

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 1, 2026

RENEWAL

BOND ANTICIPATION NOTES

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law, interest on the Notes is excluded from the gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"), however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded for purposes of the corporate alternative minimum tax imposed by the Code. The School District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to Federal income taxation from the date of issuance thereof. Bond Counsel is also of the opinion that interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). (See "Tax Exemptions" herein.)

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

\$3,400,000
SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHOHARIE COUNTY, NEW YORK

\$3,400,000 Bond Anticipation Notes – 2026

Dated: June 25, 2026

Due: June 25, 2027

The Notes are general obligations of the Sharon Springs Central School District, Schoharie County, New York, all the taxable real property within which is subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, without limitation as to rate or amount. The faith and credit of the Sharon Springs Central School District are irrevocably pledged for the payment of the Notes and the interest thereon. See "Nature of the Obligation" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prepayment, with interest payable at maturity.

The Notes will be issued in registered form payable to the purchaser; provided, however, if the Notes are eligible for issuance through the book-entry-only system for note issues through the Depository Trust Company ("DTC") in New York, New York, the successful bidder may request with its bid that the Notes be issued in "book-entry-only" form, in which case the Notes will be registered and payable to "Cede & Co." as nominee of DTC.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the offices of the School District, or, at the option of the purchaser, such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Paying agent fees, if any, shall be the responsibility of the purchaser. In such case, one fully registered note certificate will be issued for the Notes. If the Notes are issued in book-entry-only form, Noteholders will not receive certificates representing their ownership interest in the Notes and payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Direct Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of such DTC Direct or Indirect Participants, subject to any statutory and regulatory requirements as may be in effect from time to time.

The Notes are offered when, as and if issued and received by the purchaser and subject to the receipt of an unqualified legal opinion as to the validity of the Notes of Barclay Damon LLP, Albany, New York. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey or Albany or Sharon Springs, New York on or about June 25, 2026.

Facsimile or telephone bids will be received Wednesday, June 10, 2026, until 10:00 a.m. Prevailing Time, pursuant to the terms of the Notice of Sale.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. THE SCHOOL DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS REQUIRED BY SAID RULE.

DATED: JUNE __, 2026

**SHARON CENTRAL SCHOOL DISTRICT
SCHOHARIE COUNTY, NEW YORK**

School District Officials

2025-26 BOARD OF EDUCATION

Helen Roberts - President

Christina Cornwell - Vice President

Rose Chase

Sofia Issa

Brandi Kerber



Thomas Yorke - Superintendent of Schools

Anthony M. DiPace – Business Manager/School District Clerk

Denise Perrotti – District Treasurer



School District Attorney

Girvin & Ferlazzo

BOND COUNSEL

Barclay Damon 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 Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the School District.

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OFFICIAL STATEMENT

of the

SHARON SPRINGS CENTRAL SCHOOL DISTRICT SCHOHARIE COUNTY, NEW YORK

Relating To

\$3,400,000 Bond Anticipation Notes, 2026

This Official Statement, which includes the cover page, has been prepared by the Sharon Springs Central School District, Schoharie County, New York (the “District” or “School District”, “County” and “State,” respectively) in connection with the sale by the School District of \$3,400,000 Bond Anticipation Notes, 2026 (the “Notes”).

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

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

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

Description of the Notes

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

The Notes will be dated June 25, 2026, and mature, without option of prior redemption, on June 25, 2027. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form payable to the purchaser; provided, however, if the Notes are eligible for issuance through the book-entry-only system for note issues through the Depository Trust Company (“DTC”) in New York, New York, the successful bidder may request with its bid that the Notes be issued in “book-entry-only” form, in which case the Notes will be registered and payable to “Cede & Co.” as nominee of DTC.

If the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds by the District at the District offices or, at the option of the purchaser, at a corporate trust office of a

bank or trust company located and authorized to do business in the State of New York. The purchaser shall be responsible for the cost of such corporate trust office or bank.

Nature of the Obligation

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

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

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

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

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

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

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

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution,

which provides an exclusion for debt 'service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy is 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 Notes are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law and the Local Finance Law, and a bond resolution dated August 18, 2025 authorizing the construction, reconstruction, renovation and improvement of various School buildings, facilities, and sites, the acquisition of original furnishings, equipment, machinery and apparatus, and payment of costs incidental thereto.

The proceeds of the Notes, will renew and redeem the \$800,000 Bond Anticipation Note maturing June 30, 2026, and provide \$2,600,000 of new monies for the aforementioned purpose.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered Notes 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, only if requested by the purchaser prior to the initial issuance of Notes. One fully-registered note certificate will be issued for each of the notes bearing the same rate of interest and CUSIP number and will be deposited with DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and

provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Notes, except in the event that use of the book-entry system for the Notes is discontinued.

To facilitate subsequent transfers, all Notes deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co., or such other name as may be requested by an authorized representative of DTC. The deposit of Notes with DTC and their registration in the name of Cede & Co. or such other DTC nominee do not affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Notes; DTC's records reflect only the identity of the Direct Participants to whose accounts such Notes are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Notes may wish to take certain steps to augment the transmission of them of notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Notes documents. For example, Beneficial Owners of Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Redemption proceeds, distributions and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC not its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of redemption proceeds, distributions, and dividend payments Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such

payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, note 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 District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company

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

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

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

Certificated Notes

In the event the purchaser does not request the DTC book-entry-only system apply to the Notes on the date of initial issuance thereof, or in the event that book-entry only system is requested but subsequently discontinued by either DTC or the District, the following provisions will apply:

The Notes will be issued registered in the name of the and a single note certificate will be issued for Notes. Principal of and interest on the Notes will be payable at the District's offices or, at the option of the District, at a principal corporate trust office of a bank or trust company located and authorized to do business in the State of New York to be named as a fiscal agent by the District. The Notes will remain not subject to redemption prior to their stated final maturity date.

THE SCHOOL DISTRICT

General Information

The Sharon Springs Central School District, established in 1928, is located in the Towns of Sharon, Seward and Carlisle in Schoharie County, the Towns of Canajoharie and Root in Montgomery County and the Towns of Cherry Valley and Roseboom in Otsego County. The Village of Sharon Springs lies within the School District. The School District covers approximately 48 square miles.

The School District lies approximately 45 miles west of Albany and is served by New York State Route 20, Interstate Route 88 and the New York State Thruway. The School District is primarily an agricultural area, although a number of small high-tech companies have located in and around Schoharie County, providing employment to many School District residents. Electricity is provided by National Grid and telephone by Verizon New York Inc. Police protection is provided by the County Sheriff's Departments and the New York State Police. Fire protection and ambulance services are provided by various volunteer organizations.

The School District provides public education for K12. Opportunities for higher education are available at the State University at Albany, the State University College at Oneonta, Rensselaer Polytechnic Institute, Russell Sage College, Union College, Siena College, the College of St. Rose and SUNY Cobleskill.

District Population

The 2024 population of the School District is estimated to be 1,980. (Source: 2024 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

Per capital 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.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2019-2023</u>
Towns Of:						
Sharon	\$24,343	\$21,842	\$30,031	\$54,972	\$50,859	\$67,721
Seward	26,497	26,816	34,430	70,417	67,143	99,375
Carlisle	24,500	27,018	45,144	69,567	63,565	83,088
Canajoharie	22,109	23,394	28,343	62,073	51,607	96,250
Root	23,568	22,128	28,467	53,750	57,981	80,333
Cherry Valley	24,899	29,326	38,404	54,926	62,639	92,500
Roseboom	22,111	26,484	33,100	57,083	61,346	78,750
Village Of:						
Sharon Springs	28,360	25,405	27,531	64,886	51,500	54,375
Counties Of:						
Schoharie	25,105	25,638	38,100	61,828	63,377	87,727
Montgomery	22,347	23,885	31,975	53,476	55,051	86,028
Otsego	22,902	24,989	36,506	56,797	62,717	84,415
State Of:						
New York	30,948	34,212	49,520	67,405	74,036	105,060

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

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

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Current Maximum Capacity</u>	<u>Date of Last Addition or Alteration</u>
Sharon Springs Central	K-12	1930	639	2019

Source: District Officials

District Employees

The School District employs 69 full-time employees and 3 part-time employees. The number of members, the collective bargaining units which represent them, and their current contract expiration dates are as follows:

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
Sharon Springs Teachers' Association	38	6/30/2028
Sharon Springs Non-Teachers' Organization	26	6/30/2029
Confidential Managerial	9	N/A

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2021-22	294	2026-27	320
2022-23	300	2027-28	330
2023-24	322	2028-29	328
2024-25	320	2029-20	335
2025-26	325	2030-31	340

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 new Tier VI pension program was signed into law, 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 retirement 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 2026-2027 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2021-2022	186,476	255,155
2022-2023	151,722	276,690
2023-2024	180,109	309,530
2024-2025	210,987	331,606
2025-2026 (Budgeted)	190,869	416,258
2026-2027 (Budgeted)	190,869	252,275

Source: Audited financial statements for the 2020-2021 fiscal year through the 2024-2025 fiscal year and the adopted budget 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:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
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 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 allows 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. As of the date of this Official Statement, the District established said fund in 2021 and made a 2% contribution in 2022.

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 - 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 June 30, 2025, and financial data as of June 30, 2025, the School District's beginning year total OPEB liability was \$10,572,063 , the net change for the year was (\$430,659) resulting in a total OPEB liability of \$10,141,404 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 has not 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

<u>Name</u>	<u>Nature of Business</u>	<u>Estimated Number of Employees</u>
Wal-Mart Distribution	Regional Distribution Center	450
Sharon Springs Central School District	Education	72
AMT, Inc.	Manufacturer	25

Source: District Officials

Unemployment Rate Statistics

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

Year	Schoharie County Unemployment Rate	Montgomery County Unemployment Rate	Otsego County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2021	4.8%	5.6%	4.7%	7.1%	5.3%
2022	3.8%	4.0%	3.7%	4.3%	3.6%
2023	4.2%	4.3%	4.0%	4.0%	3.6%
2024	4.1%	4.3%	4.1%	4.2%	4.0%
2025	4.0%	4.2%	4.3%	4.3%	4.3%

2025-26 Monthly Figures

	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec	Jan	Feb	Mar	Apr
Schoharie County	3.1%	3.4%	3.9%	3.9%	3.7%	N/A	3.8%	4.3%	5.5%	6.1%	5.3%	N/A
Montgomery County	3.4%	3.7%	4.3%	4.4%	4.0%	N/A	4.1%	4.4%	5.3%	5.8%	5.0%	N/A
Otsego County	3.3%	3.7%	4.4%	4.5%	4.1%	N/A	4.0%	4.5%	5.5%	5.7%	4.9%	N/A
New York State	3.8%	4.1%	4.8%	4.9%	4.7%	N/A	4.4%	4.3%	4.7%	5.2%	4.4%	4.2%

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted).
N/A: October figures are not available due to Government shutdown.

