post-employment benefits," meaning other than pension benefits. OPEB consists 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 - requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. However, GASB 75 also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity and requires: (a) explanations of how and why the OPEB liability changed from year to year (b) amortization and reporting of deferred inflows and outflows due to assumption changes, (c) use of a discount rate that takes into account resources of an OPEB plan and how they will be invested to maximize coverage of the liability (d) a single actual cost method and (e) immediate recognition of OPEB expense and effects of changes to benefit terms.

Under GASB 75, a total OPEB liability is determined for each municipality or school district. A net change in the total OPEB Liability is calculated as the sum of changes for the year including service cost, interest, difference between expected and actual experience, changes in benefit terms, changes in assumptions or other inputs, less the benefit payments made by the School District for the year.

Based on the most recent actuarial valuation dated October 8, 2025 and financial data as of June 30, 2025, the School District's beginning year total OPEB liability was $15,673,780, the net change for the year was ($1,707,430) resulting in a total OPEB liability of $13,966,350 for a fiscal year ending June 30, 2025. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2025 financial statements.

The total OPEB liability is required to be determined through an actuarial valuation every two years, at a minimum. However, OPEB plans with fewer than 100 members may use an alternative measurement method in place of an actuarial valuation. Additional information about GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

There is no authority in current State law to establish a trust account or reserve fund for this liability. While State Comptroller Thomas P. DiNapoli proposed a bill in April of 2015 that would create an optional investment pool to help local governments fund their OPEB liabilities, such legislation never advanced past the committee stage.

The School District's total OPEB liability is expected to increase. As is the case with most municipalities, this is being handled by the School District on a "pay-as-you-go" basis. Substantial future increases could have a material adverse impact upon the School District's finances and could force the School District to reduce services, raise taxes or both.

Major Employers

Name	Nature of Business	Estimated Number of Employees
Bassett Healthcare	Teaching Hospital	2,700
Amphenol Corporation	Electrical Components	1,600
SUNY College at Oneonta	Public College	1,181
New York Central Mutual Fire Insurance Company	Insurance	1,000
A.O. Fox Hospital	Community Hospital	1,000

Unemployment Rate Statistics

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

Year	Otsego County Unemployment Rate	Delaware County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2021	4.4%	4.6%	7.1%	5.3%
2022	3.5%	3.7%	4.3%	3.6%
2023	3.8%	4.1%	4.1%	3.7%
2024	4.1%	4.0%	4.3%	4.0%
2025	3.9%	3.9%	4.0%	4.3%

2025-26 Monthly Figures

	May	Jun	July	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Delaware County	3.3%	3.8%	4.5%	4.3%	4.1%	N/A	4.1%	4.3%	5.3%	5.6%	5.0%	4.4%
Otsego County	3.3%	3.7%	4.4%	4.5%	4.1%	N/A	4.0%	4.5%	5.5%	5.7%	4.9%	4.3%
New York State	3.8%	4.1%	4.8%	4.9%	4.7%	N/A	4.40%	4.30%	4.7%	5.2%	4.4%	4.2%

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

Note: Figures in this section are historical and do not speak as to current or projected unemployment rates.

Investment Policy

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

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

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 are elected to the Board each year. Each Board member must be a qualified voter of the District and no Board member may hold certain other District offices or positions while serving on the Board of Education. The President and the Vice President are selected by the Board members.

The administrative officers of the District implement the policies of the Board of Education and supervise the operation of the school system.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education of the School District annually prepares a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the School District must mail a school budget notice to all qualified voters which contains the total budgeted 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 budget 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 School District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011 of the State of New York ("Chapter 97"), beginning with the 2012-13 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% (plus certain adjustments, if applicable) or the rate of inflation (the " Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 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.

The budget for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024, by a vote of 112 to 43. The School District's 2024-25 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2025-26 fiscal year was adopted by the qualified voters on May 20, 2025, by a vote of 126 to 31. The School District's 2025-26 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2026-27 fiscal year was adopted by the qualified voters on May 19, 2026, by a vote of 133 to 34. The School District's 2026-27 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2026-27 fiscal year, approximately 59.99% 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.

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

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

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

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State's 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in adoption of the State budget, which is due at the start of the State's fiscal year of April 1. Since the 2010-11 State fiscal year, the State budget has been generally adopted on or before April 1, with the exception of the 2016-17 State budget which was not adopted until April 9, 2017, the 2023-24 State budget which was not adopted until May 3, 2023, the 2024-25 State budget which was not adopted until April 20, 2024, the 2025-26 State Budget which was not adopted until May 9, 2025, and the 2026-27 State budget which was not adopted until May 27, 2026. 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 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.

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.

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.

State Aid History

The State's 2020- 2021 Enacted Budget - Due to the anticipated impact of the COVID-19 pandemic on State revenues, State aid in the State's 2020-2021 Enacted Budget was 3.7% lower than in the State's 2019-2020 Enacted Budget but was offset in part with increased Federal support. This reduction in State Operating Funds support was offset by approximately $1.1 billion in funding provided to the State through the Federal CARES Act, including the Elementary and Secondary School Emergency Education Relief Fund and the Governor's Emergency Education Relief Fund. With these Federal funds, State aid in the school district fiscal year 2020-2021 was approximately $27.9 billion, an annual increase of approximately $100 million or 0.4%. The State's 2020-2021 Enacted Budget continued prior year funding levels for existing programs, including Foundation Aid, Community Schools and Universal Prekindergarten. The 2020-2021 Enacted Budget also provided over $200 million in support for competitive grant programs, including $1 million for development of a new Civics Education curriculum and $10 million for a Student Mental Health program. Funding for expense-based aids, such as Building Aid, Transportation Aid, and Boards of Cooperative Educational Services (BOCES) Aid continued under existing aid formulas. Out-year growth in School Aid reflected then current projections of the ten-year average growth in State personal income. The State's 2020-2021 Enacted Budget authorized the State's Budget Director to make periodic adjustments to State Aid, in the event that actual State revenues come in below 99% of estimates or if actual disbursements exceed 101% of estimates. Pursuant to that provision, in October 2020, the State announced that, in the absence of Federal funding to offset such lost revenue, the State had begun to take steps to reduce spending, including but not limited to, temporarily holding back 20% of most aid payments to local governments and school districts. However, the 2020-2021 State aid declines were offset, in part, by $1.1 billion of increased federal funding through the Coronavirus Aid, Relief, and Economic Security Act. With these federal funds, State aid totaled $27.9 billion in the State's 2020-2021 Enacted Budget, an annual increase of approximately $100 million or 0.4% from the 2019-2020 Enacted Budget. As of February 1, 2021, the State Education Department ("SED") advised school districts that the State Division of the Budget would, at some point, provide approval for SED to make the payments to school districts for State aid and other Pre-K-12 grant programs that had been subject to the above-referenced 20% withholding. Such approval was received and the State released all of the withheld funds prior to June 30, 2021.

The State 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 includes the use of $13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which includes, in part, the allocation of $629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, $105 million of federal funds are to be allocated to expand full-day kindergarten programs. Under the budget, school districts are to be reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments are to receive a full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and will receive a full restoration of $10.3 million in proposed Video Lottery Terminal (VLT) aid cuts where applicable.

The State's 2022-23 Enacted 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 2022-23 Enacted 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, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated $100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-

23 Enacted Budget increased federal funds by $125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

The State's 2023-24 Enacted Budget included $34.5 billion for school aid, an increase of $3.1 billion or 10%. The States 2023-24 Budget also provided a $2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided $134 million to increase access to free school meals. An additional $20 million in grant funding 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.

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

The State's 2025-26 Enacted Budget provided $37.6 billion in State funding to school districts for the 2025-26 school year. This represented an increase of $1.7 billion, or 4.9 percent compared to the 2024-25 school year and included a $1.4 billion or 5.6 percent Foundation Aid increase. The State's 2025-26 Enacted Budget included a 2% minimum increase in Foundation Aid to all school districts and made a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth school districts.

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

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

- **Foundation Aid increase.** The budget provides an approximately $779 million increase in Foundation Aid, bringing total Foundation Aid to about $27.1 billion statewide. Every district is guaranteed at least a minimum annual increase.
- **Overall School Aid increase.** Total School Aid for the 2026-27 school year is projected at approximately $39.3 billion, an increase of roughly $1.6 billion over the prior year.
- **Universal Pre-K expansion.** The legislation significantly expands funding for universal prekindergarten programs. Districts will receive increased per pupil funding for four-year-old programs, with the goal of statewide universal full-day Pre-K by the 2028-29 school year.
- **Expense-based aids fully funded.** The budget continues statutory reimbursement formulas for Building Aid, Transportation Aid, BOCES Aid, and special education expense aids. These aids are projected to increase roughly by $282 million statewide.
- **Building Aid for renewable energy projects.** Certain renewable energy improvements, including ground-mounted solar facilities, may now qualify as part of a project's "primary cost allowance" for Building Aid purposes.
- **Foundation Aid formula adjustments.** The budget continues recent efforts to modernize the Foundation Aid formula by relying more heavily on updated poverty and economic-need data instead of older census metrics and free-and - reduced lunch statistics.

State Aid Litigation - In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York 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 Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs' causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the Campaign for Fiscal Equity case that absent "gross education inadequacies", claims regarding State funding for a "sound basic education" must be made on a district-by-district basis based on the specific facts therein. On October 14, 2021, Governor Hochul announced that New York State has reached an agreement to settle and discontinue the New Yorkers for Students' Educational Rights v. New York State case, following through on the State's commitment to fully fund the current Foundation Aid formula to New York's school districts over three years and ending the State's prior opposition to providing 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 Campaign for Fiscal Equity cases, and has been previously opposed by the State. Foundation Aid was created in 2007 and takes school district wealth and student need into account to create and equitable distribution of state funding to schools, however, New York State has never fully funded Foundation Aid, The new settlement requires New York to phase-in full funding of Foundation Aid by the FY 2024 budget. In the 2022 Enacted State Budget approved in April 2022, the Executive and Legislature agreed to fully fund the Foundation Aid by FY 2024 budget and enacted this commitment into law. A breakdown of the currently anticipated Foundation Aid funding is available below:

- FY 2022: $19.8 billion, covering 30% of existing shortfall.
- FY 2023: Approximately $21.3 billion, cover 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: 2% minimum increase in Foundation Aid to all school districts. The State's 2025-26 Enacted Budget makes a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth school districts.
- FY 2027: $27.1 billion in Foundation Aid, an increase of $779 million from 2025-26 and a 2% minimum increase in Foundation Aid to all school districts. The State's 2026-27 Enacted Budgeted continued to make a number of alterations to the Foundation Aid formula designed to reflect low income student populations and provide additional aid to low-wealth school districts.

The following table illustrates the percentage of total revenue of the District for each of the below fiscal years comprised of State aid and budgeted figures for the 2025-26 and 2026-27 fiscal years.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2020-2021	$22,447,782	$14,401,501	64.16%
2021-2022	22,671,051	14,685,987	64.78
2022-2023	23,589,523	15,253,422	64.66
2023-2024	23,461,350	14,901,002	63.51
2024-2025	25,299,028	16,144,111	63.81
2025-2026 (Budgeted)	25,499,065	16,096,676	63.13
2026-2027 (Budgeted)	27,898,736	16,737,728	59.99

Source: Audited financial statements for the 2020-2021 fiscal year through the 2024-2025 fiscal year and the adopted budgets of the District for them 2025-2026 and 2026-27 fiscal years. This table is not audited.

Fiscal Stress Monitoring

The New York State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent information to School District officials, taxpayers, and policy makers regarding the various levels of fiscal stress under which the State's diverse school districts are operating.

The fiscal stress scores are based on financial information submitted as part of each School District's ST-3 report filed yearly with the State Education Department. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the OSC system creates an overall fiscal stress score which classifies whether a district is in "significant fiscal stress", in "moderate fiscal stress", as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation". This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The reports of State Comptroller for the past five years if the District are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2025	No Designation	0.0
2024	No Designation	0.0
2023	No Designation	0.0
2022	No Designation	0.0
2021	No Designation	0.0

Note: See the official website of the New York State Comptroller for more information on FSMS. Reference to websites implies no warranty of accuracy of information therein, nor incorporation herein by reference.

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on March 18, 2022. The purpose of the audit was to determine whether the District Officials and Board ensured District computerized data was safeguarded through training, monitoring user accounts, and adopting a written information technology (IT) contingency plan for the period of July 1, 2019-April 23, 2021.

Key Findings:

The Board and District officials did not ensure computerized data was safeguarded. In addition to sensitive IT control weaknesses that was communicated confidentially to District officials, it was found:

- The District had 58 unneeded user accounts.
- Officials did not provide IT security awareness training.
- The Board did not adopt a written IT contingency plan.

Key Recommendations:

- Thoroughly review user access on a routine basis and disable any unnecessary network user accounts as soon as they are no longer needed.
- Provide periodic IT security awareness training.
- Develop and adopt a comprehensive written IT contingency plan.

The District officials agreed with the findings in the report and indicated they planned to initiate corrective action.

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

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

Note: Reference to State Comptroller website implies no warranty of accuracy of information therein nor incorporation herein by reference.

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 Bonds are issued is the Education Law and the Local Finance Law.

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

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

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

The School District is in compliance with the procedure for the validation of the Bonds as provided in Title 6 of Article 2 of the Local Finance Law.

Financial Statements

The School District retains an independent Certified Public Accountant, whose most recent report covers the period ended June 30, 2024, and may be found attached hereto as Appendix B.

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

TAX INFORMATION

Assessed and Full Valuations

Fiscal Year Ended June 30:	2022	2023	2024	2025	2026
Assessed Valuations:					
Butternuts	$ 2,925,614	$ 2,927,471	$ 2,907,799	$ 2,934,425	$ 2,924,272
Franklin	160,564	160,564	160,826	160,826	160,567
Laurens	747,668	748,464	793,237	954,332	950,825
Oneonta	3,340,406	3,357,857	3,436,531	3,485,259	3,477,748
Otego	202,328,983	203,535,461	205,472,540	206,174,001	206,897,592
Sidney	26,113,683	26,124,691	26,072,905	26,105,845	26,267,534
Unadilla	97,226,584	97,905,495	98,280,190	97,994,963	98,058,616
Total	$ 332,843,502	$ 334,760,003	$ 337,124,028	$ 337,809,651	$ 338,737,154
Equalization Rates:					
Butternuts	100.00%	88.40%	78.40%	74.11%	68.00%
Franklin	100.00%	94.00%	76.00%	71.50%	67.00%
Laurens	90.00%	79.02%	75.14%	70.50%	66.50%
Oneonta	94.00%	88.00%	78.00%	72.00%	70.00%
Otego	107.34%	100.00%	93.00%	87.00%	76.00%
Sidney	70.10%	64.28%	58.55%	54.80%	50.00%
Unadilla	63.00%	53.00%	47.00%	44.00%	41.00%
Full Valuations:					
Butternuts	$ 2,925,614	$ 3,311,619	$ 3,708,927	$ 3,959,553	$ 4,300,400
Franklin	160,564	170,813	211,613	224,931	239,652
Laurens	830,742	947,183	1,055,679	1,353,662	1,429,812
Oneonta	3,553,623	3,815,747	4,405,809	4,840,638	4,968,211
Otego	188,493,556	203,535,461	220,938,215	236,981,610	272,233,674
Sidney	37,252,044	40,642,021	44,531,008	47,638,403	52,535,068
Unadilla	154,327,911	184,727,349	209,106,787	222,715,825	239,167,356
Total	$ 387,544,055	$ 437,150,192	$ 483,958,038	$ 517,714,623	$ 574,874,173

Equalized values shown here are those used by the School District for tax levy purposes as provided in the Real Property Tax Law. In some cases, equalization rates established specifically for school tax apportionment may have been used, as is also provided in the Real Property Tax Law.