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposit accounts in, certificates of deposit issued by or a deposit placement program (as provided by statute) with a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district or district corporation other than the School District; and (6) in the case of the School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible letter of credit or an eligible surety bond, as each such term is defined in the law, or satisfy the statutory requirements of the deposit placement program.

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

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

The legislative power of the School District is vested in the Board of Education (the "Board"). Each year an election is held within the School District to elect one or more members to the Board. The Board consists of five members with overlapping five-year terms. Therefore, as nearly as practicable, an equal number of members are elected to the Board each year.

During the first week in July of each year the Board meets for the purpose of reorganization. At that time an election is held within the Board to elect a President and Vice President and to appoint other School District officials.

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

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 2025-26 fiscal year was adopted by the qualified voters on May 20, 2025, by a vote of 105 yes to 12 no. 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 95 yes to 14 no. The School District's 2025-26 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 2025-26 fiscal year, approximately 63.63% 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 2022-23 Enacted Budget provides \$31.5 billion in State funding to school districts for the 2022-23 school year, the highest level of State aid ever. This represents an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and includes a \$1.5 billion or 7.7 percent Foundation Aid increase. The State 2022-23 Enacted Budget also programs \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years,

is designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocates \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State 2022-23 Enacted Budget increases federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

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

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

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 provides that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2025-26 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-26 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the State's 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State. No "general fund imbalance" occurred 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 FY 2026-27 Education, Labor and Family Assistance (ELFA) legislation contains several significant provisions affecting New York public school districts. The major school district-related items include:

- Foundation Aid increase. The budget provides an approximately \$779 million increase in Foundation Aid, bringing total Foundation Aid to about \$27.1 billion statewide. Every district is guaranteed at least a minimum annual increase.
- Overall School Aid increase. Total School Aid for the 2026-27 school year is projected at approximately \$39.3 billion, an increase of roughly \$1.6 billion over the prior year.

- Universal Pre-K expansion. The legislation significantly expands funding for universal prekindergarten programs. Districts will receive increased per-pupil funding for four-year-old programs, with the goal of statewide universal full-day Pre-K by the 2028-29 school year.
- Expense-based aids fully funded. The budget continues statutory reimbursement formulas for Building Aid, Transportation Aid, BOCES Aid and special education expense aids. These aids are projected to increase by roughly \$282 million statewide.
- Building Aid for renewable energy projects. Certain renewable energy improvements, including ground-mounted solar facilities, may now qualify as part of a project's "primary cost allowance" for Building Aid purposes.
- Foundation Aid formula adjustments. The budget continues recent efforts to modernize the Foundation Aid formula by relying more heavily on updated poverty and economic-need data instead of older census metrics and free-and-reduced lunch statistics.

State Aid Litigation - In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity v. New York* 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 Budget 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
2021-2022	\$ 8,614,903	\$ 5,284,571	61.34%
2022-2023	8,968,466	5,629,638	62.77
2023-2024	9,109,037	5,836,744	64.08
2024-2025	9,909,023	6,297,452	63.55
2025-2026 (Budgeted)	10,024,615	6,379,130	63.63
2026-2027 (Budgeted)	11,597,291	6,865,584	59.20

Source: Audited financial statements for the 2020-2021 fiscal year through the 2024-2025 fiscal year and the adopted budget of the District for the 2025-2026 and 2026-2027 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 fiscal years of the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2025	Susceptible	40.0
2024	Susceptible	26.7
2023	No Designation	6.7
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.

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 Sharon Springs Central School District on September 30, 2022. The purpose of this audit was to determine whether officials effectively managed fund balance for the period July 1, 2018, through March 31, 2022.

Key Findings

The Board and District officials did not effectively manage fund balance, and need to improve their budgeting practices and be more transparent with District residents and taxpayers. During the audit period, the Board and District officials:

- Annually overestimated appropriations by an average of \$1.6 million, or 17 percent.
- Informed residents and taxpayers the District would incur operating deficits totaling \$3.7 million but had operating surpluses totaling \$1.6 million.
- Allowed recalculated surplus fund balance to exceed the statutory limit by \$2.3 million, or 23.7 percentage points.

Annually overestimating appropriations and appropriating fund balance that is not needed to finance operations is, in effect, a reservation of fund balance that is not provided for by statute and circumvents the statutory limit. Although real property tax levies remained relatively flat during the audit period, maintaining surplus fund balance that exceeds the statutory limit results in tax levies being higher than necessary.

Key Recommendations

- Adopt budgets that include reasonable estimates for appropriations and the amount of fund balance that will be used to fund operations.
- Reduce surplus fund balance to comply with the statutory limit and use excess funds in a manner that benefits District taxpayers.

District officials generally agreed with the findings, and corrective action was taken

<https://www.osc.state.ny.us/local-government/audits/school-district/2022/09/30/sharon-springs-central-school-district-fund-balance-management-2022m-100>

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

Note: Reference to website implies no warranty of accuracy of information therein.

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 were 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.

Financial Statements

The School District retains an independent Certified Public Accountant, whose most recent report covers the period ended June 30, 2025, 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:

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Assessed Valuations:					
Canajoharie	\$ 521,068	\$ 563,826	\$ 607,248	\$ 632,426	\$ 732,477
Root	3,468,480	3,495,061	3,508,736	3,529,303	3,605,804
Cherry Valley	8,236,544	8,378,039	8,530,217	8,707,242	8,548,507
Roseboom	970,649	971,287	963,834	964,537	959,781
Carlisle	3,191,999	3,035,568	3,039,872	3,018,879	3,012,776
Seward	3,222,965	3,172,266	3,185,172	3,207,950	3,184,305
Sharon	<u>82,838,855</u>	<u>83,064,903</u>	<u>83,655,056</u>	<u>99,009,252</u>	<u>109,454,389</u>
Total	<u>\$ 102,450,560</u>	<u>\$ 102,680,950</u>	<u>\$ 103,490,135</u>	<u>\$ 119,069,589</u>	<u>\$ 129,498,039</u>
Equalization Rates:					
Canajoharie	100.00%	100.00%	100.00%	100.00%	100.00%
Root	93.00%	79.00%	68.00%	61.50%	58.00%
Cherry Valley	100.00%	87.60%	82.84%	72.00%	70.00%
Roseboom	100.00%	86.41%	81.70%	76.77%	70.00%
Carlisle	66.00%	57.50%	50.00%	47.50%	41.00%
Seward	66.00%	57.50%	50.00%	47.50%	41.00%
Sharon	66.00%	57.50%	50.00%	47.50%	41.00%
Full Valuations:					
Canajoharie	\$ 521,068	\$ 563,826	\$ 607,248	\$ 632,426	\$ 732,477
Root	3,729,548	4,424,128	5,159,906	5,738,704	6,216,903
Cherry Valley	8,236,544	9,563,971	10,297,220	12,093,392	12,212,153
Roseboom	970,649	1,124,045	1,179,723	1,256,398	1,371,116
Carlisle	4,836,362	5,279,249	6,079,744	6,355,535	7,348,234
Seward	4,883,280	5,516,984	6,370,344	6,753,579	7,766,598
Sharon	<u>125,513,417</u>	<u>144,460,701</u>	<u>167,310,112</u>	<u>208,440,531</u>	<u>266,961,924</u>
Total	<u>\$ 148,690,868</u>	<u>\$ 170,932,904</u>	<u>\$ 197,004,297</u>	<u>\$ 241,270,564</u>	<u>\$ 302,609,405</u>

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:	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2025</u>
Canajoharie	\$16.14	\$14.04	\$12.18	\$10.15	\$8.33
Root	17.35	17.77	17.91	16.50	14.36
Cherry Valley	16.14	16.03	14.69	14.09	11.90
Roseboom	16.14	16.25	14.91	13.22	11.90
Carlisle	24.45	24.42	24.36	21.36	20.32
Seward	24.45	24.42	24.36	21.36	20.32
Sharon	24.45	24.42	24.36	21.36	20.32

Tax Collection Procedure

Taxes are payable until September 30 without penalty. Payments made from October 1 through October 31 carry a penalty of 2%. Unpaid taxes are turned over to the County Treasurers on November 1. After November 30, unpaid taxes are added to the following year's town/county tax bills.

The Counties reimburse the School District for all unpaid taxes in April of the year following the year of levy, and the School District is thus assured of 100% of its annual levy.

Tax Collection Record

Fiscal Year Ended June 30:	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>
Total Tax Levy	\$2,076,506	\$2,399,766	\$2,399,766	\$2,447,761	\$2,521,193
Less STAR Reimbursement	323,260	296,821	269,567	199,033	178,721
Adjustments	0	0	-3,815	-337	-3,408
Total Taxes to be Collected	1,753,246	2,102,945	2,126,384	2,248,391	2,339,064
Taxes Collected Prior to Return to County	1,471,644	1,777,644	1,817,607	1,963,848	2,057,039
Returned to County	\$281,602	\$325,301	\$308,777	\$284,543	\$282,025
% Collected Prior to Return	83.94%	84.53%	85.31%	87.18%	87.8%

Note: * Collection information as of 11/1/25.

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
2021-2022	\$ 8,614,903	\$ 2,076,506	24.10%
2022-2023	8,968,466	2,104,317	23.46
2023-2024	9,109,037	2,130,199	23.39
2024-2025	9,909,023	2,291,417	23.12
2025-2026 (Budgeted)	10,024,615	2,521,193	25.15
2026-2027 (Budgeted)	11,597,291	2,581,462	22.26

Source: Audited financial statements for the 2020-21 fiscal year through 2024-25 fiscal year and the adopted budget of the District for the 2025-26 and 2026-2027 fiscal years. This table is not audited.

Major Taxpayers 2026

For 2025-26 Tax Roll

Name	Type	Full Value
East Point Energy Center LLC	Utilities	\$20,997,648
Niagara Mohawk Power Corp	Utilities	7,024,072
Peachy, Reuben J	Construction	786,868
Graulich, Arthur E	Farming	720,249
High Hill LLC	Farming	605,429
State of New York	State Land	581,700
Parsons, Raymond L Rev, Living Trust	Utilities	579,100
Beekman 1802 Farm LLC	Farm/Retail	573,800
Fisher, John S	Farming	491,950
Swarey Wille D	Construction	485,600
Total		\$32,846,416

1. The above taxpayers represent 10.85% of the School District's 2025-26 Full value of \$302,609,405.

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

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, 2025 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 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.

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor. The Tax Levy Limit Law modifies current law by imposing a limit on the amount of real property taxes that a school district may levy. The Law affected school district tax levies for the school district fiscal year beginning July 1, 2012.

Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy 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”).

The Tax Levy Limit Law requires that a school district hereafter submit its proposed tax levy (not its proposed budget) to the voters each year and imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI, as described in the Law. Tax levies that do not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a tax levy in excess of the limit. In the event the voters reject the tax levy, the school district's tax levy for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year, without any stated exceptions.

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Debt Limit the 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 District and subject to certain enumerated deductions. The constitutional method for determining full valuation by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio 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 ratio shall be determined.

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specifications for such project have been approved by the Commissioner of Education of the State. The District has obtained such approval with respect to the project to be financed by the Notes.

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

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

1. Such obligations are authorized for a purpose for which the District is not authorized to expend money, or
2. There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
3. Such obligations are authorized in violation of the provisions of the Constitution.

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

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

Statutory law in the State 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 2 years from the date of the first issuance of such notes and provided that such renewal issues do not exceed 5 years beyond the original date of borrowing.

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue, tax anticipation, budget, and capital notes.

Status of Indebtedness

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Serial Bonds	\$4,641,444	\$4,219,527	\$3,848,633	\$7,324,878	\$6,742,348
Total Debt Outstanding	\$4,641,444	\$4,219,527	\$3,848,633	\$7,324,878	\$6,742,348

Status of Outstanding Bond Issues

Year of Issue:	2012		2020	
Amount Issued:	\$2,780,000		\$3,669,938	
Purpose/Instrument:	Construction/Serial Bond		Construction/Serial Bonds	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 215,000	\$ 5,375	\$ 220,000	\$ 49,200
2027			225,000	44,800
2028			230,000	40,300
2029			235,000	35,700
2030			245,000	31,000
2031			250,000	26,100
2032			255,000	21,100
2033			265,000	16,000
2034			265,000	10,700
2035			<u>270,000</u>	<u>5,400</u>
Totals:	\$ 215,000	\$ 5,375	\$ 220,000	\$ 49,200

Year of Issue:	2022		2023	
Amount Issued:	\$112,065		\$178,997	
Purpose/Instrument	Buses/SIB		Buses/SIB	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 22,413 *	\$ 1,157	\$ 35,800 *	\$ 4,725
2027	<u>22,413</u>	<u>578</u>	35,800	3,150
2028			<u>35,797</u>	<u>1,575</u>
Totals:	\$ 44,826	\$ 1,735	\$ 107,397	\$ 9,451

Year of Issue:	2024	2024
Amount Issued:	\$95,000	\$3,745,000
Purpose/Instrument	DASNY	DASNY

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 20,000	\$ 4,750	\$ 195,000	\$ 177,000
2027	20,000	3,750	215,000	167,250
2028	20,000	2,750	220,000	156,500
2029	20,000	1,750	220,000	145,500
2030	5,000	750	245,000	134,500
2031	5,000	500	235,000	122,250
2032	<u>5,000</u>	<u>250</u>	250,000	110,500
2033			265,000	98,000
2034			275,000	84,750
2035			290,000	71,000
2036			265,000	56,500
2037			275,000	43,250
2038			290,000	29,500
2039			<u>300,000</u>	<u>15,000</u>
Totals:	\$ 95,000	\$ 14,500	\$ 3,540,000	\$ 1,411,500

Year of Issue:	2024	2025		
Amount Issued:	\$152,083	\$158,458		
Purpose/Instrument	Buses/SIB	Buses/SIB		
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$ 30,416 *	\$ 5,293	\$ 31,692 *	\$ 6,734
2027	30,416	3,969	31,692	5,388
2028	30,416	2,646	31,692	4,041
2029	30,419	1,323	31,692	2,694
2030			31,690	1,347
Totals:	\$ 121,667	\$ 13,231	\$ 158,458	\$ 20,203

* Principal payment made prior to Debt Statement

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>%Paid</u>
2026	\$ 770,321	\$ 254,234	\$ 1,024,555	12.06%
2027	580,321	228,886	809,207	21.58%
2028	567,905	207,812	775,717	30.70%
2029	537,111	186,967	724,078	39.22%
2030	526,690	167,597	694,287	47.39%
2031	490,000	148,850	638,850	54.91%
2032	510,000	131,850	641,850	62.46%
2033	530,000	114,000	644,000	70.04%
2034	540,000	95,450	635,450	77.52%
2035	560,000	76,400	636,400	85.01%
2036	265,000	56,500	321,500	88.79%
2037	275,000	43,250	318,250	92.53%
2038	290,000	29,500	319,500	96.29%
2039	<u>300,000</u>	<u>15,000</u>	<u>315,000</u>	100.00%
Totals:	\$ 6,742,348	\$ 1,756,295	\$ 8,498,643	

Cash Flow Borrowings

The School District, historically, does not issue Tax Anticipation Notes or Revenue Anticipation Notes.

Status of Short-Term Indebtedness

<u>Type</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
BAN	4/7/2026	6/30/2026	2.60%	\$800,000*

* The proceeds of the Notes will renew and redeem the Bond Anticipation Note maturing June 30, 2026, and provide \$2,600,000 of new monies.

Capital Project Plans

On May 20, 2025, the qualified voters of the District approved a \$3,725,550 Capital Project 103 yes to 15 no. The project includes construction, reconstruction, renovation and improvements of various School District building, facilities and sites, the acquisition of original furnishings, equipment, machinery or apparatus at an estimated cost of \$2,725,550 and energy performance improvements to increase energy efficiency at an estimated cost of \$1,000,000.

The proceeds of the Notes will renew and redeem the \$800,000 Bond Anticipation Note maturing June 30, 2026, and provide \$2,600,000 of new monies for the aforementioned purpose.

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 86.8%.

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 1, 2026

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Canajoharie	\$ 732,477	100.00%	\$ 732,477
Carlisle	3,012,776	41.00%	7,348,234
Cherry Valley	8,548,507	70.00%	12,212,153
Root	3,605,804	58.00%	6,216,903
Roseboom	959,781	70.00%	1,371,116
Seward	3,184,305	41.00%	7,766,598
Sharon	109,454,389	41.00%	266,961,924
Total			<u>\$ 302,609,405</u>
Debt Limit: 10% of Full Valuation			\$ 30,260,941
Inclusions:			
Serial Bonds			\$ 6,622,027
Bond Anticipation Notes			800,000
Total Inclusions:			<u>\$ 7,422,027</u>
Exclusions:			
Building Aid Estimate ¹			<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			<u>\$7,422,027</u>
New Monies This Issue:			<u>\$2,600,000</u>
Total Net Indebtedness After Giving Effect to This Issue:			<u>\$10,022,027</u>
Net Debt Contracting Margin			\$ 20,238,914
Percentage of Debt-Contracting Power Exhausted			33.12%

Notes:

1. 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

<u>Overlapping Unit</u>	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness</u>	¹ <u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>
Schoharie County	\$ <u>282,076,756</u> \$ 3,318,680,546	8.50%	\$ 6,835,000	N/A	\$ 6,835,000	\$ 580,952
Montgomery County	\$ <u>6,949,380</u> \$ 3,509,128,459	0.20%	\$ 36,408,000	N/A	\$ 36,408,000	\$ 72,101
Otsego County	\$ <u>13,583,269</u> \$ 5,937,112,064	0.23%	\$ -	N/A	\$ -	\$ -
Town of Sharon	\$ <u>266,961,924</u> \$ 266,961,924	100.00%	\$ -	N/A	\$ -	\$ -
Town of Seward	\$ <u>7,766,598</u> \$ 162,966,380	4.77%	\$ -	N/A	\$ -	\$ -
Town of Carlisle	\$ <u>7,348,234</u> \$ 153,083,380	4.80%	\$ -	N/A	\$ -	\$ -
Town of Canajoharie	\$ <u>732,477</u> \$ 244,413,700	0.30%	\$ 2,274,857	N/A	\$ 2,274,857	\$ 6,817
Town of Root	\$ <u>6,216,903</u> \$ 169,565,250	3.67%	\$ -	N/A	\$ -	\$ -
Town of Cherry Valley	\$ <u>12,212,153</u> \$ 130,157,536	9.38%	\$ 230,000	N/A	\$ 230,000	\$ 21,580
Town of Roseboom	\$ <u>1,371,116</u> \$ 83,049,460	1.65%	\$ 201,867	N/A	\$ 201,867	\$ 3,333
Village of Sharon Springs	\$ <u>38,822,502</u> \$ 38,822,502	100.00%	\$ 3,499,250	N/A	\$ 3,499,250	\$ <u>3,499,250</u>
Total						\$ <u><u>4,184,034</u></u>

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2024 and 2025.

Notes: Bonds and Bond Anticipation notes as of 2024 and 2025 fiscal years. Not adjusted to include subsequent bond and note sales

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 1, 2026:

	Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness	\$ 10,022,027	\$ 5,061.63	3.312%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 14,206,061	\$ 7,174.78	4.695%

(a) The District's estimated population is 1,980 (Source: 2024 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2025-26 is \$302,609,405.

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for the 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, 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 judgement or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

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

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

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of an 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.

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 continuations of essential public services prior to the payment of debt service.

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

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition to the events cited herein, there are other potential

risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

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

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

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

Cyber Security

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 against 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.

TAX MATTERS

In the opinion of Barclay Damon LLP, Bond Counsel to the School District, under existing law, and assuming compliance with the certain covenants described herein and the accuracy and completeness of certain representations, certifications of fact and statements of reasonable expectations made by the School District, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not an item of tax preference for purposes of the alternative minimum tax imposed under the Code, however, interest on the Notes that is included in the "adjusted financial statement income" of certain corporations is not excluded from the corporate

alternative minimum tax under the Code. Bond Counsel also is of the opinion that, under existing law, interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

Bond Counsel expresses no opinion regarding any other federal, state, or local tax consequences with respect to the Notes. The opinion of Bond Counsel will speak as of its date of issue and will not contain or provide any opinion or assurance regarding the future activities of the School District, or about the effect of future changes in the Code, the applicable regulations, rulings, judicial decisions, the interpretation thereof or the enforcement thereof by the Internal Revenue Service (the "IRS"). In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state, or local tax matters, including, without limitation, the exclusion of interest on the Notes from gross income for federal income tax purposes.

General

The Code imposes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excluded from gross income for federal income tax purposes pursuant to Section 103 of the Code. Included among these requirements are restrictions on the investment and use of proceeds of the Notes and the rebate of certain earnings in respect of such investments to the United States. The School District and others have made certain representations, certifications of fact, and statements of reasonable expectations and the School District has given certain ongoing covenants to comply with applicable requirements of the Code to assure the exclusion of interest on the Notes from gross income under Section 103 of the Code. The opinion of Bond Counsel assumes continuing compliance with such covenants as well as the accuracy and completeness of such representations, certifications of fact, and statements of reasonable expectations.