Tax Rate per $1,000 Assessed Value

Fiscal Year Ending June 30:

	2022	2023	2024	2025	2026
Butternuts	$ 19.15	$ 19.49	$ 20.22	$ 20.40	$ 20.42
Franklin	19.15	18.33	20.86	21.15	20.73
Laurens	21.28	21.80	21.10	21.45	20.88
Oneonta	20.37	19.58	20.33	21.00	19.84
Otego	17.84	17.23	17.05	17.38	18.27
Sidney	27.32	26.80	27.08	27.59	27.65
Unadilla	30.39	32.50	33.74	34.36	33.87

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 for the next 30 days. On or about November 15th, uncollected taxes are returnable to the Counties of Otsego and Delaware for collection. The District receives this amount from said Counties prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually.

Tax Collection Record

Fiscal Year Ended June 30:

	2022	2023	2024	2025	2026*
Total Tax Levy	$7,420,915	$7,530,745	$7,673,829	$7,827,306	$7,983,852
Amount Uncollected	564,802	571,967	690,513	688,576	701,303
% Uncollected	7.60%	7.60%	9.00%	8.80%	8.78%

Note: *Collection figures are as of November 20, 2025.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes	Percentage of Total Revenues Consisting of Real Property Taxes
2020-2021	$ 22,447,782	$ 6,261,478	27.89%
2021-2022	22,671,051	6,293,047	27.76
2022-2023	23,589,523	6,474,596	27.45
2023-2024	23,461,350	6,679,934	28.47
2024-2025	25,299,028	6,894,827	27.25
2025-2026 (Budgeted)	25,499,065	7,983,852	31.31
2026-2027 (Budgeted)	27,898,736	8,221,771	29.47

Source: Audited financial statements for the 2020-2021 fiscal year through 2024-2025 fiscal year and the adopted budget of the District for the 2025-2026 and 2026-27 fiscal years. This table is not audited.

Major Taxpayers 2025
For 2025-26 Tax Roll

Name	Type	Assessed Value
Norfolk Southern Railway	Railroad	$6,378,182
New York State Gas and Electric Corporation	Utility	5,831,138
David A. Clapper, Jr.	Commercial	2,466,100
Debra Greene	Residential	1,603,000
Patricia Fiederer	Residential	1,249,855
BFS Holding, LLC	Commercial	1,135,300
Otsego Electric Coop, Inc.	Utility	1,010,779
Milfer Farm, Inc.	Commercial	871,200
WM LLC	Commercial	850,300
Larry Stevens	Residential	836,800
Total		$22,232,654

1. The above taxpayers represent 6.56% of the School District's 2025-26 Assessed value of $338,737,154.

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

General Fund Operations

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A statement of such revenues and expenditures for the five-year period ending June 30, 2024, is contained in the Appendices). As reflected in the Appendices, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

STAR – School Tax Exemption

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

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $110,750 or less in 2026, increased annually according to a cost-of-living adjustment, are eligible for a "full value" exemption of the first $88,500 for the first $88,000 for the 2026-27 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross Income not in excess of $250,000 ($500,000 in the case of a STAR Credit, as discussed below) are eligible for a $30,000 "full value" exemption on their primary residence.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-16 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-16 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The 2019-20 Enacted State Budget made several changes to the STAR program, which went into effect immediately. The changes were intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption was lowered to $250,000, compared with a $500,000 limit for the credit. The amount of the STAR exemption remains the same each year, while the amount of the STAR credit can increase up to two percent annually.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59") included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts in 2014 and 2015 and certain municipal units of government in 2015 and 2016. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction's compliance with the provisions of the Tax Credit Limitation Law. For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a State approved "government efficiency plan" which demonstrated three-year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies.

Chapter 20 of the Laws of 2015 ("Chapter 20") introduced a new real property tax rebate program that provides state financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received $130, and eligible taxpayers who resided outside the MCTD received $185. Credits in 2017-2019 varied based on a taxpayer's personal income level and STAR tax savings and the program was fully phased in in 2019. Similar to the Chapter 59 real property tax credit, under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district's compliance with the provisions of the Tax Levy Limitation Law. Unlike Chapter 59, however, for taxpayers other 27 than those living in one of the "Big 4" cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law.

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 now 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. On April 12, 2019, the enacted State budget legislation for fiscal year 2020 made the Tax Levy Limitation Law permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments would be 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 could 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 to the next 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 this is an exclusion from the tax levy limitation. The Bonds qualify for this exclusion.

On February 20, 2013, the New York State United Teachers ("NYSUT") filed a lawsuit against the State challenging the Tax Levy Cap Law, as applied to school districts, on multiple Federal and State constitutional grounds. On September 23, 2014, a Justice of the State Supreme Court dismissed each of NYSUT's causes of action but granted

NYSUT's motion to amend the complaint. After the ruling, NYSUT amended its complaint to include a challenge to the Real Property Tax Rebate (discussed below), also on Federal and State constitutional grounds. On March 16, 2015, all causes of action contained in the amended complaint were dismissed. On May 5, 2016, the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution and Local Finance Law limit the power of the School District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations in summary form, and as generally applicable to the School District and the Bonds include the following:

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

The School District may contract indebtedness only for a School 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 School 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 authorized the power and procedure for the School District to borrow and incur indebtedness by the enactment of the Local Finance Law subject, of course, to the constitutional provisions set forth above. The power to spend money, however, generally derives from other law, including the Education Law.

The School District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the School 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.

The School District has the power to contract indebtedness for any school district purpose so long as the 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 and exclusions set forth in the Local Finance Law. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the rate which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such rate shall be determined.

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

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

1. Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or

2. There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations

and an action contesting such validity is commenced within twenty days after the date of such publication, or

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

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

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

In general, the Local Finance Law contains provisions providing the School District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget notes (see "Status of Short-Term Indebtedness" herein).

Status of Indebtedness

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Serial Bonds	$ 6,415,000	$ 4,475,000	$ 2,430,000	$ 1,230,000	$ -
Bond Anticipation Notes	-	1,500,000	1,500,000	12,900,000	19,095,000
Energy Performance Lease	-	-	-	2,904,237	2,904,237
Total Debt Outstanding	$ 6,415,000	$ 5,975,000	$ 3,930,000	$ 17,034,237	$ 21,999,237

Note: School District has an outstanding Energy Performance Contract which while not general obligation debt does count towards the debt limit.

Status of Outstanding Bond Issues

The District does not currently have any Outstanding Bond Debt.

Total Annual Bond Principal and Interest Due

The District does not currently have any Outstanding Bond Debt.

Schedule of Principal Payments Outstanding and Proposed Bonds

Fiscal Year Ending June 30:	Prior Issues*	This Issue	Total Maturing Principal
2028	$ -	$ 1,405,000	$ 1,405,000
2029	-	1,480,000	1,480,000
2030	-	1,555,000	1,555,000
2031	-	1,550,000	1,550,000
2032	-	1,565,000	1,565,000
2033	-	1,645,000	1,645,000
2034	-	1,725,000	1,725,000
2035	-	1,815,000	1,815,000
2036	-	1,910,000	1,910,000
2037	-	2,005,000	2,005,000
2038	-	2,110,000	2,110,000
2039	-	2,220,000	2,220,000
2040	-	1,395,000	1,395,000
2041		515,000	515,000
Totals	-	22,895,000	22,895,000

*Does not include EPC Indebtedness

Energy Performance Contract – Lease Purchase Financing

Year of Issue:	2024	
Fiscal Year Ending June 30:	Principal	Interest
2026	$ 140,274	$ 126,260
2027	146,514	120,020
2028	153,032	113,503
2029	159,839	106,695
2030	166,949	99,585
2031	174,376	92,158
2032	182,133	84,401
2033	190,235	76,300
2034	198,697	67,837
2035	207,536	58,998
2036	216,768	49,766
2037	226,411	40,124
2038	236,482	30,052
2039	247,002	19,532
2040	257,990	8,545
Totals:	$ 2,904,237	$ 1,093,777

Status of Short-Term Indebtedness

Type	Dated Date	Maturity Date	Interest Rate	Amount Outstanding
BAN	7/16/2025	7/16/2026	3.75%	$23,927,651*

*Proceed of the Bonds, together with $1,032,651 of available funds, will renew redeem and permanently finance the outstanding note.

Cash Flow Borrowings

The District has not issued a Revenue Anticipation Note (RAN) since 2014-15 and does not anticipate having to issue same, or tax, budget, or deficiency notes in the foreseeable future. See "Budgetary Procedures" herein.

Capital Project Plans

On May 18, 2021 District voters approved a $27,695,000 Capital Project consisting of the reconstruction and renovation to buildings, including site work, playing fields, as well as original furnishings, equipment, machinery, apparatus and other improvements and costs incidental thereto. The District issued a $1,500,000 BAN on July 20, 2021. This was the first borrowing against said authorization. The District renewed the $1,500,000 BAN on July 19, 2022. The District issued a $12,900,000 BAN on July 18, 2023. The proceeds of the Notes, together with $100,000 available funds, renewed and redeemed the maturing Bond Anticipation Note and provided an additional $11,500,000 of new monies. On July 17, 2024, the District issued a $19,095,000 BAN. This issue, together with $555,000 available funds, redeemed the maturing Notes and provided an additional $6,750,000 of new monies for this project. The proceeds of the notes together with $1,160,000 renewed and redeemed the $19,095,000 Bond Anticipation Note due July 17, 2025 and provided $5,992,651 of new money. Together with $1,032,651 of available district funds the Bonds will redeem and permanently finance the $23,927,651 Bond Anticipation Note maturing July 16, 2026.

Building Aid Estimate

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. The District has not applied for such estimate but anticipates that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 89.1%.

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.

A fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The provisions legislated, among other things, a new "assumed amortization" payout schedule for future State building aid payments based on an annual "average interest rate" and mandatory periods of probable usefulness with respect to the allocation of building aid. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the School District will receive in relation to its outstanding debt. See "State Aid" herein.

Debt Statement Summary

As of June 15, 2026

Town	Taxable Assessed Valuation	State Equalization Rate	Taxable Full Valuation	
Butternuts	$ 2,924,272	68.00%	$ 4,300,400	
Franklin	160,567	67.00%	239,652	
Laurens	950,825	66.50%	1,429,812	
Oneonta	3,477,748	70.00%	4,968,211	
Otego	206,897,592	76.00%	272,233,674	
Sidney	26,267,534	50.00%	52,535,068	
Unadilla	98,058,616	41.00%	239,167,356	
Total			$ 574,874,173	
Debt Limit: 10% of Full Valuation			$ 57,487,417	
Inclusions:				
Serial Bonds			$ -	
Bond Anticipation Notes			23,927,651	
Energy Performance Contract			2,904,237	1
Total Inclusions:			$ 26,831,888	
Exclusions:				
Building Aid Estimate			$0	2
Total Exclusions:			$0	
Total Net Indebtedness :			$ 26,831,888	
Net Debt Contracting Margin			$ 30,655,529	
Percentage of Debt-Contracting Power Exhausted			46.67%	

Notes:

1. Though Energy Performance Contract is not considered general obligations debt, it does count in the District's debt limit.
2. Pursuant to the provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing building debt. Since the Gross Indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate and therefore is not permitted to deduct Estimated Building Aid

Estimated Overlapping Indebtedness

Overlapping Unit	Applicable Equalized Value	Percent	Gross Indebtedness [1]	Exclusions	Net Indebtedness	Estimated Applicable Overlapping Indebtedness
Delaware	$ 291,702,424					
County	$ 8,397,780,225	3.47%	$ 3,485,000	N/A	$ 3,485,000	$ 121,054
Otsego	$ 283,171,749					
County	$ 5,937,112,064	4.77%	$ -	N/A	$ -	$ -
Town of	$ 4,300,400					
Butternuts	$ 181,187,287	2.37%	$ 450,000 [2]	N/A	$ 450,000	$ 10,681
Town of	$ 52,535,068					
Franklin	$ 309,334,414	16.98%	$ -	N/A	$ -	$ -
Town of	$ 239,652					
Laurens	$ 197,993,640	0.12%	$ -	N/A	$ -	$ -
Town of	$ 1,429,812					
Oneonta	$ 630,014,999	0.23%	$ 6,416,500	N/A	$ 6,416,500	$ 14,562
Town of	$ 4,968,211					
Otego	$ 4,968,211	100.00%	$ -	N/A	$ -	$ -
Town of	$ 239,167,356					
Sidney	$ 375,081,763	63.76%	$ -	N/A	$ -	$ -
Town of	$ 272,233,674					
Unadilla	$ 290,993,723	93.55%	$ 131,637	N/A	$ 131,637	$ 123,151
Village of	$ 63,922,661					
Otego	$ 63,922,661	100.00%	$ 850,000	N/A	$ 850,000	$ 850,000
Village of	$ 66,743,285					
Unadilla	$ 66,743,285	100.00%	$ 1,361,000 [3]	N/A	$ 1,361,000	$ 1,361,000
Fire District of	$ 152,929					
Otego*	$ 152,929	100.00%	$ 113,897 [3]	N/A	$ 113,897	$ 113,897
Fire District of	$ 47,000					
Wells Bridge	$ 47,000	100.00%	$ -	N/A	$ -	$ -
Total						$ 2,473,290

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2024.

Notes:
1 Bonds and Bond Anticipation notes as of 2024 fiscal year. Not adjusted to include subsequent bond and note sales.
2 Gross Indebtedness for the Town of Butternuts is from 2019. The Town has not filed for fiscal years from 2019 through 2023.
3 Gross Indebtedness for Village of Unadilla is from 2024. The Village did not file for fiscal year 2024.
4 Figures for the Otego Fire District are from 2023. The Fire District did not file for fiscal year 2024.

N/A Information not available from source document.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of June 15, 2026:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness	$ 26,831,888	$ 4,210.91	4.667%
Net Indebtedness Plus Net Overlapping Indebtedness	$ 29,305,178	$ 4,599.05	5.098%

(a) The District's estimated population is 6,372. (Source: 2024 U.S. Census Bureau estimate)
(b) The District's full valuation of taxable real estate for 2025-26 is $574,874,173.

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 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. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

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

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

General Municipal Law Contract Creditors' Provision.

Each Bond 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 Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

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 the counties, cities, towns or villages, 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.

State Debt Moratorium Law.

There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law described below enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the School District.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law.

The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness. This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6- A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards.

Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its "property, affairs and government" by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the "property, affairs and governments" of local government units. This occurred in the case of the County of Erie in 2005.

The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the "FRB"), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to $5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The School District has not requested FRB assistance. School districts and fire districts are not eligible for FRB assistance.

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. See "Nature of Obligation" and "State Debt Moratorium Law" herein.

No Past Due Debt.

No principal of or interest on the School District's indebtedness is past due to the best knowledge of current officers. The School District has never defaulted in the payment of the principal of and interest on any indebtedness.

LEGAL MATTERS

Legal matters incident to the authorization, issuance and sale of the Bonds 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 Bonds in substantially the form attached hereto as Appendix C.