In the event of the inaccuracy or incompleteness of any such representations, certifications, or statements of reasonable expectation, or of the failure by the School District to comply with any such covenant, the interest on the Notes could become includable in gross income for federal income tax purposes retroactive to the date of original execution and delivery of the Notes, regardless of the date on which the event causing such inclusion occurs. Further, although the interest on the Notes is excluded from gross income for federal income tax purposes, receipt or accrual of the interest may otherwise affect the tax liability of a Beneficial Owner of the Notes. The tax effect of receipt or accrual of the interest will depend upon the tax status of a Beneficial Owner of the Notes and such Beneficial Owner's other items of income, deduction, or credit. Bond Counsel expresses no opinion regarding any other federal tax consequences arising with respect to the ownership or disposition, or the accrual or receipt of interest on, the Notes.

Certain Collateral Federal Income Tax Consequences

Prospective purchasers of the Notes should be aware that ownership of, accrual or receipt of interest on, or disposition of the Notes may have collateral federal income tax consequences for certain taxpayers, including financial corporations, insurance companies, Subchapter S corporations, certain foreign corporations, individual recipients of social security or railroad retirement benefits, individuals benefiting from the earned income credit and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their own tax advisors as to any possible collateral consequences of their ownership of, accrual or receipt of interest on, or disposition of the Notes. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

Backup Withholding and Information Reporting

Interest paid on tax-exempt obligations is subject to information reporting to the IRS in a manner similar to interest paid on taxable obligations. Interest on the Notes may be subject to backup withholding if such interest is paid to a registered owner who or which (i) fails to provide certain identifying information (such as the registered owner's taxpayer identification number) in the manner required by the IRS, or (ii) has been identified by the IRS as being subject to backup withholding. Amounts withheld under the backup withholding rules will be paid to the IRS as federal income tax withheld on behalf of the registered owner of the Notes and would be allowed as a refund or credit against such owner's federal income tax liability (or the federal income tax liability of the beneficial owner of the Notes, if other than the registered owner).

Legislation

Current and future legislative proposals, if enacted into law, administrative actions or court decisions, at either the federal or state level, may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subjected to state income taxation, or otherwise have an adverse impact on the potential benefits of the exclusion from gross income of the interest on the Notes for federal or state income tax purposes. The introduction or enactment of any such legislative proposals, administrative actions or court decisions may also affect, perhaps significantly, the value or marketability of the Notes. It is not possible to predict whether any legislative or administrative actions or court decisions having an adverse impact on the federal or state income tax treatment of Beneficial Owners of the Notes may occur. Prospective purchasers of the Notes should consult their own advisors regarding any pending or proposed federal or state tax legislation, regulations, or litigation, and regarding the impact of future legislation, regulations, or litigation, as to which Bond Counsel expresses no opinion. The opinion of Bond Counsel is based on current legal authority, covers certain matters not directly addressed by such authority and represents the judgment of Bond Counsel as to the proper treatment of the Notes for federal income tax purposes. It is not binding on the IRS or the courts.

The Notes will be designated or deemed designated by the School District as "qualified tax-exempt obligations" within the meaning of Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Notes will be covered by the unqualified legal opinion of Barclay Damon LLP, Bond Counsel to the School District, such opinion to be delivered with the Notes. The proposed form of such opinion is attached hereto as "Appendix C".

CONTINUING DISCLOSURE COMPLIANCE

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission pursuant to the Securities Exchange Act of 1934, the School District will enter into an Undertaking to provide Material Event Notices, the description of which is attached hereto as "Appendix D".

The following Material Event Notices have been filed within the last five years:

- March 19, 2024. The Annual Financial Information and Operating data and the June 30, 2023 Auditors Report were not filed by the required filing date of six months after the end of its fiscal year. The District is not at fault. They did provide their materials/required information in a timely manner. This was a technical error only. Once the error was discovered, both of these documents were filed on March 13, 2024.
- April 24, 2024. The School District privately sold a Statutory Installment Bond, 2022 (the "2022 Bond") in the principal amount of \$112,065 to finance the purchase of buses. The 2022 Bond was dated March 9, 2022 and a material event was not filed within the required 10 business days from date of issuance.
- April 24, 2024. The School District privately sold a Statutory Installment Bond, 2023 (the "2023 Bond") in the principal amount of \$178,997 to finance the purchase of buses. The 2023 Bond was dated April 12, 2023 and a material event was not filed within the required 10 business days from date of issuance.

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, of decided adversely to the District are likely to have a material adverse effect on its financial condition.

BOND RATING

The Notes are issued as non-rated.

The most recent underlying rating assigned to the School District by S&P Global Ratings, a division of McGraw-Hill Companies, Inc., is an A+ rating which was assigned in connection with the issuance by the School District of \$3,669,938 School District (Serial) Bonds dated June 18, 2020.

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 Notes 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 Notes was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

MISCELLANEOUS

The execution and delivery of this Official Statement have been duly authorized by the Board of Education of the School District. Concurrently with the delivery of the Notes, the School 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 therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the School District is not guaranteed as to accuracy, completeness or fairness, the School District has no reason to believe and does not believe that such information is materially inaccurate or misleading, and to the knowledge of the School District, since the date of the Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the School District and no material adverse changes in the general affairs of the School District or in its financial condition as shown in the Official Statement other than as disclosed in or contemplated by the Official Statement. Certain information contained in the Official Statement has been obtained from sources other than the School District. All quotations from and summaries and explanations of provisions of laws herein do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

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

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

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 damages caused by viruses in the electronic files on the website.

The School District's contact information is as follows: Anthony M. Dipace, Business Manager & District Clerk; phone: (518) 284-2266 x 101; email: adipace@sharonsprings.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 or at www.RGTimbsInc.net.

Sharon Springs Central School District

Dated: June __, 2026
Sharon Springs, New York

President, 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:	Budget					
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Beginning Fund Balance - July 1	\$3,641,198	\$4,333,868	\$4,725,639 ^E	\$4,441,007	\$3,796,207	\$3,056,919 ^E
<u>Revenues:</u>						
Real Property Taxes	\$2,072,419	\$2,076,506	\$2,104,317	\$2,130,199	\$2,291,417	\$2,521,193
Other Tax Items	1,013,176	1,013,026	993,987	974,257	905,769	852,993
Charges for Services	29,245	100,181	118,808	31,905	14,738	0
Use of Money & Property	15,042	16,705	16,007	33,762	62,281	42,853
Sale of Property/Comp. for Loss	5,112	6,042	22,131	3,250	9,750	0
Miscellaneous	143,574	88,995	56,943	93,476	327,526	81,255
State Aid	5,310,367	5,284,571	5,629,638	5,836,744	6,297,452	6,379,130
Federal Aid	135,459	28,877	18,261	0	90	0
Interfund Transfer	<u>0</u>	<u>0</u>	<u>8,374</u>	<u>5,444</u>	<u>0</u>	<u>147,191</u>
Total Revenues	\$8,724,394	\$8,614,903	\$8,968,466	\$9,109,037	\$9,909,023	\$10,024,615
<u>Expenditures:</u>						
General Support	\$1,045,132	\$1,171,887	\$1,341,926	\$1,231,645	\$1,318,907	\$1,571,384
Instruction	3,512,806	3,582,115	4,061,286	4,479,691	5,042,424	5,288,580
Transportation	396,988	438,694	554,039	507,745	555,318	696,407
Community Services	0	0	0	0	0	0
Employee Benefits	2,110,188	2,291,969	2,552,139	2,735,605	2,558,314	2,781,648
Debt Service	866,610	632,657	639,502	691,388	1,067,256	1,025,591
Interfund Transfer	<u>100,000</u>	<u>105,810</u>	<u>103,970</u>	<u>107,763</u>	<u>106,092</u>	<u>117,500</u>
Total Expenditures	\$8,031,724	\$8,223,132	\$9,252,862	\$9,753,837	\$10,648,311	\$11,481,111
Adjustments			-236			
Year End Fund Balance	\$4,333,868	\$4,725,639	\$4,441,007 ^E	\$3,796,207	\$3,056,919	\$1,600,423 ^E
Excess (Deficit) Revenues Over Expenditures	\$692,670	\$391,771	(\$284,396) ¹	(\$644,800)	(\$739,288)	(\$1,456,496) 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 Proposed Budget

Revenues:

Real Property Taxes & STAR	\$2,581,462
Other Tax Items	876,099
Other Revenues	81,255
Charges for Services	-
Use of Money & Property	37,500
Sale of Property	-
Miscellaneous	-
State Aid	6,865,584
Federal Aid	-
Interfund Transfers	147,191
Appropriated Fund Balance	1,008,200
Total Revenues	<u>\$11,597,291</u>

Expenditures:

General Support	\$1,601,753
Instruction	5,498,359
Transportation	680,806
Employee Benefits	2,716,911
Debt Service	984,942
Interfund Transfers	114,521
Total Expenditures	<u>\$11,597,291</u>

Source: Adopted Budget of the School District. This table is NOT audited

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assets:					
Unrestricted Cash	\$2,465,305	\$2,629,914	\$1,495,172	\$306,697	\$3,243
Restricted Cash	1,557,832	1,806,171	1,864,123	1,864,123	1,313,321
Taxes Receivable	0	0	0	0	0
Other Receivables	1,968	26,777	700	4,660	660
Due from Other Funds	151,199	278,437	1,296,703	1,652,389	1,432,670
Due from State & Federal	291,267	278,656	127,449	192,552	510,840
Due from Other Governments	287,941	130,334	293,390	224,947	255,788
Prepaid Expenditures	0	1,985	806	806	1,606
Total Assets	<u><u>\$4,755,512</u></u>	<u><u>\$5,152,274</u></u>	<u><u>\$5,078,343</u></u>	<u><u>\$4,246,174</u></u>	<u><u>\$3,518,128</u></u>
Liabilities:					
Accounts Payable	\$0	\$0	\$0	\$0	\$0
Accrued Liabilities	46,596	23,198	24,204	25,542	31,991
Due to Other Funds	41,633	41,337	220,436	5,646	32,259
Due Retirement System	302,508	318,915	374,937	418,514	396,688
Payroll Liabilities	30,907	43,185	17,759	265	271
Total Liabilities:	<u><u>\$421,644</u></u>	<u><u>\$426,635</u></u>	<u><u>\$637,336</u></u>	<u><u>\$449,967</u></u>	<u><u>\$461,209</u></u>
Fund Balances:					
Non-Spendable	\$0	\$1,985	\$806	\$806	\$1,606
Restricted	1,557,832	1,806,171	1,864,123	1,864,123	1,313,321
Assigned	1,388,549	1,863,518	1,543,367	1,578,778	1,287,963
Unassigned	1,387,487	1,053,965	1,032,711	352,500	454,029
Total Fund Balance	<u><u>\$4,333,868</u></u>	<u><u>\$4,725,639</u></u>	<u><u>\$4,441,007</u></u>	<u><u>\$3,796,207</u></u>	<u><u>\$3,056,919</u></u>
Total Liabilities and Fund Balance	<u><u>\$4,755,512</u></u>	<u><u>\$5,152,274</u></u>	<u><u>\$5,078,343</u></u>	<u><u>\$4,246,174</u></u>	<u><u>\$3,518,128</u></u>

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

APPENDIX B

Audited Financial Statements For The Fiscal Year Ended June 30, 2025

Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Continuing Disclosure Statement.