MARKET AND RISK FACTORS

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

The financial and economic condition of the District as well as the market for the Bonds and Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State and in other jurisdictions in the 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 Bonds and Notes. If a significant default or other financial crisis should occur in the affairs of the State or any other jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Bonds and Notes, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriations for State aid to school districts will be continued in futures years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available, therefore. The availability of such monies and the timelines of such payments may also be affected by a delay in the adoption of the State budget and other circumstances, including state fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available, therefore.

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 reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

Current and future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Bonds and 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 Bonds and 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 Bonds and Notes, or tax status of interest on the Bonds and Notes.

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District could have an impact upon the market price of the Bonds and Notes.

Cybersecurity.

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operation controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard again cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial. The District had a State Comptroller audit in 2022 regarding the safeguarding of computerized data (see New York State Comptroller Report of Examination section herein).

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 Bonds 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 Bonds is not a specific preference item for purposes of the federal individual alternative minimum tax. Interest on the Bonds 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-C".

To the extent the issue price of any maturity of the Bonds is less than the amount to be paid at maturity of such Bonds (excluding amounts stated to be interest and payable at least annually over the term of such Bonds), 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 Bonds 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 Bonds is the first price at which a substantial amount of such maturity of the Bonds 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 Bonds accrues daily over the term to maturity of such Bonds 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 Bonds to determine taxable gain or loss upon disposition (including sale, redemption, or payment on maturity) of such Bonds. Owners of the Bonds should consult their own tax advisors with respect to the tax consequences of ownership of Bonds with original issue discount, including the treatment of owners who do not purchase such Bonds in the original offering to the public at the first price at which substantial amount of such Bonds is sold to the public.

Bonds 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 Bonds") 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 Bonds, 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 Bond, will be reduced by the amount of amortizable bond premium properly allocable to such owner. Owners of Premium Bonds should consult their own tax advisors with respect to the proper treatment of amortizable bond premium in their particular circumstances.

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 Bonds. The School District has covenanted to comply with certain restrictions designed to ensure that interest on the Bonds 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 Bonds being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds. 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 Bonds may adversely affect the value of, or the tax status of interest on, the Bonds. 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 Bonds.

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 Bonds) 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 Bonds 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 Bonds 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 Bonds 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.

Current and future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds 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 Bonds. Prospective purchasers of the Bonds 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 Bonds 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 School 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 School District has covenanted, however, to comply with the requirements of the Code.

Bond Counsel's engagement with respect to the Bonds ends with the issuance of the Bonds, and, unless separately engaged, Bond Counsel is not obligated to defend the School District or the owners regarding the tax-exempt status of the Bonds 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 School District legitimately disagrees, may not be practicable. Any action of the IRS, including but not limited to selection of the Bonds 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 Bonds, and may cause the School District or the owners to incur significant expense.

Payments on the Bonds 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 Bonds may be subject to backup withholding with respect to "reportable payments," which include interest paid on the Bonds and the gross proceeds of a sale, exchange, redemption, retirement or other disposition of the Bonds. 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.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Bonds will be covered by the approving legal opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel to the School District, such opinion to be delivered with the Bonds. The proposed form of such opinion is attached hereto as Appendix C.

CONTINUING DISCLOSURE COMPLIANCE

In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the School District has agreed to provide, or cause to be provided,

(i) to the Electronic Municipal Market Access ("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, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the final Official Statement of the School District relating to the Bonds under the headings "Bond Rating", "School District Officials", "Historical and Projected Enrollment", "District Facilities", "District Employees", "Other Post Employment Benefits", "Major Employers", "Unemployment Rate Statistics", "Investment Policy", "Budgetary Procedures", "State Aid", "Fiscal Stress Monitoring", "Other Information", "Financial Statements", "Financial Information – Appendix C", "Tax Collection Procedure", "STAR - School Tax Exemption", "Tax Levy Limitation Law", "Tax Collection Record", "Major Taxpayers", "Status of Short-Term Indebtedness", "Status of Outstanding Bond Issues", "Building Aid Estimate", "Debt Statement Summary", "Estimated Overlapping Indebtedness" and "Litigation" (other than any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2026, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2026; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the School District of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the School District of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;

(ii) In a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Bonds are outstanding, to EMMA, notice of the occurrence of any of the following events with respect to the Bonds:

(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 Bonds, 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 Bonds, or other material events affecting the tax status of the Bonds

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

(h) bond calls, if material and tender offers

(i) defeasances
(j) release, substitution, or sale of property securing repayment of the Bonds, if material
(k) rating changes
(l) bankruptcy, insolvency, receivership or similar event of the School District

Note to clause (l): For the purposes of the event identified in clause (l) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the School District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the School 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 School District.

(m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material
(n) appointment of a successor or additional trustee or the change of name of a trustee, if material
(o) incurrence of a financial obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the School District, any of which affect security holders, if material
(p) default, event of acceleration, termination event, modification of terms, or other similar events under the term of a financial obligation of the School District, any of which reflect financing 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 Bonds.

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

For the purpose of events (o) and (p), “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or source of pay for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii), but shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

The School 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 School District determines that any such other event is material with respect to the Bonds; but the School District does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

(iii) As an issuer of outstanding bonds subject to the Rule, the School District shall provide in a timely manner, to EMMA, notice of its failure to provide the aforedescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The School District reserves the right to terminate its obligations to provide the aforedescribed annual financial information and operating data and such audited financial statements, if any, and notices of Material Events as set forth above, if and when the School District no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule provided herein is intended to be for the benefit of the holders of the Bonds (including holders of beneficial interests in the Bonds). The right of holders of the Bonds to enforce the provisions of this undertaking will be limited to a right to obtain specific enforcement of the School District's obligations under this continuing disclosure undertaking and any failure by the School District to comply with the provisions of this undertaking will neither be a default with respect to the Bonds nor entitle any holder of the Bonds to recover monetary damages.

The School 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 School District; provided that, the School District agrees that any such modification will be done in a manner consistent with the Rule. A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at closing. The School District within the previous five years has complied to the best of its understanding, in all material respects, with any previous undertakings pursuant to Rule 15c2-12.

LITIGATION

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School 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 School District.

There is no other 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 School District, threatened against or affecting the School District to restrain or enjoin the issuance, sale or delivery of the Bonds or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the School District taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the School District.

RATING

The District has applied to S&P Global Ratings to rate the bonds.

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

A rating reflects only the view of the rating agency assigning such rating and an explanation of the significance of such rating may be obtained from such rating agency. 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 rating will continue for any given period of time or that it will not be revised downward or withdrawn entirely by such rating agency if, in its judgment, circumstances so warrant. Any downward revision or withdrawal of the rating of the District's outstanding serial bonds may have an adverse effect on the market price of the bonds.

MUNICIPAL ADVISOR

R.G. Timbs, Inc.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 Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds 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.

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 Bonds.

Statements in this official statement, and the documents included by specific reference, which 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 Bonds.

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 Bonds, 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 Bonds, 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 Bonds 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.

R.G. Timbs, Inc. may place a copy of this Official Statement on its website at www.RGTimbsInc.net. 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. R.G. Timbs, 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 School District nor R.G. Timbs, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, R.G. Timbs, Inc. and the School District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damage caused by viruses in the electronic files on the website.

The School District contact information is as follows: Patricia Loker, Business Manager, telephone number 607-988-5022 email: ploker@unatego.stier.org.

Additional copies of the Notice of Sale and the Official Statement may be obtained from the offices of R.G. Timbs, Inc., telephone number (877) 315-0100 x5 or at www.RGTimbsInc.net.

Otego-Unadilla Central School District

Dated: June 17, 2026
Otego, New York

____
James M. Salisbury

President of Board of Education and Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025	Budget 2026	
Beginning Fund Balance - July 1	$5,133,149	$6,013,199	$7,194,138	$8,692,868	$10,171,912	$11,157,053	E
Revenues:							
Real Property Taxes	$6,261,478	$6,293,047	$6,474,596	$6,679,934	$6,894,827	$7,983,852	
Other Tax Items	1,189,505	1,155,138	1,083,384	1,021,079	965,473	24,300	
Charges for Services	21,179	62,165	143,488	122,741	255,928	165,000	
Use of Money & Property	3,914	11,010	261,930	429,957	475,501	232,000	
Sale of Property/Comp. for Loss	5,649	26,075	49,482	9,622	16,106	0	
Miscellaneous	320,069	359,687	235,420	238,833	247,984	204,000	
State Aid	14,401,501	14,685,987	15,253,422	14,901,002	16,144,111	16,096,676	
Federal Aid	244,487	77,942	87,801	38,182	57,618	40,000	
EBLAR & Retirement Usage	0	0	0	0	0	649,500	
Interfund Transfer	0	0	0	20,000	241,480	103,737	
Total Revenues	$22,447,782	$22,671,051	$23,589,523	$23,461,350	$25,299,028	$25,499,065	
Expenditures:							
General Support	$2,866,727	$3,440,345	$3,703,127	$3,561,127	$3,755,149	$4,108,528	
Instruction	9,740,973	9,391,723	9,217,240	10,555,887	11,108,172	11,955,143	
Transportation	1,179,456	1,212,062	1,378,004	1,502,327	1,412,541	1,764,257	
Community Services	17,660	41,681	25,971	34,904	66,087	83,600	
Employee Benefits	4,161,516	4,661,048	4,663,870	4,418,172	5,057,101	5,708,912	
Debt Service	2,251,400	2,693,253	3,052,581	1,909,889	2,914,837	2,703,625	
Interfund Transfer	1,350,000	50,000	50,000	0	0	0	
Total Expenditures	$21,567,732	$21,490,112	$22,090,793	$21,982,306	$24,313,887	$26,324,065	
Adjustments	0	0	0	0	0	0	
Year End Fund Balance	$6,013,199	$7,194,138	$8,692,868	$10,171,912	$11,157,053	$10,332,053	E
Excess (Deficit) Revenues Over Expenditures	$880,050	$1,180,939	$1,498,730	$1,479,044	$985,141	($825,000)	1

Source: Audited Annual Financial Reports and Annual Budget. This table is NOT audited.

Note: 1. Appropriated Fund Balance is planned to be used

E. Estimated

General Fund – Budget Summary

	2026-27 Adopted Budget	
Revenues:		
Real Property Taxes & STAR	$	8,221,771.00
Other Tax Items		26,500.00
Charges for Services		187,000.00
Use of Money & Property		325,000.00
Sale of Property		-
Miscellaneous		238,700.00
State Aid		16,737,728.00
Federal Aid		40,000.00
Reserve Usage		1,203,000.00
Interfund Transfers		94,037.00
Appropriated Fund Balance		825,000.00
Total Revenues	$	27,898,736.00
Expenditures:		
General Support	$	4,491,228.00
Instruction		12,797,718.00
Transportation		1,887,674.00
Community Service		80,000.00
Employee Benefits		5,873,268.00
Debt Service		2,768,848.00
Interfund Transfers		-
Total Expenditures	$	27,898,736.00

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Assets:					
Unrestricted Cash	$4,267,291	$3,740,601	$3,303,151	$3,882,760	$3,312,401
Restricted Cash	2,517,176	3,946,203	5,146,339	6,727,099	7,585,194
Other Receivables	124	18,609	55,358	81,899	84,139
Due from Other Funds	187,081	486,427	740,164	517,501	636,422
Due from State & Federal	0	0	0	0	1,793,574
Due from Other Governments	930,613	890,888	997,296	1,112,176	0
Total Assets	$7,902,285	$9,082,728	$10,242,308	$12,321,435	$13,411,730
Liabilities:					
Accounts Payable	$953,781	$612,465	$130,648	$65,848	$129,917
Accrued Liabilities	147,507	190,657	223,049	754,652	295,637
Accrued Interest	0	4,675	33,575	0	819,254
Notes Payable:					
Revenue Anticipation Notes	0	0	0	0	0
Due to Other Funds	110,933	349,194	344,544	503,868	116,948
Due to Fiduciary Funds	0	0	0	0	0
Unearned Revenues	0	6,000	0	0	892,921
Due Retirement System	676,865	725,599	817,624	825,155	0
Total Liabilities:	$1,889,086	$1,888,590	$1,549,440	$2,149,523	$2,254,677
Fund Balances:					
Nonspendable	$0	$0	$0	$0	$0
Restricted	2,517,176	3,946,203	5,146,339	6,727,099	7,585,194
Assigned	760,812	656,281	840,772	855,419	899,435
Unassigned	2,735,211	2,591,654	2,705,757	2,589,394	2,672,424
Total Fund Balance	$6,013,199	$7,194,138	$8,692,868	$10,171,912	$11,157,053
Total Liabilities and Fund Balance	$7,902,285	$9,082,728	$10,242,308	$12,321,435	$13,411,730

Source: Audited Annual Financial Reports. This table is NOT audited.

APPENDIX B

Audited Financial Statements

For The Fiscal Year Ended June 30, 2025

Note: Such Financial Reports and opinions were prepared as of the date thereof and have not been reviewed and/or updated by the District's Auditors in connection with the preparation and dissemination of this official statement. Consent of the Auditors for inclusion of the Audited Financial Reports in this Official Statement has neither been requested nor obtained.

UNATEGO CENTRAL
SCHOOL DISTRICT

MANAGEMENT'S
DISCUSSION AND
ANALYSIS

AND

BASIC FINANCIAL
STATEMENTS

For the Year Ended
June 30, 2025

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

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

Independent Auditor's Report

Board of Education
Unatego Central School District

Report on the Audit of Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financials audits contained in *Government Auditing Standards* issued by the Comptroller of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Unatego 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.

Change in Accounting Principle

As discussed in Notes 1 and 18 to the financial statements, Unatego Central School District changed its accounting policies related to the recognition and reporting of compensated absences by adopting Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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 Unatego 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 Unatego 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 Unatego 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 6, 2025, on our consideration of the Unatego 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 Unatego 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 Unatego Central School District's internal control over financial reporting and compliance.

D'Arcangelo + Co., LLP

October 8, 2025

Rome, New York

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

1. FINANCIAL HIGHLIGHTS

Key financial highlights for fiscal year ended June 30, 2025, are as follows:

- The District's total Net Position, as reflected in the District-wide financial statements, increased by $2,257,960960 to $9,980,149.

- The District's expenses for the year, as reflected in the District-wide financial statements, totaled $23,065,408. Of this amount, $286,732 and $1,664,322 was offset by program charges for services and operating grants to support instructional and food service programs, respectively. General revenues of $25,043,199 amount to 92.8% of total revenues.

- The General Fund's total fund balance, as reflected in the fund financial statements on pages 16 and 18, increased by $985,141 to $11,157,053. This was due to the excess of revenues over expenditures based on the modified accrual basis of accounting.

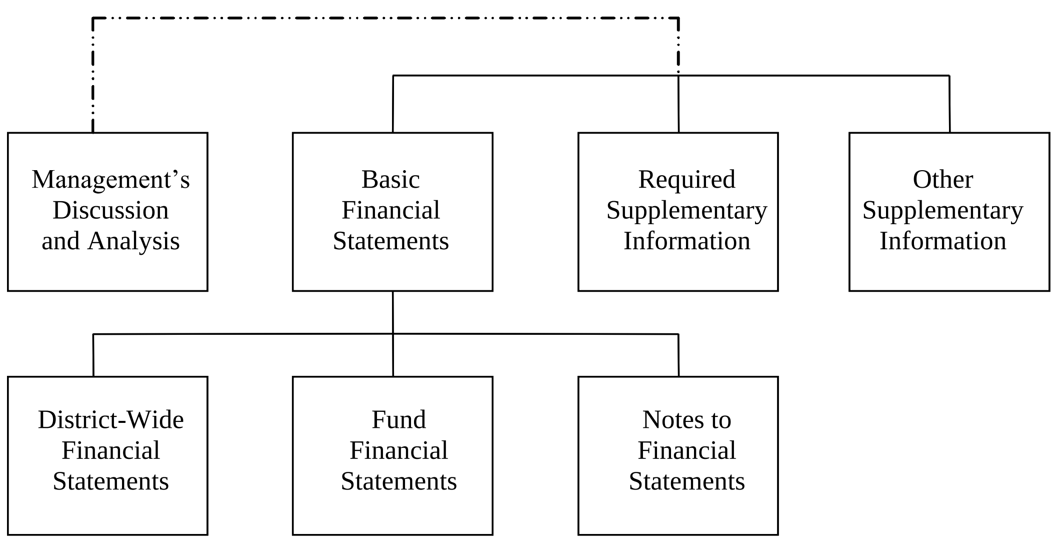
- State and federal revenue decreased by $424,444 to $16,201,729 in 2025 from $16,626,173 in 2024.

- Operating Grants decreased by $1,187,968 as grant funding related to the federal COVID-19 Education Stabilization Fund was fully received in the prior year.

- The General Fund's unassigned fund balance was 10.39% of the subsequent year's budget. The State legal limit is 4.0%.

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 is as follows:



A. District-wide Financial Statements

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

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

The Statement of Net Position

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

The Statement of Activities

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

B. Fund Financial Statements

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

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

Governmental Funds

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

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

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

Fiduciary Funds

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

3. FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

A. Net Position

The District's total Net Position increased by $2,257,960960 between fiscal year 2024 and 2025. A summary of the District's Statement of Net Position for June 30, 2025 and 2024 is as follows:

	2025	(Restated) 2024	Increase (Decrease)	Percentage Change
Current and Other Assets	$ 13,537,021	$ 18,785,711	$ (5,248,690)	(27.9%)
Net Pension Asset - Proportionate Share	1,057,452		1,057,452	100.0%
Right to Use Leased Assets, Net	1,076,747	871,490	205,257	23.6%
Capital Assets, Net	46,247,778	34,927,048	11,320,730	32.4%
Total Assets	61,918,998	54,584,249	7,334,749	13.4%
Deferred Outflows of Resources	3,746,502	4,834,198	(1,087,696)	(22.5%)
Current Liabilities	21,591,422	15,772,411	5,819,011	36.9%
Net Pension Liability - Proportionate Share	1,374,534	1,522,390	(147,856)	(9.7%)
Non-Current Liabilities	20,162,007	21,168,267	(1,006,260)	(4.8%)
Total Liabilities	43,127,963	38,463,068	4,664,895	12.1%
Deferred Inflows of Resources	12,557,388	13,233,190	(675,802)	(5.1%)
Net Investment in Capital Assets	24,473,607	19,239,190	5,234,417	27.2%
Restricted	8,009,255	7,159,256	849,999	11.9%
Unrestricted (Deficit)	(22,502,713)	(18,676,257)	(3,826,456)	(20.5%)
Total Net Position	$ 9,980,149	$ 7,722,189	$ 2,257,960	29.2%

Current and other assets decreased by $5,248,690, as compared to the prior year. This decrease is primarily due to a decrease in the District's cash balances.

The District's net pension asset – proportionate share increased by $1,057,452 as compared to the prior year, as reported to the District by the NYS Teachers' Retirement System.

Capital assets, net of accumulated depreciation, increased by $11,320,730, as compared to the prior year. This increase is due to the District completing Phase II of the capital project during the year.

Deferred Outflows decreased by $1,087,696 as compared to the prior year due to changes in assumptions used by the State's pension system actuaries.

Current liabilities increased by $5,819,011, as compared to the prior year. This increase is primarily the result of an increase of $6,195,000 in Bond Anticipation Notes payable in the current year.

The Net Pension Liability - Proportionate Share decreased by $147,856, as compared to the prior year due to changes in the District's proportionate share of the total pension liability of the retirement systems.

Non-current liabilities decreased by $1,006,260 as compared to the prior year. This decrease is due to the principal paid on serial bonds in the amount of $1,230,000.

Deferred Inflows decreased by $675,802 over the prior year due to amounts relating to the Other Postemployment Benefit valuation.

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

The restricted Net Position at June 30, 2025 is $8,009,255 which represents the amount of the District's reserves and other restricted funds in the Debt Service, Miscellaneous Special Revenue and General Funds.

The unrestricted Net Position at June 30, 2025, is a deficit of $22,502,713, which represents the amount by which the District's liabilities and deferred inflows of resources, excluding debt related to capital construction, exceeded the District's assets other than capital assets and deferred outflows of resources, and excluding restricted amounts. This deficit is due to the recognition of the $13,966,350 liability for other postemployment benefits.

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, 2025 and 2024 is as follows:

Revenues	2025	2024	Increase (Decrease)	Percentage Change
Program Revenues				
Charges for Services	$ 286,732	$ 156,282	$ 130,450	83.5%
Operating Grants	1,664,322	2,852,290	(1,187,968)	(41.6%)
General Revenues				
Property Taxes and STAR	7,860,300	7,701,013	159,287	2.1%
State and Federal Sources	16,201,729	16,626,173	(424,444)	(2.6%)
Miscellaneous	981,170	1,052,674	(71,504)	(6.8%)
Total Revenues	26,994,253	28,388,432	(1,394,179)	(4.9%)
Expenses				
General Support	3,676,960	3,420,851	256,109	7.5%
Instruction	15,017,015	16,345,126	(1,328,111)	(8.1%)
Pupil Transportation	2,296,542	1,579,008	717,534	45.4%
Community Service	66,087	34,904	31,183	89.3%
Debt Service-Unallocated Interest	1,125,656	626,306	499,350	79.7%
Food Service Program	883,148	571,882	311,266	54.4%
Total Expenses	23,065,408	22,578,077	487,331	2.2%
Total Change in Net Position	$ 3,928,845	$ 5,810,355	$ (1,881,510)	(32.4%)

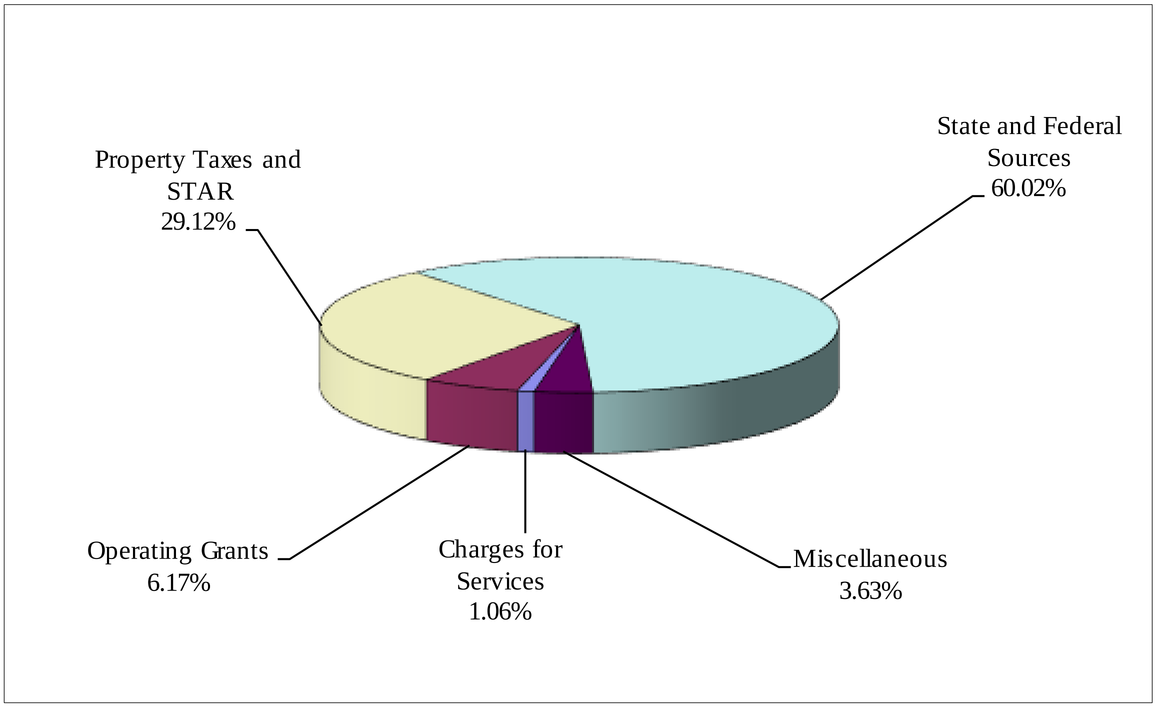
The District's Operating Grants revenue decreased by $1,394,179 in 2025 or 4.9%. The major factor that contributed to the decrease is as follows:

- The federal COVID-19 Education Stabilization Fund grants recognized in the prior year. The District received all of their allotted funds in prior fiscal years.

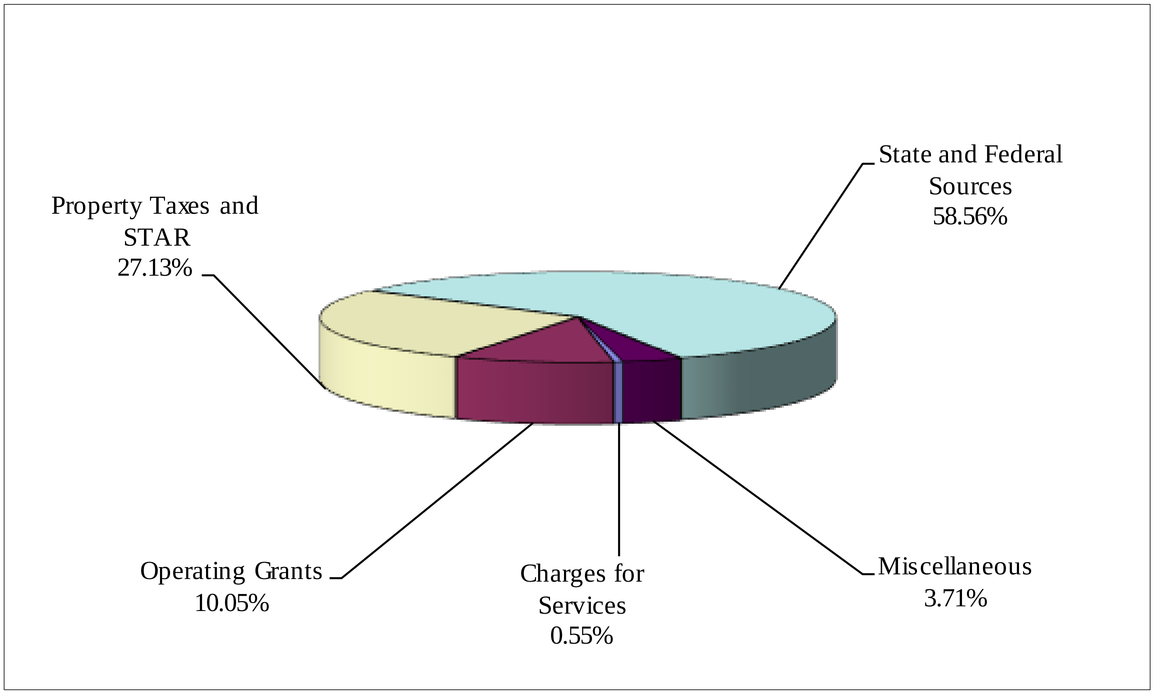
The District's expenses for the year increased by $487,331 or 2.2%. These expenses increased primarily due to the allocation of employee benefit costs related to pension and other post-employment benefits.

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

For the Year Ended June 30, 2025

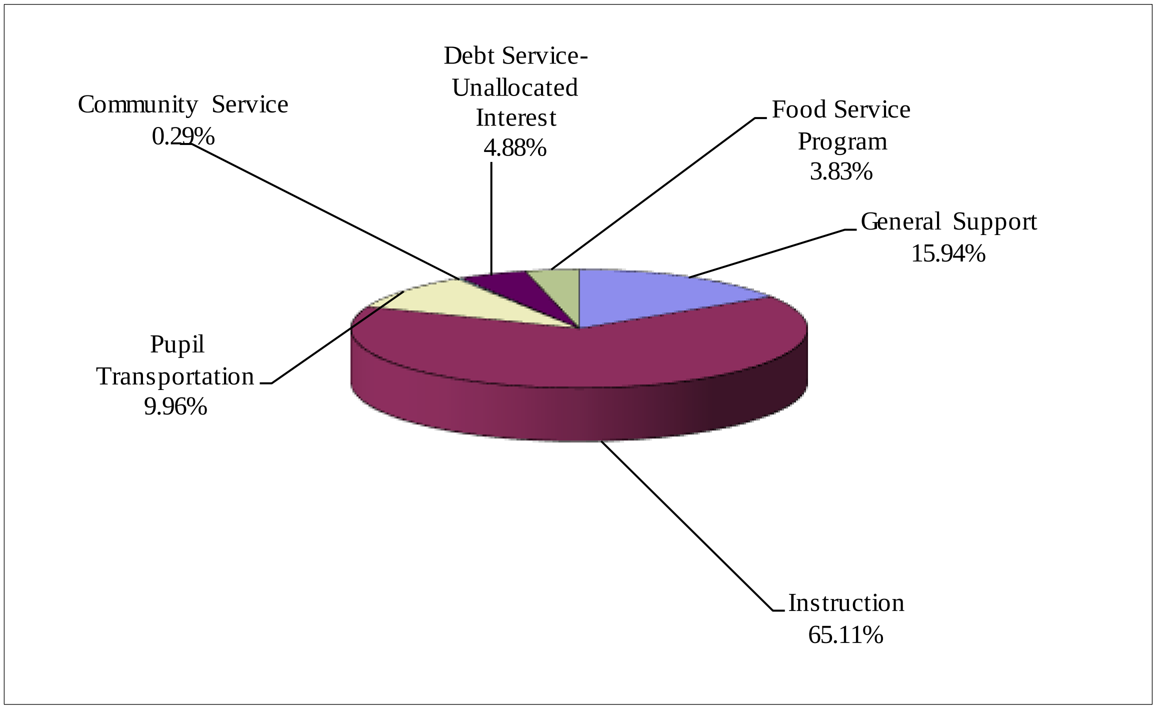


For the Year Ended June 30, 2024

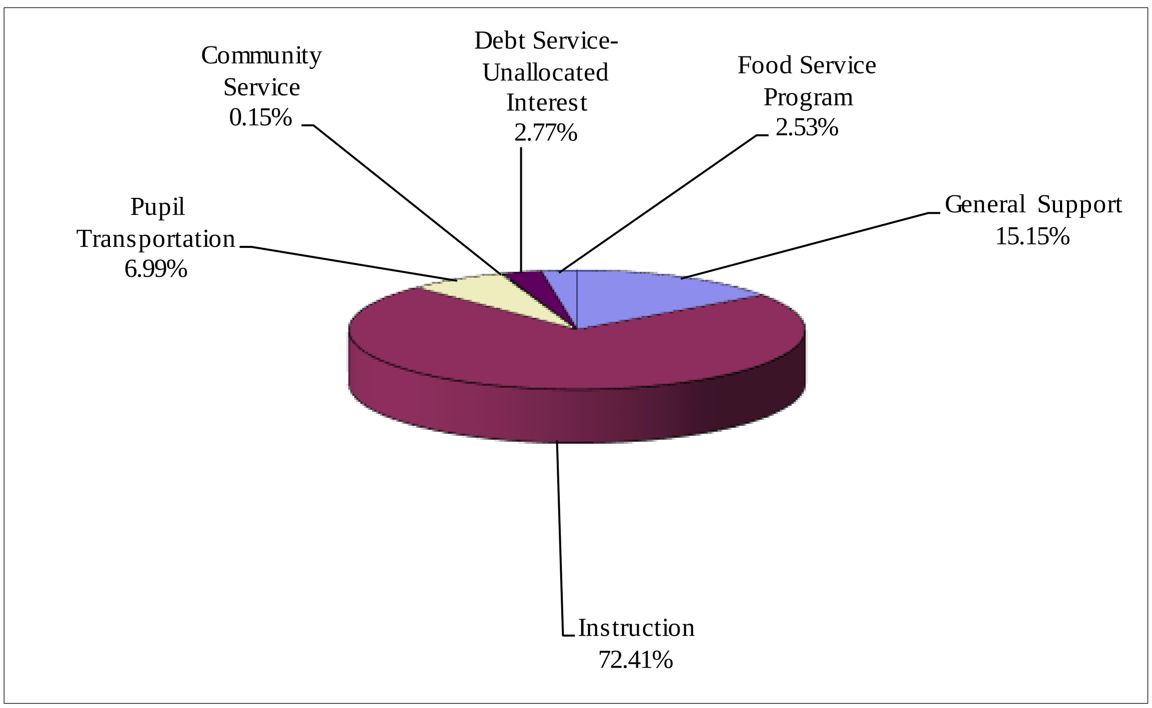


A graphic display of the distribution of expenses for the two years follows:

For the Year Ended June 30, 2025



For the Year Ended June 30, 2024



4. FINANCIAL ANALYSIS OF THE DISTRICT'S FUND BALANCES

At June 30, 2025, the District's governmental funds reported a combined fund balance (deficit) of $8,054,401 which is a decrease of $11,071,882 over the prior year. This decrease is due to an excess of expenditures over revenues for the year. A summary of the change in fund balance by fund is as follows:

General Fund	2025	2024	Increase (Decrease)
Restricted			
Workers' Compensation	$ 407,267	$ 207,267	$ 200,000
Unemployment Insurance	91,700	91,700	
Retirement Contribution Reserve - ERS	1,909,835	1,546,499	363,336
Retirement Contribution Reserve - TRS	780,200	630,200	150,000
Liability	45,000	45,000	
Employee Benefit Accrued Liability Reserve	501,893	357,134	144,759
Capital Reserve	3,350,000	3,350,000	
Repairs Reserve	499,299	499,299	
Total Restricted	7,585,194	6,727,099	858,095
Assigned			
Appropriated for Subsequent Year's Budget	825,000	825,000	
General Support	5,957	22,790	(16,833)
Instruction	367	6,278	(5,911)
Pupil Transportation	68,111	1,351	66,760
Total Assigned	899,435	855,419	44,016
Unassigned			
Unassigned	2,672,424	2,589,394	83,030
Total General Fund	11,157,053	10,171,912	985,141
School Lunch Fund			
Nonspendable	24,740	19,779	4,961
Assigned	215,032	233,464	(18,432)
Total School Lunch Fund	239,772	253,243	(13,471)
Miscellaneous Special Revenue Fund			
Restricted	89,137	91,495	(2,358)
Total Miscellaneous Special Revenue Fund	89,137	91,495	(2,358)
Debt Service Fund			
Restricted	334,924	340,662	(5,738)
Total Debt Service Fund	334,924	340,662	(5,738)
Capital Fund			
Assigned	476,016	476,016	
Unassigned (Deficit)	(20,351,303)	(8,315,847)	(12,035,456)
Total Capital Fund	(19,875,287)	(7,839,831)	(12,035,456)
Total Fund Balance (Deficit)	$ (8,054,401)	$ 3,017,481	$ (11,071,882)

5. GENERAL FUND BUDGETARY HIGHLIGHTS

A. 2024-2025 Budget

The District's General Fund adopted budget for the year ended June 30, 2025, was $25,716,149. This is an increase of $1,644,980 over the prior year's adopted budget.

The budget was funded through a combination of revenues and designated fund balance. The majority of this funding source was $7,854,606 in estimated property taxes and STAR and $16,030,783 for State Aid.

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

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

Opening, Unassigned Fund Balance	$ 2,589,394
Revenues (Under) Budget and Appropriated Fund Balance	(417,121)
Expenditures and Encumbrances Under Budget	1,358,246
Net Increase to Restricted Funds	(858,095)
Closing, Unassigned Fund Balance	$ 2,672,424

Opening, Unassigned Fund Balance

The amount of $2,589,394 shown in the table is the portion of the District's June 30, 2024, fund balance that was retained as unassigned. This was 10.07 % of the District's 2024-2025 voter and Board approved operating budget.

Revenues (Under) Budget and Appropriated Fund Balance

The 2024-2025 final budget for revenues and other financing sources were $25,716,149. The actual revenues and other financing sources received for the year were $25,299,028. The actual revenue and other financing sources were under budgeted revenue by $447,540. This variance contributes directly to the change to the unassigned portion of the General Fund balance from June 30, 2024 to June 30, 2025.

Expenditures and Encumbrances Under Budget

The 2024-2025 final budget for expenditures and other financing uses was $25,716,149. The actual expenditures and other financing uses were $24,313,887. The final budget was under expended and encumbered by $1,358,246. This under expenditure offset by the June 30, 2025 encumbrances of $74,435 contributes to the change to the unassigned portion of the General Fund balance from June 30, 2024 to June 30, 2025.

Net Increase to Restricted Funds

The District has chosen to fund its reserves in the current year. The net effect of those transactions resulted in an increase to the District reserves in the amount of $858,095.

Closing, Unassigned Fund Balance

Based upon the summary changes shown in the above table, the District will begin the 2025-2026 fiscal year with an unassigned fund balance of $2,672,424. This is an increase of $83,030 from the unassigned balance from the prior year. This amount was 10.15% of the District's 2025-2026 approved operating budget.

6. CAPITAL ASSET, RIGHT TO USE ASSET, AND DEBT ADMINISTRATION

A. Capital Assets

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

	2025	2024	Increase (Decrease)
Land	$ 223,535	$ 223,535	$
Construction in Progress	11,229,192	13,205,986	(1,976,794)
Buildings and Improvements	33,097,961	20,994,576	12,103,385
Furniture, Equipment and Vehicles	1,697,090	502,951	1,194,139
Capital Assets, Net	$ 46,247,778	$ 34,927,048	$ 11,320,730

B. Right to Use Leased Assets

At June 30, 2025, the District reported right to use assets, net of accumulated amortization for leased equipment and buses as follows:

	2025	2024	Increase (Decrease)
Right to Use Leased Assets - Vehicles and Equipment, Net	$ 1,076,747	$ 871,490	$ 205,257

C. Debt Administration

At June 30, 2025, the District had total long term debt payable of $0 and an Energy Performance Contract payable of $2,904,237. At June 30, 2025, A summary of the outstanding debt at June 30, 2025 and 2024 is as follows:

Issue Date	Interest Rate %	2025	2024	Increase (Decrease)
Serial Bonds				
09/19/12	2.00-4.00	$	$ 260,000	$ (260,000)
11/09/17	2.00-5.00		970,000	(970,000)
Total Serial Bonds		$	$ 1,230,000	$ (1,230,000)
Energy Performance Contract				
03/21/24	4.40	$ 2,904,237	$ 2,904,237	$

7. ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

- The voters of the Unatego Central School District approved a budget of $26,324,065 for the 2025-2026 school year.
- The District is completing Phase II and starting the third and final phase of the $27,695,000 capital project approved by the voters in May 2021. The project includes work at the elementary school, middle school/high school and the bus garage.
- The District recently completed an energy performance contract, and anticipates long-term energy savings for the District.

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 School District's Business Office, Unatego Central School District, 2641 State Highway 7, Otego, New York 13825.

UNATEGO CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

Assets		
Cash and Cash Equivalents	$	3,622,505
Restricted Cash and Cash Equivalents		7,701,810
Receivables		
Other Governments		2,100,019
Other Receivables		50,745
Inventory		24,740
Net Pension Asset-Proportionate Share		1,057,452
Right to Use Leased Assets (Net of Accumulated Amortization)		1,076,747
Capital Assets (Net of Accumulated Depreciation)		46,247,778
Total Assets		61,881,797
Deferred Outflows of Resources		
Deferred Outflow-Pensions		3,259,161
Deferred Outflow-OPEB		524,542
Total Deferred Outflows of Resources		3,783,703
Total Assets and Deferred Outflows of Resources	$	65,665,500
Liabilities		
Accounts Payable	$	487,558
Accrued Liabilities		296,668
Accrued Interest Payable		819,254
Due To		
Other Governments		21
Teachers' Retirement System		784,479
Employees' Retirement System		108,442
Short-Term Notes Payables		
Bond Anticipation Notes		19,095,000
Noncurrent Liabilities		
Due Within One Year		468,085
Due in More Than One Year		21,068,456
Total Liabilities		43,127,963
Deferred Inflows of Resources		
Deferred Inflow-Pensions		1,334,242
Deferred Inflow-OPEB		11,223,146
Total Deferred Inflows of Resources		12,557,388
Total Liabilities and Deferred Inflows of Resources		55,685,351
Net Position		
Net Investment in Capital Assets		24,473,607
Restricted		8,009,255
Unrestricted (Deficit)		(22,502,713)
Total Net Position (Deficit)		9,980,149
Total Liabilities, Deferred Inflows of Resources and Net Position	$	65,665,500

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

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

		Program Revenues		Net (Expense)
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Revenue and Changes in Net Position
General Support	$ 7,676,960	$	$	$ (7,676,960)
Instruction	11,017,015	255,928	1,016,045	(9,745,042)
Pupil Transportation	2,296,542			(2,296,542)
Community Service	66,087			(66,087)
Food Service Program	883,148	30,804	648,277	(204,067)
Debt Service-Unallocated Interest	1,125,656			(1,125,656)
Total Functions/Programs	$ 23,065,408	$ 286,732	$ 1,664,322	(21,114,354)
General Revenues				
Real Property Taxes				6,894,827
STAR and Other Real Property Tax Items				965,473
Use of Money and Property				694,240
Sale of Property and Compensation for Loss				16,106
State and Federal Sources				16,201,729
Miscellaneous				270,824
Total General Revenues				25,043,199
Change in Net Position				3,928,845
Net Position (Deficit), Beginning of Year				7,722,189
Cumulative Effect of Change in Accounting Principle				(1,670,885)
Net Position (Deficit), Beginning of Year (Restated)				6,051,304
Net Position (Deficit), End of Year				$ 9,980,149

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

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

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Assets							
Cash and Cash Equivalents	$ 3,312,401	$ 43,436	$ 21,278	$	$	$ 245,390	$ 3,622,505
Restricted Cash and Cash Equivalents	7,585,194			89,137	27,479		7,701,810
Receivables							
Other Governments	1,793,574	65,556	240,889				2,100,019
Due from Other Funds	636,422	116,458			307,708		1,060,588
Other Receivables	84,139	3,807					87,946
Inventory		24,740					24,740
Total Assets	$ 13,411,730	$ 253,997	$ 262,167	$ 89,137	$ 335,187	$ 245,390	$ 14,597,608
Liabilities							
Payables							
Accounts Payable	$ 129,917	$ 11,319	$ 7,984	$	$	$ 338,338	$ 487,558
Accrued Liabilities	295,637	2,885	(1,854)				296,668
Accrued Interest	819,254						819,254
Due To							
Other Governments		21					21
Other Funds	116,948		256,037		263	687,339	1,060,587
Teachers' Retirement System	784,479						784,479
Employees' Retirement System	108,442						108,442
Bond Anticipation Notes						19,095,000	19,095,000
Total Liabilities	2,254,677	14,225	262,167		263	20,120,677	22,652,009
Fund Balance							
Nonspendable		24,740					24,740
Restricted	7,585,194			89,137	334,924		8,009,255
Assigned	899,435	215,032				476,016	1,590,483
Unassigned (Deficit)	2,672,424					(20,351,303)	(17,678,879)
Total Fund Balance (Deficit)	11,157,053	239,772		89,137	334,924	(19,875,287)	(8,054,401)
Total Liabilities and Fund Balance	$ 13,411,730	$ 253,997	$ 262,167	$ 89,137	$ 335,187	$ 245,390	$ 14,597,608

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

UNATEGO CENTRAL SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUND BALANCES
TO THE DISTRICT-WIDE NET POSITION
June 30, 2025

Total Governmental Fund Balances		$ (8,054,401)
Amounts reported for governmental activities in the Statement of Net Position are different because:		
The cost of building, acquiring, and leasing capital assets (land, buildings and equipment) financed from the governmental funds are reported as expenditures in the year they are incurred, and the assets do not appear on the balance sheet. However, the Statement of Net Position includes those capital and right to use leased assets among the assets of the School District as a whole, and their original costs are expensed annually over their useful lives.		
	Original Cost of Right to Used Leased Assets	3,876,574
	Accumulated Amortization	(2,799,827)
	Original Cost of Capital Assets	66,451,859
	Accumulated Depreciation	(20,204,081)
		47,324,525
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 until that time. Deferred outflows of resources at year end consisted of:		
	Deferred Outflows - Pensions	3,259,161
	Deferred Outflows - OPEB	524,542
	Deferred Charge on Advance Refunding	(37,201)
		3,746,502
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 until that time. Deferred inflows of resources at year end consisted of:		
	Deferred Inflows - Pensions	(1,334,242)
	Deferred Inflows - OPEB	(11,223,146)
		(12,557,388)
Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the funds.		
	Net Pension Asset - Proportionate Share	1,057,452
	Net Pension Liability - Proportionate Share	(1,374,534)
		(317,082)
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of:		
	Energy Performance Contract	(2,904,237)
	Lease Liability	(1,059,870)
	Other Postemployment Liabilities	(13,966,350)
	Compensated Absences Payable	(2,231,550)
		(20,162,007)
Total Net Position (Deficit)		$ 9,980,149

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

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

	General	School Lunch	Special Aid	Miscellaneous Special Revenue	Debt Service	Capital	Total
Revenues							
Real Property Taxes	$ 6,894,827	$	$	$	$	$	$ 6,894,827
STAR and Other Real Property Tax Items	965,473						965,473
Charges for Services	255,928						255,928
Use of Money and Property	475,501	12			114,990		590,503
Sale of Property and Compensation for Loss	16,106						16,106
Miscellaneous	247,984	41,839		3,719			293,542
State Aid	16,144,111	117,783	392,556				16,654,450
Federal Aid	57,618	530,494	623,489				1,211,601
School Lunch Sales		30,804					30,804
Total Revenues	25,057,548	720,932	1,016,045	3,719	114,990		26,913,234
Expenditures							
General Support	3,755,149			6,077			3,761,226
Instruction	11,108,172		1,016,045				12,124,217
Pupil Transportation	1,412,541						1,412,541
Community Service	66,087						66,087
Food Service Program		658,469					658,469
Employee Benefits	5,057,101	75,934					5,133,035
Capital Outlay						13,136,672	13,136,672
Debt Service - Principal	1,785,000						1,785,000
Debt Service - Interest	1,129,837						1,129,837
Total Expenditures	24,313,887	734,403	1,016,045	6,077		13,136,672	39,207,084
Excess (Deficit) Revenues Over Expenditures	743,661	(13,471)		(2,358)	114,990	(13,136,672)	(12,293,850)
Other Financing Sources (Uses)							
Premium on Obligations					103,737		103,737
BAN's Redeemed from Appropriations						555,000	555,000
Proceeds of Leases						563,231	563,231
Transfers from Other Funds	241,480				17,015		258,495
Transfers to Other Funds					(241,480)	(17,015)	(258,495)
Total Other Financing Sources (Uses)	241,480				(120,728)	1,101,216	1,221,968
Excess (Deficit) Revenues Over Expenditures and Other Financing Sources (Uses)	985,141	(13,471)		(2,358)	(5,738)	(12,035,456)	(11,071,882)
Fund Balance (Deficit), Beginning of Year	10,171,912	253,243		91,495	340,662	(7,839,831)	3,017,481
Fund Balance (Deficit), End of Year	$ 11,157,053	$ 239,772	$	$ 89,137	$ 334,924	$ (19,875,287)	$ (8,054,401)