SHARON SPRINGS
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

Year Ended June 30, 2025

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

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RAYMOND G. PREUSSER, CPA, P.C.

Certified Public Accountants

P.O. Box 538

Claverack, New York 12513

Telephone: (518) 851-6650

Fax: (518) 851-6675

INDEPENDENT AUDITOR'S REPORT

To the Board of Education of the
Sharon Springs Central School District:

We have audited the accompanying financial statements of the governmental activities, each major fund, and the fiduciary funds of the Sharon Springs 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 Sharon Springs Central School District's basic financial statements as listed in the table of contents.

Opinions

In our opinion, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the fiduciary funds of the Sharon Springs Central School District, as of June 30, 2025, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Sharon Springs 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.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes 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 Sharon Springs

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 Responsibility

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the basic 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 basic financial statements.
- Obtain an understanding of internal control relevant to the audit to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Sharon Springs Central School District's internal control. Accordingly, no such opinion is expressed.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Sharon Springs Central School District's ability to continue as a going concern for a reasonable period.

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information and the schedule of changes in the total OPEB liability, the District's proportionate share of the net pension asset/liability, and District contributions on pages M1-M9 and 48-52 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Government 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.

Other Information

Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the Sharon Springs Central School District's basic financial statements as a whole. The other supplementary information comprises additional analysis and is not a required part of the financial statements, but is supplementary information required by the New York State Education Department. The other supplementary information has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 31, 2025, on our consideration of the Sharon Springs 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 this report is 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 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 Sharon Springs Central School District's internal control over financial reporting and compliance.

Raymond G. Preusser, CPA, P. C.

Claverack, New York
October 31, 2025

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
Management's Discussion and Analysis (MD&A)
June 30, 2025

INTRODUCTION

The Sharon Springs Central School District offers readers of the District's financial statements this narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2025. Please review it in conjunction with the District's financial statements and the accompanying notes to the financial statements.

FINANCIAL HIGHLIGHTS

- As of the close of this fiscal year, the District's general fund reported a fund balance of \$3,056,919, a decrease of \$739,288 in comparison with the prior year. With the decrease the District was still able to appropriate \$1,265,627 of the fund balance for subsequent year's expenditures. The District also was able to maintain reserves for unemployment insurance, property loss, repairs, employee benefit accrued liability and retirement contributions for teachers and employees.

OVERVIEW OF THE FINANCIAL STATEMENTS

This Management's Discussion and Analysis narrative (required supplemental information) is intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components:

1. Districtwide Financial Statements
2. Fund Financial Statements
3. Notes to the Financial Statements

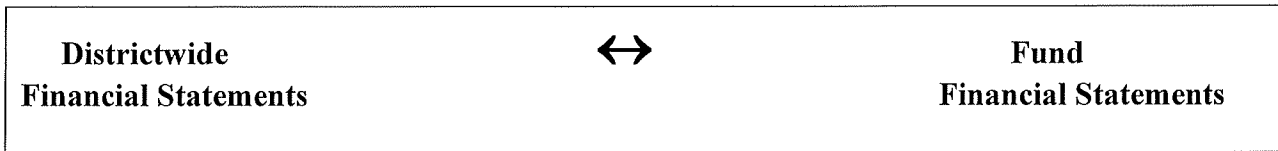
In addition to these statements, this report also includes required supplemental information and other supplemental information.

Our auditor has provided assurance in the independent auditor’s report that the Basic Financial Statements are fairly stated. A different degree of assurance is being provided by the auditor regarding the supplemental information identified below. A user of this report should read the independent auditor’s report carefully to ascertain the level of assurance being provided for each part in the financial statements.

Financial Statements

Required Supplemental Information (Part A)
Management’s Discussion & Analysis (MD&A)

Basic Financial Statements



Notes to the Basic Financial Statements

Required Supplemental Information (Part B)

General Fund Budget to Actual Schedule

Changes in the Total OPEB Liability

District’s Proportionate Share of the Net Pension Asset/Liability

District Contributions

Supplemental Information

General Fund Budget & Fund Balance Information

Capital Project Funds Schedule of Project Expenditures

Schedule of Net Investment in Capital Assets

DISTRICTWIDE FINANCIAL STATEMENTS

The districtwide financial statements are designed to provide readers with a broad overview of the District’s finances in a manner similar to a private-sector business.

The statement of net position presents information on all of the District’s assets and liabilities, with the difference between the two reported as net position. Over time, increases and decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The statement of activities presents information showing how the District's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g. certain federal/state grants earned but not yet received, unused vacation/sick leave, and proceeds from Revenue Anticipation Notes and related interest).

All of the District's services are reported in the districtwide financial statements as *governmental activities*, including general support, instruction, pupil transportation, community services, and school lunch. Property taxes, state/federal aid, and investment earnings finance most of these activities. Additionally, all capital and debt financing activities are reported here.

DISTRICTWIDE FINANCIAL ANALYSIS

Sharon Springs Central School District's Net Position June 30, 2025 and 2024

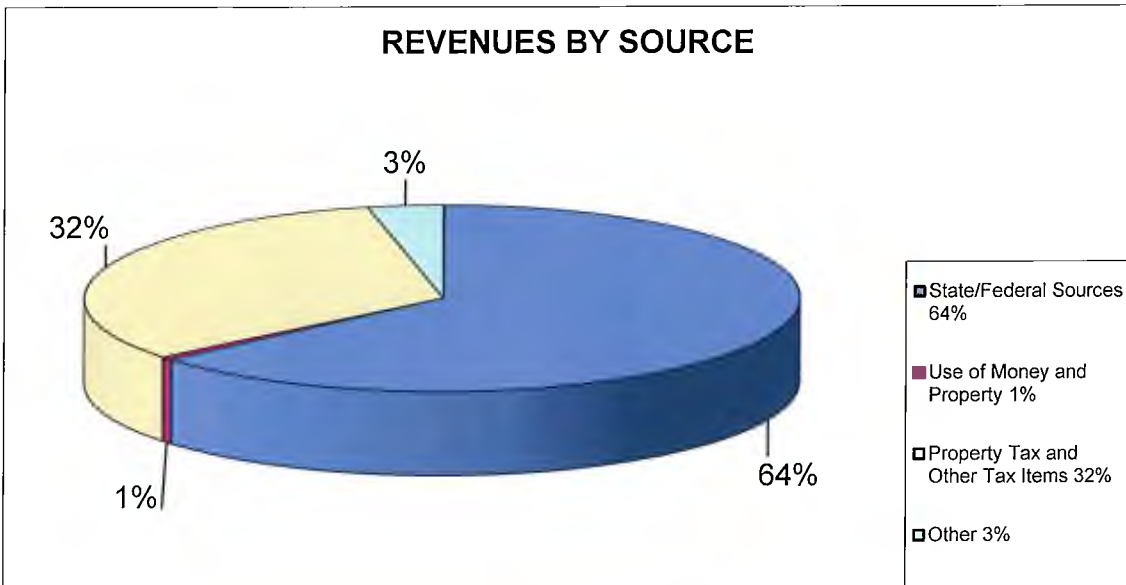
	Governmental Activities		Variance Increase (Decrease)
	2025	Restated 2024	
Current Assets	\$ 3,314,145	\$ 4,843,333	\$ (1,529,188)
Capital Assets	20,297,155	19,862,493	434,662
Net Pension Asset	475,691	-	475,691
Total Assets	<u>24,086,991</u>	<u>24,705,826</u>	<u>(618,835)</u>
Deferred Outflows of Resources	4,031,512	6,036,353	(2,004,841)
Total Assets and Outflows of Resources	<u>28,118,503</u>	<u>30,742,179</u>	<u>(2,623,676)</u>
Current Liabilities	446,153	463,454	(17,301)
Noncurrent Liabilities	8,099,449	8,681,979	(582,530)
OPEB Obligations	10,141,404	10,572,063	(430,659)
Net Pension Liability	669,701	839,472	(169,771)
Total Liabilities	<u>19,356,707</u>	<u>20,556,968</u>	<u>(1,200,261)</u>
Deferred Inflow of Resources	591,742	6,427,577	(5,835,835)
Total Liabilities and Inflows of Resources	<u>19,948,449</u>	<u>26,984,545</u>	<u>(7,036,096)</u>
Net Position:			
Investment in capital assets, net of related debt	13,554,807	12,537,615	1,017,192
Restricted	1,461,688	2,012,242	(550,554)
Unrestricted (deficit)	(12,172,131)	(10,792,223)	(1,379,908)
Total Net Position	<u>\$ 2,844,364</u>	<u>\$ 3,757,634</u>	<u>\$ (913,270)</u>