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

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

Net Changes in Fund Balance - Total Governmental Funds		$ (11,071,882)
Capital Outlays to purchase, lease or build 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 expenses in the statement of activities. This is the amount by which capital and leased asset additions exceeded depreciation and amortization expense in the period.		
Loss on Disposal of Assets	(22,718)	
Lease Additions	1,000,716	
Amortization Expense	(795,459)	
Depreciation Expense	(1,322,657)	
Capital Additions	12,618,518	11,478,400
Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of Net Position. Repayments of bond and lease principal is an expenditure in governmental funds, but the repayment reduces long-term liabilities in the statement of Net Position. This is the amount of prinicpal repayments that exceeded proceeds of leases and a serial bond during the period.		
Proceeds of Leases	(563,231)	
Repayment of Lease Principal	(411,362)	
Repayment Bond Principal	1,230,000	255,407
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	4,181	
Amortization of Deferred Premium	95,362	
Amortization of Deferred Charge on Advance Refunding	(58,161)	
Other Postemployment Liabilities (including deferred inflows)	3,296,285	
Change in Compensated Absences	(203,788)	
Change in Pension Expense	133,041	3,266,920
Change in Net Position Governmental Activities		$ 3,928,845

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

	Custodial Fund
Assets	
Cash and Cash Equivalents - Restricted	$ 196,929
Liabilities	
Accrued Liabilities	100,669
Net Position	
Restricted for Extraclassroom Activities	96,260
Total Liabilities and Net Position	$ 196,929

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

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

	Custodial Fund
Additions	
Charges for Services, Sale of Property, and Miscellaneous	$ 91,000
Deductions	
Club Activities	91,847
Change in Net Position	(847)
Net Position, Beginning of Year	97,107
Net Position, End of Year	$ 96,260

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

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Unatego Central School District (the School District) have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). 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 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. 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 found at the School District's business office. The School District accounts for assets held as an agent for various student organizations in a custodial fund.

Joint Venture

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

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

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

Basis of Presentation

(a) District-Wide Statements

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

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

(b) Fund Financial Statements

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

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

Special Revenue Funds:

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

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

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

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

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

(c) Fiduciary Funds

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

Custodial Fund: These funds are strictly custodial in nature. 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 is recognized in the fiscal year in which all eligibility requirements have been satisfied.

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The School District considers all revenues reported in the governmental funds to be available if the revenues are collected within six months 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 other postemployment liabilities, encumbrances, 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.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1. Taxes are collected during the period September 1 to November 1. Uncollected real property taxes are subsequently enforced by the Counties of Otsgeo and Delaware in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the 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 expenditures 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 funds throughout the year is shown in Note 15 to the financial statements.

Capital Assets

Capital assets are reported at actual cost. Donated assets are reported at estimated fair market value at the time received.

The School District uses capitalization thresholds of $3,500 (the dollar value above which asset acquisitions are added to the capital asset accounts for grouped like assets or individual assets). Depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Lives	Depreciation Method
Land Improvements	20 Years	Straight Line
Buildings and Improvements	20-40 Years	Straight Line
Furniture, Equipment, and Vehicles	5-15 Years	Straight Line

Right to Use Leased Assets

The School District has recorded right to use lease assets as a result of implementing GASB No. 87, *Leases*. The right to use assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term. The right to use assets are amortized on a straight-line basis over the life of the related lease, which range from 3-5 years.

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 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 and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. First is the deferred charge on refunding of debt reported in the District-Wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions not included in pension expense. The third item is related to other postemployment benefits (OPEB) reported on the District-wide Statement of Position and represents the effect of differences between expected and actual experience and changes in assumptions during the year. These amounts are deferred and will be recognized in OPEB expense over the next several years.

Inventories

The inventory, which consists of surplus food, purchased food and supplies in the School Lunch Fund, is recorded at cost on a first-in, first-out basis, in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and year-end balances are not maintained.

Accrued Liabilities and Long-Term Obligations

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

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

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the governmental activities statement of net position.

Compensated Absences

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

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

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

In the funds statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources.

Retirement Plans

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

Postemployment Benefits

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits for retired employees and their survivors. Collective bargaining agreements determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing postemployment benefits is shared between the District and the retired employee. Other postemployment benefit costs are measured and disclosed using the accrual basis of accounting (see Note 10).

Deferred Inflows of Resources

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

Equity Classifications

(a) District-Wide Financial Statements

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

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

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

Unrestricted Net Position – reports the balance of the net position that does not meet the definition of the above two classifications and are deemed to be available for general use by the District.

(b) Fund Statements

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

Non-Spendable

This category includes amounts that cannot be spent because they are either not in spendable form or are legally or contractually required to be maintained intact. This category consists of the inventories in the School Lunch Fund.

Restricted Resources

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

- ***Capital Reserve***

  According to Education Law §3651, the Capital Reserve Fund is used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of reserve, the ultimate amount, its probable term, and the source of the funds. Expenditures may be made from the reserve only for a specific purpose further authorized by the voters. The reserve is accounted for in the General Fund.

- ***Reserve for Repairs***

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

- ***Reserve for Employee Benefit Accrued Liability***

  The Reserve for Employee Benefit Accrued Liability (GML §6-p) 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. The reserve is accounted for in the General Fund.

- ***Reserve for Retirement Contribution***

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

- ***Reserve for Workers' Compensation***

  The Workers' Compensation Reserve (GML §6-j) is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law and for payment of expenses of administering this self-insurance program. The reserve is 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. The reserve is accounted for in the General Fund.

- ***Reserve for Unemployment Insurance***

  The Unemployment Insurance Reserve (GML §6-m) is 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 is 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.

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 districts highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2025.
- ***Assigned*** – Includes amounts that are constrained by the School District's intent to be used for specific purposes, but are neither restricted nor committed. Intent is expressed by (a) the Board of Education or (b) the designated official, such as the District's Purchasing Agent, to which the Board has delegated the authority to assign amounts to be used for specific purposes. All encumbrances, other than in the Capital Fund, are classified as Assigned Fund Balance in the applicable 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 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 exceeded the amounts restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in the respective fund.

(c) Reserve for Endowment and Scholarships

This reserve is used to account for various endowment and scholarship awards. This reserve is accounted for in the miscellaneous special revenue fund.

(d) 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. This reserve is accounted for in the Debt Service Fund.

(e) 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.

(f) Order of Use of Fund Balance

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

Implementation of New Accounting Standards

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

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

The School District applied the provisions of GASB 101 prospectively as of July 1, 2024. As a result of the implementation, compensated absences liabilities were remeasured, and a restatement of beginning net position (deficit) was made to reflect the cumulative effect of applying the standard. The impact of this restatement is disclosed in Note 18.

GASB Statement No. 102, *Certain Risk Disclosures*, requires a government to assess whether a concentration or constraint makes the primary government reporting unit or other reporting units that report a liability for revenue debt vulnerable to the risk of a substantial impact. This standard is effective for fiscal years beginning after June 15, 2024.

Future Changes in Accounting Standards

GASB has issued Statement No. 103, *Financial Reporting Model Improvements*, effective for the year ending June 30, 2026. This Statement's objective is to improve key components of the financial reporting model to enhance effectiveness in providing information that is essential for decision making and assisting a government's accountability. Additionally, the statements also addresses certain application issues.

GASB has issued Statement No. 104, *Disclosure of Certain Capital Assets*, effective for the year ending June 30, 2026. This statement requires certain types of capital assets to be disclosed separately in the capital assets note disclosure such as leased assets, intangible right-to-use assets, and assets held for sale.

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

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

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

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

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

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

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

(a) Long-Term Revenue Differences

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

(b) Capital Related Differences

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

(c) Long-Term Debt Transaction Differences

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

(d) Employee Benefit Allocation

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

(e) Pension Differences

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

(f) OPEB Differences

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

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

General Fund – Statutory Unassigned Fund Balance Limit

The School District's unassigned fund balance was over the New York State Real Property Tax Law §1318 limit, which restricts it to an amount not greater than 4% of the School District's budget for the upcoming school year. At June 30, 2025, the School District's unassigned fund balance was 10.15% of the 2025-2026 budget, which is not in compliance with laws and regulations.

Statutory Debt Limit

At June 30, 2025, 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 for the General Fund, the only fund with a legally adopted budget.

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. During the year ended June 30, 2025, the District did not make any supplemental appropriations.

Change from Adopted Budget to Revised Budget

Adopted Budget	$ 25,716,149
Add: Prior Year's Encumbrances	30,419
Original Budget	25,746,568
Final Budget	$ 25,746,568

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 assigned 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.

NYS Real Property Tax Cap

Chapter 97 of the Laws of 2011 established a property tax levy limit (generally referred to as the tax cap) that restricts the amount of property taxes local governments including school districts can levy. The tax levy for the 2024-2025 school year was in compliance with the NYS Tax Cap Limit.

4. CASH AND CASH EQUIVALENTS

Custodial Credit Risk

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

As of June 30, 2025, the School District's bank balances of $12,509,412 were fully covered by FDIC or collateralized with securities held by an agent of the pledging financial institutions in the School District's name and not exposed to custodial credit risk.

Restricted Cash and Cash Equivalents

Restricted Cash and Cash Equivalents of $7,701,810 in the Governmental Funds represent the following:

	General	Miscellaneous Special Revenue	Debt Service	Total
Restricted Cash				
Retirement Contribution- ERS	$ 1,909,835	$	$	$ 1,909,835
Unemployment Insurance	91,700			91,700
Retirement Contribution- TRS	780,200			780,200
Employee Benefit Accrued Liability	501,893			501,893
Capital Reserve	3,350,000			3,350,000
Workers Compensation	407,267			407,267
Liability Reserve	45,000			45,000
Debt Service			27,479	27,479
Repair Reserve	499,299			499,299
Scholarships and Donations		89,137		89,137
Total Restricted	$ 7,585,194	$ 89,137	$ 27,479	$ 7,701,810

5. PARTICIPATION IN BOCES

During the year, the School District was billed $4,677,480 for BOCES' administrative and program costs.

During the year ended June 30, 2025, the School District issued no debt on behalf of BOCES. However, during 2008, the BOCES issued $47,755,000 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.

Financial statements for the BOCES are available from the BOCES' administrative office.

6. CAPITAL AND RIGHT TO USE LEASED ASSETS

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

	Beginning Balance	Additions	Deletions	Ending Balance
Capital Assets Not Being Depreciated				
Land	$ 223,535	$	$	$ 223,535
Construction in Progress	13,205,986	247,880	2,224,674	11,229,192
Total	13,429,521	247,880	2,224,674	11,452,727
Capital Assets Being Depreciated				
Buildings and Improvements	35,538,468	14,550,235		50,088,703
Improvements Other than Buildings	2,337,423			2,337,423
Furniture, Equipment and Vehicles	2,556,373	92,664	76,031	2,573,006
Total	40,432,264	14,642,899	76,031	54,999,132
Accumulated Depreciation				
Buildings and Improvements	15,593,140	1,166,962		16,760,102
Improvements Other than Buildings	2,534,408	33,655		2,568,063
Furniture, Equipment and Vehicles	807,189	122,040	53,313	875,916
Total	18,934,737	1,322,657	53,313	20,204,081
Net Capital Assets Being Depreciated	21,497,527	13,320,242	22,718	34,795,051
Net Capital Assets	$ 34,927,048	$ 13,568,122	$ 2,247,392	$ 46,247,778

Depreciation expense and loss on disposal were allocated and charged as follows based on estimated usage by function:

Function/Program	
General Support	$ 300,632
Instruction	900,297
Pupil Transportation	97,059
School Lunch	24,669
Total Depreciation	$ 1,322,657

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

	Beginnning Balance	Additions	Deletions	Ending Balance
Right to Use Leased Assets				
Leased Equipment	$ 2,875,858	$ 1,000,716	$	$ 3,876,574
Accumulated Amortization				
Leased Equipment	2,004,368	795,459		2,799,827
Net Right to Use Leased Assets	$ 871,490	$ 205,257	$	$ 1,076,747

Amortization expense of $795,459 is charged to instruction.

7. SHORT TERM DEBT

Summary of short term debt is as follows:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
General Fund					
Bond Anticipation Note - Capital Project	07/25	$ 19,095,000	07/25	4.50	$ 19,095,000

Interest Paid	$ 580,500
Less: Interest Accrued in the Prior Year	(487,720)
Plus: Interest Accrued in the Current Year	819,254
Total Interest Expense on Short -Term Debt	$ 912,034

8. NONCURRENT LIABILITIES

Summary of Noncurrent Liabilities

Noncurrent liability balances and activity are as follows:

Description	Restated Beginning Balance	Issued	Paid	Ending Balance	Due Within One Year
Governmental Activities					
Serial Bonds Payable	$ 1,230,000	$	$ (1,230,000)	$	$
Unamortized Premium	95,362		(95,362)		
Energy Performance Contract	2,904,237			2,904,237	140,274
	4,229,599		(1,325,362)	2,904,237	140,274
Other Liabilities					
Lease Liability	908,001	563,231	(411,362)	1,059,870	327,811
Net Pension Liability	1,522,390		(147,856)	1,374,534	
OPEB Liability	15,673,780	1,269,269	(2,976,699)	13,966,350	
Compensated Absences	2,027,772	203,778		2,231,550	172,768
Total Governmental Activities	$ 24,361,542	$ 2,036,278	$ (4,861,279)	$ 21,536,541	$ 468,085

Serial Bonds

The School District borrows funds on a long-term basis for the purpose of financing acquisitions of land and equipment on construction of buildings and improvements. This policy 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 for governmental funds are maintained separately and represent a reconciling item between the fund and District-wide statements. Interest associated with long-term debt is recorded as expenditure when such amounts are due.

Other Debt – Energy Performance Contract

The Unatego Central School District entered into an energy performance contract during the year ended June 30, 2024. The contract is defined in Section 9-102(4) of the New York State Energy Law as: "an agreement for the provision of energy services, including but not limited to electricity, heating, ventilation, cooling, steam, or hot water, in which a person agrees to install, maintain, or manage energy systems or equipment to improve the energy efficiency of, or produce energy in connection with a building or facility in exchange for a portion of the energy savings or revenues." The contract is accounted for as a capital lease. The total net present value of the lease at June 30, 2025, is $2,904,237.

The following is a statement of the District's energy performance contract with corresponding maturity schedules:

Payable From/Description	Date of Original Issue	Original Amount	Date of Final Maturity	Interest Rate (%)	Outstanding Amount
Energy Performance Contract	03/21/24	$ 2,904,237	06/15/40	4.40%	$ 2,904,237

Principal and interest payments due on the energy performance contract are as follows:

For the Year Ending June 30,	Energy Performance Contract Principal	Interest	Total
2026	140,274	126,260	266,534
2027	146,514	120,020	266,534
2028	153,032	113,503	266,535
2029	159,839	106,695	266,534
2030-2034	910,388	420,282	1,330,670
2035-2040	1,394,190	207,017	1,601,207
Total	$ 2,904,237	$ 1,093,777	$ 3,998,014

Prior-Year Advance Refunding

On November 9, 2017, the School District issued $4,595,000 in general obligation bonds with an average interest rate of 2.0% to 5.0% to advance refund a portion of $4,765,000 of outstanding 2010 serial bonds with an average interest rate of 3.00% to 5.00%. The net proceeds of $5,230,285 (after payment of $127,612 in underwriting fees, insurance, and other issuance costs) were used to purchase United States government securities. Those securities were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the bonds. As a result, a portion of the 2010 serial bonds are considered to be defeased, and the liability for those bonds has been removed from the School District's financial statements. At June 30, 2025, the balance of the advance refunded bonds was $0.

The deferred gain on the advance refunding of a portion of the 2010 Series Bonds is being amortized on the District-wide financial statements using the straight-line method over 8 years, the remaining time to maturity of the refunded bonds.

Prior-Year Defeasance of Debt

In prior years, the School District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the School District's financial statements.

Unamortized Premium

The original issue premiums on bonds has been deferred and recorded as an addition to long-term liabilities on the District-wide financial statements. The premiums are being amortized using the straight-line method over 8 years, the remaining time to maturity of the respective bond issue. The current year amortization is $95,362 and is included as a reduction to interest expense on the statement of activities.

Deferred Premium from Refunding of Debt	$ 762,897
Less: Amount Recognized	(762,897)
Unamortized Premium	$ -

Deferred Outflows of Resources

The cost of issuing the serial bonds has been capitalized and recorded as a deferred outflow on the District-wide financial statements. The cost is being amortized using the straight-line method over 8 years, the remaining time to maturity of the bonds. The current year amortization is $58,161 and is included as an addition to interest expense on the statement of activities.

Deferred Charge from Refunding of Debt	$ 465,285
Less: Accumulated Amortization	(465,285)
Net Capitalized Refunding of Debt Costs	$ -

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 percent 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 consist 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. At June 30, 2025, the School District exhausted 36.9% of its Statutory Debt Limit.

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

Total interest for the year was as follows:	
Interest Paid	217,803
Amortization of Deferred Charge on Advance Refunding	58,161
Amortization of Deferred Premium	(95,362)
Less: Interest Accrued in the Prior Year	(4,181)
Total Interest Expense on Long-Term Debt	$ 176,421

Lease Liability

The District has entered into agreements with the BOCES and other vendors to lease certain equipment such as vehicles, 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 following is a schedule of District leases:

Description	Lease Inception Date	Term	Interest Rate	Annual Payment	Lease Liability
SCH484	08/01/24	5	5.50%	$ 34,232	$ 124,414
SCH462	08/01/23	5	5.00%	$ 36,684	$ 99,682
SCH460	03/01/23	5	5.00%	$ 23,828	$ 55,360
SCH446	06/30/21	5	5.00%	33,357	62,859
SCH433	04/14/21	5	5.00%	31,726	23,306
Bus #12	07/01/21	5	2.35%	87,758	86,649
Bus #14	08/15/22	5	3.85%	89,388	168,783
Bus #15	08/15/24	5	5.50%	92,101	438,817
					$ 1,059,870

Future lease payments are as follows:

For the Year Ending June 30,	Principal	Lease Liability Interest	Total
2026	$ 327,811	$ 46,783	$ 374,594
2027	360,026	34,628	394,654
2028	217,789	19,118	236,907
2029	154,244	8,450	162,694
Total	$ 1,059,870	$ 108,979	$ 1,168,849

9. 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. Thomas P. DiNapoli has served as Comptroller since February 7, 2007. In November, 2022, he was reelected for a new term commencing January 1, 2023. System benefits are established under the provisions of the New York State Retirement and Social

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

(b) Contributions

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

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

	Amount
2023	$ 295,807
2024	$ 376,542
2025	$ 430,670

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

At June 30, 2025, the School District reported a liability of $1,374,534 for its proportionate share of the net pension liability. The net pension liability was measured as of March 31, 2025, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of April 1, 2024. 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, 2025, the School District's proportion was .0080168 percent which represents an increase of .0004475 from the District's proportion at June 30, 2024.

For the year ended June 30, 2025, the School District recognized pension expense of $345,182. At June 30, 2025, 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	$ 332,462	$ 16,093
Change of Assumptions	57,645	
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments	107,842	
Changes in Proportion and Differences Between Contributions and Proportionate Share of Contributions	87,316	7,914
Contributions Subsequent to the Measurement Date	108,442	
Total	$ 693,707	$ 24,007

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

Year ended June 30:

2026	$	265,119
2027	$	379,968
2028	$	(98,716)
2029	$	23,593

(d) Actuarial Assumptions

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

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

Investment rate of return (net of investment expense, including inflation)	5.90%
Cost of Living Adjustments	1.50%
Salary scale	4.30%
Inflation rate	2.90%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience

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

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

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

Best estimates of arithmetic real rates of return for each major asset class included in the target asset allocation as of March 31, 2025 are summarized below.

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

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

(e) Discount Rate

The discount rate used to calculate the total pension 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 Asset/ Liability to the Discount Rate Assumption

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Proportionate Share of the Net Pension (Asset)Liability	$ 3,978,073	$ 1,374,534	$ (799,424)

(g) Pension Plan Fiduciary Net Position

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

(h) Payables to the Pension Plan

The School District has recorded an amount due to ERS in amount of $108,442 at June 30, 2025. This amount represents the three months of the School District's fiscal year that will be covered in the ERS 2025-2026 billing cycle and has been accrued as an expenditure in the current year.

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.

(b) Contributions

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

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

	Amount	
2023	$	677,841
2024	$	660,479
2025	$	704,845

(c) Pension Asset/Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2025, the School District reported an asset of $1,057,452 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2024, and the total pension asset used to calculate the net pension asset was determined by an actuarial valuation as of June 30, 2023. The School District's proportion of the net pension asset was based on a projection of the School District's long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At June 30, 2024, the School District's proportion was .035442 percent, which was a decrease of .000225 percent from its proportion measured as of June 30, 2023.

For the year ended June 30, 2025, the School District recognized a pension expense of $620,664. At June 30, 2025, 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	$ 1,138,681	$
Changes of Assumptions	632,570	106,404
Net Difference Between Projected and Actual Earnings on Pensions Plan Investments		1,164,468
Changes in Proportion and Differences Between Contributions Changes in proportion	89,358	39,363
Contributions Subsequent to the Measurement Date	704,845	
Total	$ 2,565,454	$ 1,310,235

At June 30, 2025, $704,845 was reported as a deferred outflow of resources related to pensions resulting from School District contributions subsequent to the measurement date, and, will be recognized as a reduction of the net pension asset or 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:

2025	$	(526,058)
2026	$	1,296,261
2027	$	(197,588)
2028	$	(229,082)
2029	$	142,257
Thereafter	$	54,133

(d) *Actuarial Assumptions*

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

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

Investment Rate of Return: 6.95 % compounded annually, net of pension plan investment expense, including inflation.

Salary scale: Rates of increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

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

Projected COLAs: 1.30% compounded annually.

Inflation rate: 2.40%

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

The actuarial assumptions were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2021.

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 valuation date of June 30, 2024 is summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return*
Domestic equities	33.0%	6.6%
International equities	15.0%	7.4%
Global equities	4.0%	6.9%
Real estate equities	11.0%	6.3%
Private Equities	9.0%	10.0%
Domestic fixed income	16.0%	2.6%
Global bonds	2.0%	2.5%
High-yield bonds	1.0%	4.8%
Private debt	2.0%	5.9%
Real estate debt	6.0%	3.9%
Cash Equivalents	1.0%	0.5%
	100%	

** Real rates of return are net of the long-term inflation assumption of 2.4% for 2024.*

(e) Discount Rate

The discount rate used to measure the pension liability (asset) was 6.95 percent. 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 asset.

(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 asset/liability 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)	$ 4,884,430	$ (1,057,452)	$ (6,054,733)

(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, including the employee share, in amount of $784,479 in the General Fund at June 30, 2025. This amount represents the contribution for the 2024-2025 fiscal year that will be made in 2025-2026 and has been accrued as an expenditure in the current year.

10. OTHER POSTEMPLOYMENT BENEFITS (OPEB)

(a) Plan Descriptions

The District provides post-employment health insurance coverage to retired employees in accordance with provisions of various employment contracts. The Benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

(b) Benefits Provided

Unatego Central School District provides medical and prescription drug insurance benefits for retirees, spouses and their covered dependents while contributing a portion of the expenses. Such post-employment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during post-employment. Nevertheless, both types of benefits constitute compensation for employee services. The contribution requirements of plan members and the District are established by the Board of Education. The required contribution is based on projected pay-as-you-go financing requirements. Employees are required to reach age 55 and have 10 years of service to qualify for the plan. The District pays various percentages of the retiree's benefits depending on the employees group. Surviving spouses are required to pay 100% of the cost following the death of the retiree.

(c) Employees Covered by Benefit Terms

	Total
Inactive employees currently receiving benefit payments	117
Active employees	158
Total	275

(d) Total OPEB Liability

The District's total OPEB liability of $13,966,350 was measured as of June 30, 2025 and was determined by an actuarial valuation as of July 1, 2023.

(e) Changes in the Total OPEB Liability

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

	Total OPEB Liability
Balances, June 30, 2024	$ 15,673,780
Changes recognized for the year:	
Service cost	639,299
Interest on Total OPEB Liability	629,970
Effect of plan changes	
Effect of demographic gains or losses	
Effect of assumptions changes or inputs	(2,404,586)
Benefit payments	(572,113)
Net changes	(1,707,430)
Balances, June 30, 2025	$ 13,966,350

(f) Actuarial Methods and Assumptions

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

Valuation Date	July 1, 2023
Measurement Date	June 30, 2025
Reporting Date	June 30, 2025
Actuarial Cost Method	Entry Age Normal - Level Percent of Pay
Wage Inflation	2.40%
Medical Trend Rates	6.8% to 3.8% over 56 years
Discount Rate	5.20%

Discount Rate – The selected discount rate of 5.20% is based on the prescribed discount interest rate methodology under GASB 75 based on an average of three 20-year bond indices (S&P-20 Municipal Bond Index) as of June 30, 2025.

Cash Flows – The cash flows into and out of the Plan are expected to be consistent with the above assumptions and Plan descriptions of participant contributions.

(g) Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.20 percent) or 1 percentage point higher (6.20 percent) than the current discount rate:

	1% Decrease (4.20%)	Current Assumption (5.20%)	1% Increase (6.20%)
Total OPEB liability	$ 15,807,192	$ 13,966,350	$ 12,448,646

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

The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (5.8 declining to 4.8 percent) or 1 percentage point higher (7.8 declining to 6.8 percent) than the current healthcare cost trend rate:

	1% Decrease	Current Assumption	1% Increase
Total OPEB liability	$ 12,044,000	$ 13,966,350	$ 16,370,380

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

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

For the year ended June 30, 2025, the District recognized OPEB expense of $2,463,165. At June 30, 2025, the District reported deferred inflows of resources and deferred outflows of resources related to OPEB from the following sources:

	Deferred Inflows of Resources	Deferred Outflows of Resources
Differences between expected and actual experience	$ (7,964,056)	$
Changes of assumptions	(3,259,090)	524,542
Total	$ (11,223,146)	$ 524,542

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

Year ended June 30:	Amount
2026	$ (2,887,088)
2027	(3,010,234)
2028	(2,431,660)
2029	(877,778)
2030	(867,059)
Thereafter	(624,785)

11. RISK MANAGEMENT

General Information

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

(a) Worker's Compensation Insurance Plan

The District participates in Worker's Compensation Alliance, a risk-sharing pool, to insure workers' compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to workers' compensation claims. The District's share of the liability for unbilled and open claims is unknown.

12. CONTINGENCIES AND COMMITMENTS

Construction Commitments

The School District had various open capital projects during the year ended June 30, 2025, with a total authorization of $32,107,465.

Grantors

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

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, 2025, certain amounts which were previously restricted, committed, or assigned for specific purposes have been encumbered in the governmental funds. The General Fund encumbrances are reflected as part of the assigned fund balance. The other encumbrances are not reflected on the fund financial statements because the assignment would result in a negative unassigned fund balance. At June 30, 2025, there were no significant encumbrances outstanding.

14. FUND BALANCE

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

	Beginning	Increase	Decreases	Ending
Restricted				
General Fund				
Unemployment Insurance	$ 91,700	$	$	$ 91,700
Retirement Contribution Reserve- ERS	1,546,499	363,336		1,909,835
Retirement Contribution Reserve- TRS	630,200	150,000		780,200
Employee Benefit Accrued Liability	357,134	144,759		501,893
Workers Compensation Reserve	207,267	200,000		407,267
Liability Reserve	45,000			45,000
Capital Reserve	3,350,000			3,350,000
Repair Reserve	499,299			499,299
Total General Fund Restricted	$ 6,727,099	$ 858,095	$	$ 7,585,194

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

	General	School Lunch	Miscellaneous Special Revenue	Debt Service	Capital	Total
Nonspendable	$	$ 24,740	$	$	$	$ 24,740
Restricted						
Unemployment Insurance	91,700					91,700
Retirement Contribution- ERS	1,909,835					1,909,835
Retirement Contribution- TRS	501,893					501,893
Employee Benefit Accrued Liability	780,200					780,200
Workers Compensation	407,267					407,267
Liability Reserve	45,000					45,000
Capital Reserve	3,350,000					3,350,000
Repair Reserve	499,299					499,299
Scholarships and Donations			89,137			89,137
Debt Service				334,924		334,924
Total Restricted	7,585,194		89,137	334,924		8,009,255
Assigned						
General Support	5,957				476,016	481,973
Instruction	367					367
Pupil Transportation	68,111					68,111
School Lunch		215,032				215,032
Appropriated for Subsequent Year's Budget	825,000					825,000
Total Assigned	899,435	215,032			476,016	1,590,483
Unassigned						
Unassigned	2,672,424				(20,351,303)	(17,678,879)
Total Unassigned (Deficit)	2,672,424				(20,351,303)	(17,678,879)
Total Fund Balances	$ 11,157,053	$ 239,772	$ 89,137	$ 334,924	$ (19,875,287)	$ (8,054,401)

15. INTERFUND TRANSACTIONS – GOVERNMENTAL AND FIDUCIARY FUNDS

	Interfund		Interfund	
Fund Type	Receivables	Payables	Revenues	Expenditures
General	$ 636,422	$ 116,948	$ 241,480	$
School Lunch	116,458			
Special Aid		256,037		
Debt Service	307,708	263	17,015	241,480
Capital Fund		687,340		17,015
Total	$ 1,060,588	$ 1,060,588	$ 258,495	$ 258,495

- The School District transferred a total of $241,480 from the Debt Service Fund to the General Fund for payment of obligations.
- The School District transferred a total of $17,015 from the Capital Fund to the Debt Service Fund for payment of obligations.
- Interfund receivables and payables are considered temporary. The School District intends to repay the amounts within the next fiscal year.