**Sharon Springs Central School District's
Changes in Net Position
For the Years Ended June 30, 2025 and 2024**

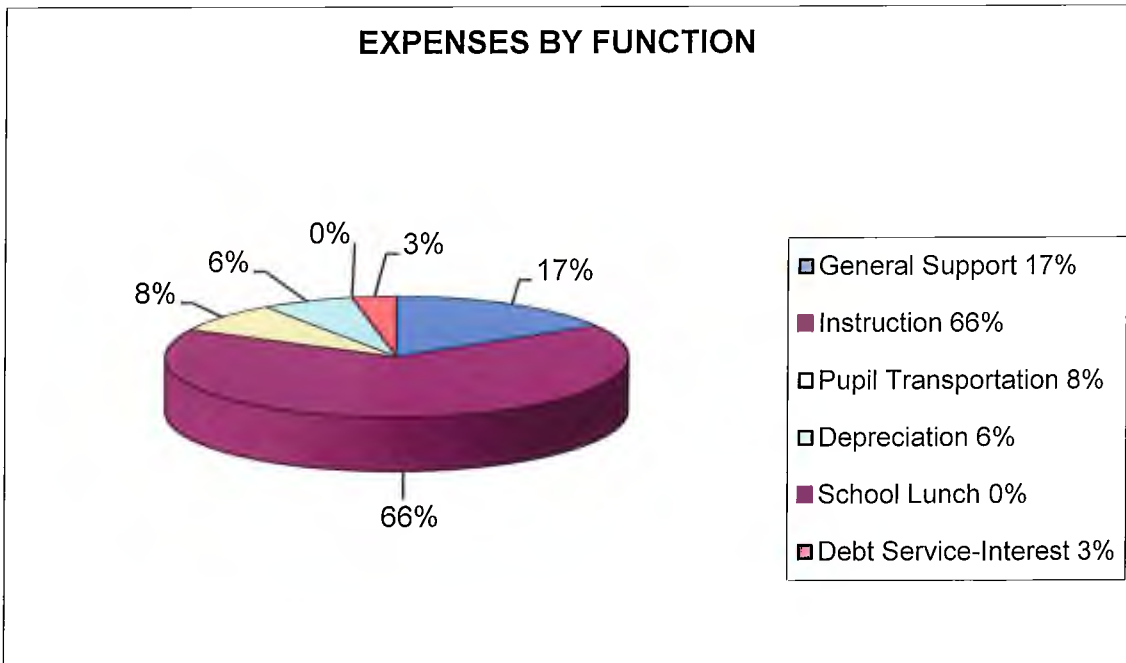
	Governmental Activities		Variance Increase (Decrease)
	2025	2024	
Revenues:			
Program Revenues:			
Charges for Services	\$ 56,123	\$ 64,536	\$ (8,413)
Operating Grants and Contributions	676,377	892,339	(215,962)
Total Program Revenues	<u>\$ 732,500</u>	<u>\$ 956,875</u>	<u>\$ (224,375)</u>
General Revenues:			
Real Property Taxes	\$ 2,291,417	\$ 2,130,199	\$ 161,218
Other Tax Items	905,769	974,257	(68,488)
Use of Money and Property	62,527	34,158	28,369
Sale of Property and Compensation for Loss	9,750	3,250	6,500
Miscellaneous	327,526	93,476	234,050
State Sources	6,297,452	5,836,744	460,708
Federal Sources	90	-	90
Premium on Obligations	-	412,831	(412,831)
Total General Revenues	<u>9,894,531</u>	<u>9,484,915</u>	<u>409,616</u>
Expenses (Net of Program Revenues):			
Instruction	7,192,250	(4,969,659)	12,161,909
Support Services:			
General Support	1,785,085	(782,145)	2,567,230
Pupil Transportation	857,082	(613,525)	1,470,607
Debt Service-Interest	335,350	176,993	158,357
Depreciation-Unallocated	694,017	656,368	37,649
School Lunch	(55,983)	(50,113)	(5,870)
Total Expenses	<u>10,807,801</u>	<u>(5,582,081)</u>	<u>16,389,882</u>
Change in Net Position	<u>\$ (913,270)</u>	<u>\$ 15,066,996</u>	<u>\$ (15,980,266)</u>

The following charts provide the percentage of breakdown of all revenues by source and all expenses by function for the entire District:

Districtwide Revenues by Source
For the Year Ended June 30, 2025



Districtwide Expenses by Function
For the Year Ended June 30, 2025



FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds, focusing on its most significant or "major" funds.

A fund is a grouping of related accounts, and is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. The District establishes other funds to control and manage money for particular purposes (such as repaying its long-term debts) or to show that it is properly using certain revenues (such as federal grants). All of the funds of the District can be divided into two categories; governmental funds, and fiduciary funds.

- **Governmental funds:** All of the District's services are reported in governmental funds. Governmental fund reporting focuses on showing how money flows into and out of funds, and the balances left at year-end that are available for spending. They are reported using the modified accrual method of accounting, which measures cash and all other financial assets that can readily be converted into cash. The governmental fund statements provide a detailed short-term view of the District's operations and the services it provides. Governmental fund information helps the reader determine whether there are more or fewer financial resources available to be spent in the near future to finance the District's programs. Because this information does not encompass the additional long-term focus of the districtwide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them.
- **Fiduciary funds:** The District is the trustee, or *fiduciary*, for assets that belong to others, such as the scholarship fund and the student activities funds. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the districtwide financial statements because it cannot use these assets to finance its operations.

FUND FINANCIAL ANALYSIS (DISTRICT'S FUNDS)

The District's governmental funds (as presented on the balance sheet) reported a combined Fund Balance of \$2.9 million, which is below last year's total of \$4.4 million. The schedule below indicates the fund balance and the total change in fund balance by fund type as of June 30, 2025 and 2024.

	<u>Fund Balance 2025</u>	<u>Fund Balance 2024</u>	<u>Variance Increase (Decrease)</u>
General	\$ 3,056,919	\$ 3,796,207	\$ (739,288)
School Lunch	169,127	117,553	51,574
Special Aid	930	928	2
Capital	(490,726)	324,611	(815,337)
Debt Service	147,437	147,191	246
Totals	<u>\$ 2,883,687</u>	<u>\$ 4,386,490</u>	<u>\$ (1,502,803)</u>

General Fund

The tables that follow assist in illustrating the financial activities and balance of the general fund.

<u>Revenues:</u>	<u>2025</u>	<u>2024</u>	Variance Increase (Decrease)
Taxes and Other Tax Items	\$ 3,197,186	\$ 3,104,456	\$ 92,730
Use of Money and Property	62,281	33,762	28,519
State/Federal Sources	6,297,542	5,836,744	460,798
Other	352,014	134,075	217,939
Totals	<u>\$ 9,909,023</u>	<u>\$ 9,109,037</u>	<u>\$ 799,986</u>

<u>Expenses:</u>	<u>2025</u>	<u>2024</u>	Variance Increase (Decrease)
General Support	\$ 1,318,907	\$ 1,231,645	\$ 87,262
Instruction	5,042,424	4,479,691	562,733
Pupil Transportation	555,318	507,745	47,573
Employee Benefits	2,558,314	2,735,605	(177,291)
Debt Service	1,067,256	691,388	375,868
Other	106,092	107,763	(1,671)
Totals	<u>\$ 10,648,311</u>	<u>\$ 9,753,837</u>	<u>\$ 894,474</u>

GENERAL FUND BUDGET INFORMATION

The District's budget is prepared in accordance with New York State law and is based on the modified accrual basis of accounting, utilizing cash receipts, disbursements, and encumbrances. The most significant budgeted fund is the General Fund.

The difference between the general fund's original budget and the final amended budget was \$190,862. This amount represents the carryover encumbrances from 2023-2024 of \$83,422, and board approved increase for \$107,440.

CAPITAL ASSETS

The District's capital assets (net of accumulated depreciation) as of June 30, 2025 are as follows:

<u>Asset Description</u>	<u>Amount</u>
Land	\$ 74,094
Construction in Progress	5,670,724
Buildings and Improvements	13,689,977
Machinery & Equipment	336,232
Vehicles	<u>526,128</u>
Total	<u>\$ 20,297,155</u>

The total increase in the District's capital assets (net of accumulated depreciation) for the current fiscal year was \$434,662. The most significant changes to capital assets were attributable to the purchases of equipment and vehicles and the expenditures from the capital project less depreciation expense.

DEBT

The District had total debt including serial bonds, OPEB obligations, net pension liability-proportionate share and compensated absences in the amount of \$18,910,554 as of June 30, 2025, a decrease over the previous year of \$39,932. The debt outstanding for the year ended June 30, 2025 is summarized as follows:

<u>Debt Description</u>	<u>Outstanding Balance</u>
Bonds	\$ 6,742,348
OPEB Obligations	10,141,404
Net Pension Liability-Proportionate Share	669,701
Compensated Absences	<u>1,357,101</u>
	<u>\$18,910,554</u>

Under current state statutes, the District's general obligation bonded debt issues are subject to a legal limitation based on 10% of the total full value of real property. At June 30, 2025, the District's general obligation debt was under its total debt limit.

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of existing circumstances that could significantly affect its financial health in the future. Challenges facing the District are the results of the COVID- 19 Pandemic had on the federal and state economies with increased funding coming from the federal government for several years and its effect on state aid funding in the future years after the federal funding has now ended. Inflation and supply chain shortages have increased the cost of most products and decreased the availability of them.

Another challenge is the cost of employee benefits continues to be a major budgetary factor. The continued growth in the cost of health insurance combined with costs of funding the Teachers' Retirement System and Employees' Retirement System are projected to have significant budgetary impact in the near to intermediate future.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

It is the intent of this report to provide the District's citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the funds it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the following:

Sharon Springs Central School District
PO Box 218
Route 20
Sharon Springs, New York 13459

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
STATEMENT OF NET POSITION
June 30, 2025

ASSETS

Unrestricted cash	\$	999,035	
Restricted cash		1,313,321	
Other receivables, net		2,199	
State and federal aid receivable		731,491	
Due from other governments		255,788	
Inventories		10,705	
Prepaid expenditures		1,606	
Net pension asset		475,691	
Capital assets, net		20,297,155	
Total Assets			\$ 24,086,991

DEFERRED OUTFLOW OF RESOURCES

Pensions	\$	1,484,343	
OPEB-GASB 75		2,547,169	
Total Deferred Outflows of Resources			\$ 4,031,512

LIABILITIES

Current Liabilities:

Accrued liabilities		48,351	
Due to other governments		208	
Payroll liabilities		271	
Due to teachers' retirement system		333,177	
Due to employees' retirement system		63,511	
Unearned revenue		635	
			635

Long-Term Liabilities:

Due and payable within one year

Bonds payable		770,321	
			770,321

Due and payable after one year

Bonds payable		5,972,027	
Compensated absences payable		1,357,101	
Other postemployment benefits payable		10,141,404	
Net pension liability- proportionate share		669,701	
			669,701

Total Liabilities			\$ 19,356,707
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DEFERRED INFLOWS OF RESOURCES

Pensions		700,951	
OPEB-GASB 75		5,216,481	
			5,216,481

Total Deferred Inflows of Resources			\$ 5,917,432
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NET POSITION

Net Investment in Capital Assets		13,554,807	
Restricted		1,461,688	
Unrestricted (deficit)		(12,172,131)	
Total Net Position			\$ 2,844,364

See auditor's report. See notes to financial statements.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION
For Year Ended June 30, 2025