16. FUND DEFICIT

The Capital Fund had a deficit fund balance of $19,875,287. This will be funded when the District obtains permanent financing for its current capital project.

17. DEFICIT NET POSITION

At June 30, 2025, the District Wide Statement of Net Position had an unrestricted deficit of $22,502,713. The deficit is primarily the result of the recognition of GASB Statement 75, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, which required the recognition of an unfunded liability of $13,966,350 at June 30, 2025. Since New York State Laws provide no mechanism for funding the liability, the subsequent accruals are expected to increase the deficit in subsequent years.

18. CUMULATIVE EFFECT OF IMPLEMENTING CHANGE IN ACCOUNTING PRINCIPLE

As the result of implementing GASB Statement No. 101, *Compensated Absences*, the District has restated the beginning net position in the Statement of Net Position of July 1, 2024, to reflect the additional liability for compensated absences required by this implementation as follows:

	Government-Wide
Net Position (Deficit) Beginning of Year, As Previously Stated	$ 7,722,189
Increase in Compensated Absences Liability as a result of GASB Statement No. 101 Implementation:	(1,670,885)
Net Position (Deficit) Beginning of Year, As Restated	$ 6,051,304

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

	Original Budget	Final Budget	Actual	Final Budget Variance With Actual
Revenues				
Local Sources				
Real Property Taxes	$ 7,827,306	$ 6,565,925	$ 6,894,827	$ 328,902
Other Real Property Tax Items	27,300	1,288,681	965,473	(323,208)
Charges for Services	56,500	56,500	255,928	199,428
Use of Money and Property	180,000	180,000	475,501	295,501
Sale of Property and Compensation for Loss			16,106	16,106
Miscellaneous	204,000	204,000	247,984	43,984
State Aid	16,030,783	16,030,783	16,144,111	113,328
Federal Aid	40,000	40,000	57,618	17,618
Total Revenues	24,365,889	24,365,889	25,057,548	691,659
Other Financing Sources				
Transfers from Other Funds			241,480	241,480
Appropriated Reserve	525,260	525,260		(525,260)
Appropriated Fund Balance	855,419	855,419		(855,419)
Total Revenues and Other Financing Sources	$ 25,746,568	$ 25,746,568	25,299,028	$ (447,540)

	Original Budget	Final Budget	Actual	Year-End Encumbrances	Final Budget Variance With Actual And Encumbrances
Expenditures					
General Support					
Board of Education	$ 16,390	$ 37,585	$ 36,325	$	$ 1,260
Central Administration	240,924	246,778	243,584	2,757	437
Finance	540,952	573,034	567,106	2,450	3,478
Staff	192,817	187,935	165,708		22,227
Central Services	2,362,353	2,379,323	2,140,292		239,031
Special Items	599,786	605,063	602,134	750	2,179
Total General Support	3,953,222	4,029,718	3,755,149	5,957	268,612
Instruction					
Instruction, Administration, and Improvement	588,285	632,291	619,267	367	12,657
Teaching - Regular School	5,301,940	5,359,531	5,218,406		141,125
Programs for Children With Special Needs	3,827,361	3,713,839	3,363,160		350,679
Occupational Education	612,552	612,552	612,551		1
Teaching - Special School	9,390	13,540	13,540		
Instructional Media	401,133	430,176	417,884		12,292
Pupil Services	1,041,695	986,956	863,364		123,592
Total Instruction	11,782,356	11,748,885	11,108,172	367	640,346
Pupil Transportation	1,762,813	1,791,563	1,412,541	68,111	310,911
Community Services	73,100	73,099	66,087		7,012
Employee Benefits	5,586,774	5,143,445	5,057,101		86,344
Debt Service - Principal	1,790,000	1,790,000	1,785,000		5,000
Debt Service - Interest	798,303	1,169,858	1,129,837		40,021
Total Expenditures	25,746,568	25,746,568	24,313,887	74,435	1,358,246
Other Financing Uses					
Transfers to Other Funds					
Total Expenditures and Other Financing Uses	$ 25,746,568	$ 25,746,568	24,313,887	$ 74,435	$ 1,358,246
Net Change in Fund Balance			985,141		
Fund Balance - Beginning of Year			10,171,912		
Fund Balance - End of Year			$ 11,157,053		

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.

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

	2025 *	2024 *	2023 *	2022 *	2021 *	2020 *	2019 *	2018 *
Measurement Date	6/30/2025	6/30/2024	6/30/2023	6/30/2022	6/30/2021	6/30/2020	6/30/2019	6/30/2018
Total OPEB Liability								
Service cost	$ 639,299	$ 669,101	$ 716,822	$ 806,481	$ 1,378,638	$ 1,090,195	$ 1,186,138	$ 1,151,590
Interest on Total OPEB Liability	629,970	699,758	673,427	693,016	682,513	979,351	864,839	824,264
Effect of plan changes		5,965				172,419		
Effect of demographic gains or losses		(3,347,749)		(12,873,775)		(1,848,480)		(102,952)
Effect of assumption changes or inputs	(2,404,586)	(593,372)	(653,955)	(1,075,560)	258,532	2,789,268	(2,225,253)	
Benefit payments	(572,113)	(519,921)	(560,799)	(483,934)	(608,094)	(530,135)	(622,438)	(488,378)
Net change in total OPEB Liability	(1,707,430)	(3,086,218)	175,495	(12,933,772)	1,711,589	2,652,618	(796,714)	1,384,524
Total OPEB Liability - Beginning	15,673,780	18,759,998	18,584,503	31,518,275	29,806,686	27,154,068	27,950,782	26,566,258
Total OPEB Liability - Ending	$ 13,966,350	$ 15,673,780	$ 18,759,998	$ 18,584,503	$ 31,518,275	$ 29,806,686	$ 27,154,068	$ 27,950,782
Covered payroll	$ 8,411,475	$ 8,411,475	$ 7,179,144	$ 7,179,144	$ 7,674,676	$ 7,674,676	$ 8,151,822	$ 8,151,822
Total OPEB Liability as a percentage of covered payroll	166.04%	186.34%	261.31%	258.87%	410.68%	388.38%	333.10%	342.88%

* 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:

The District's net OPEB liability is not funded. Therefore, the liability is the net position of the plan. The District currently contributes enough money to the plan to satisfy current obligations on a pay-as-you-go basis.

Actuarial Assumptions

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

Changes to Assumptions -

Discount rate increased from 3.93% to 5.20%.

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

ERS Pension Plan
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 430,670	$ 376,542	$ 295,807	$ 261,055	$ 245,044	$ 230,878	$ 231,939	$ 231,163	$ 320,829	$ 275,139
Contributions in Relation to the Contractually Required Contribution	430,670	376,542	295,807	261,055	245,044	230,878	231,939	231,163	320,829	275,139
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
School District's Covered-ERS Employee Payroll	$ 2,788,994	$ 2,665,905	$ 2,429,258	$ 2,156,716	$ 1,739,540	$ 1,621,489	$ 1,624,965	$ 1,640,160	$ 1,696,808	$ 1,785,080
Contributions as a Percentage of Covered-Employee Payroll	15.44%	14.12%	12.18%	12.10%	14.09%	14.24%	14.27%	14.09%	18.91%	15.41%

TRS Pension Plan
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually Required Contribution	$ 704,845	$ 660,479	$ 677,841	$ 636,900	$ 595,533	$ 548,962	$ 634,228	$ 597,153	$ 738,259	$ 846,515
Contributions in Relation to the Contractually Required Contribution	704,845	660,479	677,841	636,900	595,533	548,962	634,228	597,153	738,259	846,515
Contribution Deficiency (Excess)	$	$	$	$	$	$	$	$	$	$
School District's Covered-TRS Employee Payroll	$ 6,971,761	$ 6,767,203	$ 6,587,376	$ 6,498,980	$ 6,249,035	$ 6,195,959	$ 5,972,015	$ 6,093,398	$ 6,299,138	$ 6,383,971
Contributions as a Percentage of Covered-Employee Payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%

See Independent Auditor's Report

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

ERS Pension Plan
Last 10 Fiscal Years

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension liability	0.0080168%	0.0075693%	0.0073099%	0.0061410%	0.0059144%	0.0052400%	0.0055239%	0.0061180%	0.0064010%	0.0063579%
District's proportionate share of the net pension asset (liability)	$ (1,374,534)	$ (1,114,508)	$ (1,567,529)	$ 501,999	$ (5,889)	$ (1,387,587)	$ (391,386)	$ (197,455)	$ (601,455)	$ (1,020,464)
District's covered-employee payroll	$ 2,788,994	$ 2,665,905	$ 2,429,258	$ 2,156,716	$ 1,739,540	$ 1,621,489	$ 1,624,965	$ 1,640,160	$ 1,696,808	$ 1,785,080
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	-49.3%	-41.8%	-64.5%	23.3%	-0.3%	-85.6%	-24.1%	-12.0%	-35.4%	-57.2%
Plan fiduciary net position as a percentage of total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.20%	94.70%	90.70%

TRS Pension Plan
Last 10 Fiscal Years

	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's Proportion of the net pension asset/liability	0.035442%	0.035667%	0.036426%	0.036817%	0.038076%	0.035779%	0.037408%	0.039750%	0.041431%	0.041062%
District's proportionate share of the net pension asset (liability)	$ 1,057,452	$ (407,882)	$ (698,979)	$ 6,380,023	$ (1,052,136)	$ 929,528	$ 676,441	$ 302,143	$ (443,746)	$ 4,265,046
District's covered-employee payroll	$ 6,767,203	$ 6,587,376	$ 6,498,980	$ 6,249,035	$ 6,195,959	$ 5,972,015	$ 6,093,398	$ 6,299,138	$ 6,383,971	$ 6,118,209
District's proportionate share of the net pension asset/liability as a percentage of its covered-employee payroll	15.63%	-6.19%	-10.76%	102.10%	-16.98%	15.56%	11.10%	4.80%	-6.95%	69.71%
Plan fiduciary net position as a percentage of total pension asset/liability	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%	101.53%	100.66%	99.01%	110.50%

UNATEGO CENTRAL SCHOOL DISTRICT
SCHEDULES OF CHANGE FROM ORIGINAL BUDGET TO REVISED BUDGET
AND REAL PROPERTY TAX LIMIT - GENERAL FUND
For the Year Ended June 30, 2025

Change from Adopted Budget to Revised Budget

Adopted Budget	$ 25,716,149
Add: Prior Year's Encumbrances	30,419
Original Budget	25,746,568
Final Budget	$ 25,746,568

Section 1318 of Real Property Tax Law Limit Calculation

2025-26 Voter-Approved Expenditure Budget		$ 26,324,065
Maximum Allowed (4% of 2025-2026 budget)		**$ 1,052,963**
General Fund - Fund Balance Subject to Section 1318 of Real Property Tax Law :		
Unrestricted Fund Balance:		
Assigned Fund Balance	$ 899,435	
Unassigned Fund Balance	2,672,424	
Total Unrestricted Fund Balance		3,571,859
Less:		
Appropriated Fund Balance	825,000	
Encumbrances Included in Committed and Assigned Fund Balance	74,435	
Total adjustments	899,435	899,435
General Fund's Fund Balance Subject to Section 1318 of Real Property Tax Law		**$ 2,672,424**
Actual Percentage		**10.15%**

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

			Expenditures				Methods of Financing				Fund
	Original Authorization	Revised Authorization	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations	Federal and State Aid	Local Sources	Total	Balance June 30, 2025
PROJECT TITLE											
2018-19 Small Project	$ 100,000	$ 100,000	$ 98,648	$	$ 98,648	$ 1,352	$	$	$ 100,000	$ 100,000	$ 1,352
Smart Schools Bonds	942,233	1,093,795	1,093,795		1,093,795			1,686,989	942,333	2,629,322	1,535,527
MS/HS Renovations	27,695,000	27,695,000	10,940,235	11,173,850	22,114,085	5,580,915			912,667	912,667	(21,201,418)
Bus Lift	314,433	314,433	314,433		314,433				100,200	100,200	(214,233)
Energy Performance Contract	2,904,237	2,904,237	1,484,146	1,399,591	2,883,737	20,500	2,904,237			2,904,237	20,500
Total	31,955,903	32,107,465	13,931,257	12,573,441	26,504,698	5,602,767	2,904,237	1,686,989	2,055,200	6,646,426	(19,858,272)
Totals	$ 31,955,903	$ 32,107,465	$ 13,931,257	$ 12,573,441	$ 26,504,698	$ 5,602,767	$ 2,904,237	$ 1,686,989	$ 2,055,200	$ 6,646,426	$ (19,858,272)
									Transfer to Debt Service		(17,015)
											$ (19,875,287)

UNATEGO CENTRAL SCHOOL DISTRICT
NET INVESTMENT IN CAPITAL ASSETS
For the Year Ended June 30, 2025

Capital Assets, Net	$ 46,247,778
Right to Use Assets, Net	1,076,747
	47,324,525
Add:	
Capital Fund Unspent Bond Proceeds	208,189
	208,189
Deduct:	
Bond Anticipation Notes	19,095,000
Serial Bonds Payable	2,904,237
Lease Liability	1,059,870
	23,059,107
Net Investment in Capital Assets	$ 24,473,607

See Independent Auditor's Report

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

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

Independent Auditor's Report 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
Unatego Central School District

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Unatego Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise Unatego Central School District's basic financial statements, and have issued our report thereon dated October 6, 2025.

Report on Internal Control Over Financial Reporting

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

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Unatego 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 8, 2025
Rome, New York

APPENDIX C

Form of Legal Opinion

DRAFT

July 8, 2026

Otego-Unadilla Central School District,
County Otsego,
State of New York

Re: Otego-Unadilla Central School District, Otsego and Delaware Counties, New York
$22,895,000 School District (Serial) Bonds, 2026

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of $22,895,000 School District (Serial) Bonds, 2026 (the “Obligations”), of the Otego-Unadilla Central School District, Counties of Otsego and Delaware, State of New York (the “Obligor”), dated July 8, 2026, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds, in such amounts as hereinafter set forth, bearing interest at the rate of ______________________________ per centum (_________%) per annum as to bonds maturing in each of the years ______ to ______, both inclusive, payable on January 1, 2026 and semi-annually thereafter on July 1 and January 1, and maturing in the amount of $1,405,000 on July 1, 2027, $1,480,000 on July 1, 2028, $1,555,000 on July 1, 2029, $1,550,000 on July 1, 2030, $1,565,000 on July 1, 2031, $1,645,000 on July 1, 2032, $1,725,000 on July 1, 2033, $1,815,000 on July 1, 2034, $1,910,000 on July 1, 2035, $2,005,000 on July 1, 2036, $2,110,000 on July 1, 2037, $2,220,000 on July 1, 2038, $1,395,000 on July 1, 2039, and $515,000 on July 1, 2040.

Bonds maturing on or before July 1, 2034 are not subject to redemption prior to maturity. Bonds maturing on or after July 1, 2035 will be subject to redemption, at the option of the School District, prior to maturity, in whole or in part, on any date on or after July 1, 2034, at par, plus accrued interest to the date of redemption.

In our opinion:

(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 Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations 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 Obligations 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 Obligations 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 Obligations 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 Obligations, including the form of the Obligations. 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 Obligations have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, without limitation as to rate or amount; provided, however, that the enforceability (but not the validity) of the Obligations: (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 Obligations; 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 Obligations 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 Obligations is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Obligations 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 Obligations.

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 Obligations) 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 Obligations 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 Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations 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 Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations 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 Obligations, 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

/zmt