	Expenses	Indirect Expenses Allocation	Program Revenues		Net (Expense) Revenue and Changes in Net Position
			Charges for Services	Operating Grants	
FUNCTIONS/PROGRAMS					
General support	\$ 1,262,050	\$ 523,035	\$ -	\$ -	\$ (1,785,085)
Instruction	5,435,542	2,151,792	14,738	380,346	(7,192,250)
Pupil transportation	579,026	301,764	-	23,708	(857,082)
Employee benefits	3,038,177	(3,038,177)	-	-	-
Debt service-interest	335,350	-	-	-	(335,350)
Depreciation	694,017	-	-	-	(694,017)
School lunch program	196,139	61,586	41,385	272,323	55,983
Total Functions and Programs	\$ 11,540,301	\$ -	\$ 56,123	\$ 676,377	(10,807,801)
GENERAL REVENUES					
Real property taxes					2,291,417
Other tax items					905,769
Use of money and property					62,527
Sale of property and compensation for loss					9,750
Miscellaneous					327,526
State sources					6,297,452
Federal sources					90
Total General Revenues					9,894,531
Change in Net Position					(913,270)
Restatement of Net Position (GASB 101)					(1,143,028)
Total Net Position - Beginning of year					4,900,662
Total Net Position - End of year					\$ 2,844,364

See auditor's report. See notes to financial statements.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
June 30, 2025

	Total Governmental Funds	Long-term Assets, Liabilities	Reclassifications and Eliminations	Statement of Net Position Totals
ASSETS				
Unrestricted cash	\$ 999,035	\$ -	\$ -	\$ 999,035
Restricted cash	1,313,321	-	-	1,313,321
Other receivables, net	2,199	-	-	2,199
Due from other funds	1,688,037	-	(1,688,037)	-
Due from other governments	255,788	-	-	255,788
State and federal aid receivable	731,491	-	-	731,491
Inventories	10,705	-	-	10,705
Prepaid expenditures	1,606	-	-	1,606
Net pension asset	-	475,691	-	475,691
Capital assets, (net)	-	20,297,155	-	20,297,155
Total Assets	\$ 5,002,182	\$ 20,772,846	\$ (1,688,037)	\$ 24,086,991
DEFERRED OUTFLOW OF RESOURCES				
Pensions	\$ -	\$ 1,484,343	\$ -	\$ 1,484,343
OPEB-GASB 75	-	2,547,169	-	2,547,169
Total Deferred Outflows of Resources	\$ -	\$ 4,031,512	\$ -	\$ 4,031,512
LIABILITIES				
Accrued liabilities	\$ 32,658	\$ 15,693	\$ -	\$ 48,351
Bonds payable	-	6,742,348	-	6,742,348
Due to other funds	1,688,037	-	(1,688,037)	-
Payroll liabilities	271	-	-	271
Due to other governments	208	-	-	208
Due to teachers' retirement system	333,177	-	-	333,177
Due to employees' retirement system	63,511	-	-	63,511
Other postemployment benefits payable	-	10,141,404	-	10,141,404
Compensated absences	-	1,357,101	-	1,357,101
Unearned revenues	635	-	-	635
Net pension liability- proportionate share	-	669,701	-	669,701
Total Liabilities	\$ 2,118,497	\$ 18,926,247	\$ (1,688,037)	\$ 19,356,707
DEFERRED INFLOWS OF RESOURCES				
Pensions	\$ -	\$ 700,951	\$ -	\$ 700,951
OPEB-GASB 75	-	5,216,481	-	5,216,481
Total Deferred Inflows of Resources	\$ -	\$ 5,917,432	\$ -	\$ 5,917,432
FUND BALANCE\NET POSITION				
Total Fund Balance\Net Position	\$ 2,883,685	\$ (39,321)	\$ -	\$ 2,844,364
Total Liabilities, Deferred Inflows of Resources, and Fund Balance\Net Position	\$ 5,002,182	\$ 18,886,926	\$ (1,688,037)	\$ 22,201,071

See auditor's report. See notes to financial statements.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
RECONCILIATION OF GOVERNMENTAL FUNDS REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE TO THE STATEMENT OF ACTIVITIES
For Year Ended June 30, 2025

	Total Governmental Funds	Long-term Revenue, Expenses	Capital Related Items	Long-term Debt Transactions	Statement of Activities Totals
REVENUES					
Real property taxes	\$ 2,291,417	\$ -	\$ -	\$ -	\$ 2,291,417
Other tax items	905,769	-	-	-	905,769
Charges for services	14,738	-	-	-	14,738
Use of money and property	62,527	-	-	-	62,527
Sale of property and compensation for loss	9,750	-	-	-	9,750
Miscellaneous	431,526	-	-	-	431,526
State sources	6,422,481	-	-	-	6,422,481
Federal sources	447,438	-	-	-	447,438
Sales - school lunch	41,385	-	-	-	41,385
Total Revenues	<u>10,627,031</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,627,031</u>
EXPENDITURES\EXPENSES					
General support	1,318,907	-	(56,857)	-	1,262,050
Instruction	5,463,966	-	(28,424)	-	5,435,542
Pupil transportation	579,026	-	-	-	579,026
Employee benefits	2,619,600	418,577	-	-	3,038,177
Debt service-Principal	740,988	-	-	(740,988)	-
-Interest	326,268	9,082	-	-	335,350
Cost of sales	200,848	-	(4,709)	-	196,139
Capital outlay	1,038,689	-	(1,038,689)	-	-
Depreciation	-	-	694,017	-	694,017
Total Expenditures	<u>12,288,292</u>	<u>427,659</u>	<u>(434,662)</u>	<u>(740,988)</u>	<u>11,540,301</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,661,261)</u>	<u>(427,659)</u>	<u>434,662</u>	<u>740,988</u>	<u>(913,270)</u>
OTHER SOURCES AND USES					
Proceeds from debt	158,458	-	-	(158,458)	-
Operating transfers in	141,198	(141,198)	-	-	-
Operating transfers (out)	(141,198)	141,198	-	-	-
Total Other Sources (Uses)	<u>158,458</u>	<u>-</u>	<u>-</u>	<u>(158,458)</u>	<u>-</u>
Net Change for the Year	<u>\$ (1,502,803)</u>	<u>\$ (427,659)</u>	<u>\$ 434,662</u>	<u>\$ 582,530</u>	<u>\$ (913,270)</u>

See auditor's report. See notes to financial statements.

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

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
ASSETS						
Unrestricted cash	\$ 3,243	\$ 232,783	\$ 107,629	\$ -	\$ 655,382	\$ 999,037
Restricted cash	1,313,321	-	-	-	-	1,313,321
Other receivables, net	660	-	1,539	-	-	2,199
State and federal aid receivable	510,840	169,887	50,764	-	-	731,491
Due from other governments	255,788	-	-	-	-	255,788
Due from other funds	1,432,670	61,718	-	147,437	46,212	1,688,037
Prepaid expenditures	1,606	-	-	-	-	1,606
Inventories	-	-	10,705	-	-	10,705
Total Assets	\$ 3,518,128	\$ 464,388	\$ 170,637	\$ 147,437	\$ 701,594	\$ 5,002,184
LIABILITIES						
Accrued liabilities	\$ 31,991	\$ -	\$ 667	\$ -	\$ -	\$ 32,658
Due to teachers' retirement system	333,177	-	-	-	-	333,177
Due to employees' retirement system	63,511	-	-	-	-	63,511
Due to other funds	32,259	463,458	-	-	1,192,320	1,688,037
Payroll liabilities	271	-	-	-	-	271
Due to other governments	-	-	208	-	-	208
Unearned revenues	-	-	635	-	-	635
Total Liabilities	461,209	463,458	1,510	-	1,192,320	2,118,497
FUND BALANCES						
Non-spendable	1,606	-	10,705	-	-	12,311
Restricted	1,313,321	930	-	147,437	-	1,461,688
Assigned	1,287,963	-	-	-	-	1,287,963
Unassigned (Deficit)	454,029	-	158,422	-	(490,726)	121,725
Total Fund Balances	3,056,919	930	169,127	147,437	(490,726)	2,883,687
Total Liabilities and Fund Balances	\$ 3,518,128	\$ 464,388	\$ 170,637	\$ 147,437	\$ 701,594	\$ 5,002,184

See auditor's report. See notes to financial statements.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
GOVERNMENTAL FUNDS
For Year Ended June 30, 2025

	General	Special Aid	School Lunch	Debt Service	Capital Projects	Total Governmental Funds
REVENUES						
Real property taxes	\$ 2,291,417	\$ -	\$ -	\$ -	\$ -	\$ 2,291,417
Other tax items	905,769	-	-	-	-	905,769
Charges for services	14,738	-	-	-	-	14,738
Use of money and property	62,281	-	-	246	-	62,527
Sale of property and compensation for loss	9,750	-	-	-	-	9,750
Miscellaneous	327,526	104,000	-	-	-	431,526
State sources	6,297,452	66,086	58,943	-	-	6,422,481
Federal sources	90	233,968	213,380	-	-	447,438
Sales	-	-	41,385	-	-	41,385
Total Revenues	<u>9,909,023</u>	<u>404,054</u>	<u>313,708</u>	<u>246</u>	<u>-</u>	<u>10,627,031</u>
EXPENDITURES						
General support	1,318,907	-	-	-	-	1,318,907
Instruction	5,042,424	421,542	-	-	-	5,463,966
Pupil transportation	555,318	23,708	-	-	-	579,026
Employee benefits	2,558,314	-	61,286	-	-	2,619,600
Debt service						
Principal	740,988	-	-	-	-	740,988
Interest	326,268	-	-	-	-	326,268
Cost of sales	-	-	200,848	-	-	200,848
Capital outlay	-	-	-	-	1,038,689	1,038,689
Total Expenditures	<u>10,542,219</u>	<u>445,250</u>	<u>262,134</u>	<u>-</u>	<u>1,038,689</u>	<u>12,288,292</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(633,196)</u>	<u>(41,196)</u>	<u>51,574</u>	<u>246</u>	<u>(1,038,689)</u>	<u>(1,661,261)</u>
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	-	-	-	-	158,458	158,458
Operating transfers in	-	41,198	-	-	100,000	141,198
Operating transfers (out)	(106,092)	-	-	-	(35,106)	(141,198)
Total Other Financing Sources (Uses)	<u>(106,092)</u>	<u>41,198</u>	<u>-</u>	<u>-</u>	<u>223,352</u>	<u>158,458</u>
Excess (Deficiency) of Revenues and Other Financing Sources Over Expenditures and Other Uses	<u>(739,288)</u>	<u>2</u>	<u>51,574</u>	<u>246</u>	<u>(815,337)</u>	<u>(1,502,803)</u>
Fund Balance- Beginning of year	<u>3,796,207</u>	<u>928</u>	<u>117,553</u>	<u>147,191</u>	<u>324,611</u>	<u>4,386,490</u>
Fund Balance - (Deficit) End of year	<u>\$ 3,056,919</u>	<u>\$ 930</u>	<u>\$ 169,127</u>	<u>\$ 147,437</u>	<u>\$ (490,726)</u>	<u>\$ 2,883,687</u>

See auditor's report. See notes to financial statements.

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

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
ASSETS			
Cash	\$ 5,672	\$ 69,359	\$ 50,957
Investments	176,801	-	-
Total Assets	\$ 182,473	\$ 69,359	\$ 50,957
 LIABILITIES			
Due to governmental funds	\$ -	\$ -	\$ -
Other liabilities	-	-	-
Total Liabilities	\$ -	\$ -	\$ -
 NET POSITION			
Reserved for scholarships Individuals, Organizations and Other governments	\$ 182,473	\$ -	\$ -
	-	69,359	50,957
Total Net Position	\$ 182,473	\$ 69,359	\$ 50,957

See auditor's report. See notes to financial statements.

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

	Private Purpose Trusts	Custodial Funds	Extraclassroom Activity Funds
ADDITIONS			
Contributions	\$ -	\$ 5,215	\$ -
Interest	54	-	12
Net realized/unrealized gains/(losses)	9,322	-	-
Unclassified	-	45,281	62,144
Total Additions	<u>9,376</u>	<u>50,496</u>	<u>62,156</u>
DEDUCTIONS			
Scholarships and awards	-	5,015	-
Other custodial activities	-	31,282	67,035
Total Deductions	<u>-</u>	<u>36,297</u>	<u>67,035</u>
Net Increase (Decrease) in Fiduciary Net Position	9,376	14,199	(4,879)
Net Position - Beginning of year	<u>173,097</u>	<u>55,160</u>	<u>55,836</u>
Net Position - End of year	<u>\$ 182,473</u>	<u>\$ 69,359</u>	<u>\$ 50,957</u>

See auditor's report. See notes to financial statements.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS

I. **Summary of Significant Accounting Policies**

The financial statements of the Sharon Springs Central School District have been prepared in conformity with generally accepted accounting principles (GAAP). Those principles are as prescribed by the Governmental Accounting Standards Board (GASB) which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

A. **Reporting Entity**

The Sharon Springs Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 5 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for and controls all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management, and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, The Financial Reporting Entity, as amended by GASB Statement 39, Component Units. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

The Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the Sharon Springs Central 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 are included in these financial statements. The District accounts for assets held as an agent for various student organizations in a custodial fund.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

B. Joint Venture

The Sharon Springs Central School District is one of 23 component school districts in the Capital District Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs which provide educational and support activities.

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

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

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

During the year ended June 30, 2025, the Sharon Springs Central School District was billed \$1,253,060 for BOCES administrative and program costs. The District's share of BOCES Aid amounted to \$536,004. Financial statements for BOCES are available from the BOCES administrative office.

C. Basis of Presentation

1. Districtwide Statements

The Districtwide Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes,

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

1. Districtwide Statements (Continued)

State Aid, intergovernmental revenues, and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

2. Fund Financial Statements

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

The District reports the following funds:

a. Major Governmental Funds

- (1) General Fund** - This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.
- (2) Special Aid Fund** - These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

C. Basis of Presentation (Continued)

2. Fund Financial Statements (Continued)

a. Major Governmental Funds (Continued)

- (3) School Lunch Fund** – Used to account for transactions of the District’s lunch and breakfast programs.
- (4) Debt Service Fund** – This fund accounts for the accumulation of resources and the payment of principal and interest on long-term obligations for governmental activities.
- (5) Capital Projects Fund** – This fund is used to account for the financial resources used for acquisition, construction, or major repair of capital facilities and other capital and intangible assets.

b. Fiduciary Funds

Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the districtwide financial statements, because their resources do not belong to the District, and are not available to be used. There are two classes of fiduciary funds:

- (1) Private Purpose Trust Funds** – These funds are used to account for trust arrangements in which principal and income benefits annual third party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.
- (2) Custodial Funds** – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

D. 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 districtwide 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 District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from grants and donations are recognized in the fiscal year in which all eligibility requirements have been satisfied.

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 60 days after the end of the fiscal year.

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

E. Cash and Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and districts. Certain cash balances are restricted by various legal and contractual obligations, such as legal reserves and debt agreements.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

F. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on August 26. Taxes are collected during the period September 1 to November 1.

Uncollected real property taxes are subsequently enforced by the Counties of Montgomery, Otsego and Schoharie. An amount representing uncollected real property taxes is transmitted to the Counties for enforcement and is paid by the Counties to the District no later than the forthcoming April 1.

G. Restricted Resources

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

H. Interfund Transactions

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

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

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

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

I. Estimates

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

J. Receivables

Accounts 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 an allowance would not be material.

K. Inventories and Prepaid Items

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

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

A portion of fund balance has been classified as nonspendable to indicate that inventory does not constitute an available spendable resource.

L. Other Assets/Restricted Assets

Certain proceeds from serial bonds and bond anticipation notes, as well as resources set aside for their repayment are classified as restricted assets in the districtwide financial statements and their use is limited by applicable bond covenants.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

L. Other Assets/Restricted Assets (Continued)

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

M. Capital Assets

Capital assets are reflected in the districtwide financial statements. Capital assets are reported at historical cost or estimated historical costs, based on appraisals conducted by independent third-party professionals. Donated assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlays that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred.

Capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives. Capitalization thresholds and estimated useful lives of capital assets reported in the districtwide statements are as follows:

	<u>Capitalization Threshold</u>	<u>Estimated Useful Life</u>
Buildings and Improvements	\$ 500	15-50
Furniture and Equipment	\$ 500	5-15
Vehicles	\$ 500	8

N. Compensated Absences

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

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

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.

In the districtwide financial statements, the District recognizes a liability for compensated absences, including vacation and sick time, when employees have earned the right to the leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The liability is measured at the employee's rate of pay, including payments such as Social Security and Medicare taxes.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

N. Compensated Absences (Continued)

During the year ended June 30, 2025, the District implemented the provisions of GASB Statement No. 101, Compensated Absences. This Statement establishes recognition and measurement guidance for compensated absences, requiring governments to recognize a liability for leave when (1) the leave is attributable to services already rendered, (2) the leave accumulates, and (3) the leave is more likely than not to be used for time off or otherwise paid in cash/other forms of compensation.

The implementation of GASB 101 resulted in a change in the method of accounting for compensated absences. Previously, the District recognized a liability only for leave that was both earned and vested (i.e., payable upon termination or retirement). Under the new guidance, the District recognizes a liability for leave that is more likely than not to be used or paid.

O. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities, and long-term obligations are reported in the districtwide 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's financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

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.

P. Deferred Outflows of Resources

Deferred outflows of resources, in the Statement of Net Position, represents a consumption of net position that applies to a future reporting period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The District has three items that qualify for reporting in this category. The first item represents the effect of the net change in the District's proportion of the collective net pension asset or liability and the difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is the District's contributions to the pension systems (TRS and ERS Systems) and OPEB after the measurement date. The third item relates to OPEB reporting in the districtwide Statement of Net Position. This represents the effect of the net change in the actual and expected experience.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

Q. Deferred Inflows of Resources

Deferred inflows of resources represent 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. The first item is related to pensions reported in the Districtwide Statement of Net Position. This represents the effect of net change in the District's proportion of the collective net pension liability and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense, and the net difference between projected and actual earnings on pension plan investments. The second item is related to OPEB reported in the districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

R. Unearned Revenue

Unearned revenues arise when resources are received by the District before they have a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures or when charges for service monies are received in advance from payers prior to the services being rendered by the District. These amounts are recorded as liabilities in the financial statements. The liabilities are removed, and revenues are recognized in subsequent periods when the District has legal claims to the resources.

S. Other Benefits

Eligible District employees participate in the New York State Teachers' Retirement System or the New York State and Local Employees' Retirement System.

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

In addition to providing pension benefits, the District provides postemployment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially all of the District's employees may become eligible for these benefits if they reach a normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

T. Short-Term Debt

The School District may issue Revenue and Tax Anticipation Notes in anticipation of receipt of revenues. These notes are recorded as a liability of the fund that will receive the proceeds from the issuance of the notes. The revenue anticipation and tax anticipation notes represent a liability that will be extinguished using expendable, available resources of the fund.

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

The School District may issue Bond Anticipation Notes in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as the current liability of the fund that will receive the proceeds from the issuance of bonds. State law requires that bond anticipation notes issued for capital purposes be converted to long-term financing within five years after the original issue date.

U. Equity Classifications

1. Districtwide Statements

In the districtwide statements there are three classes of net position:

Net investment in capital assets – consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, construction, or improvement 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, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements

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

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes the inventory recorded in the School Lunch Fund of \$10,705 and prepaid expenditures in the General Fund of \$1,606.

Restricted – includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance. The School District has established the following restricted fund balances:

1. Encumbrances

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

2. Unemployment Insurance

This reserve 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 may be established by Board action and is funded by budgetary appropriations and such other funds as may be legally appropriated. Within sixty days after the end of any fiscal year, excess amounts may either be transferred to another reserve or the excess applied to the appropriations of the next succeeding fiscal year's budget. This reserve is accounted for in the General Fund.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

3. Employee Benefit Accrued Liability

This reserve is used to set aside funds for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

4. Property Loss

This reserve is used to pay property loss claims incurred. The total amount accumulated in the reserve may not exceed 3% of the total annual budget. This reserve is accounted for in the General Fund.

5. Employee and Teacher's Retirement Contributions

This reserve is used for future employee's retirement obligations and teacher's retirement obligations. 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.

6. Insurance

This reserve is used for the payment of liability, casualty, and other types of losses for which the following types of insurance may not be purchased: workers' compensation, unemployment, life annuities, accident and health, fidelity and surety, credit, title and residual value. This reserve is accounted for in the General Fund.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

7. Repair

This reserve 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. 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.

Restricted fund balance includes the following:

General Fund:	
Employee Benefit Accrued Liability	\$ 181,027
Repair	49,081
Unemployment Insurance	70,317
Employee Retirement Contributions	699,860
Teacher Retirement Contributions	163,190
Property Loss	149,846
Special Aid Fund	930
Debt Service Fund	147,437
Total restricted funds	\$ 1,461,688

Committed – Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District’s highest level of decision making, the Board of Education. The School District has no committed fund balances as of June 30, 2025.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

U. Equity Classifications (Continued)

2. Fund Statements (Continued)

Assigned – Includes amounts that are constrained by the School District’s intent to be used for specific purposes, but are neither restricted nor committed. All encumbrances of the General Fund are classified as **Assigned Fund Balance** in the General Fund. Encumbrances reported in the General Fund amounted to \$22,336, and the appropriated fund balance amounted to \$1,265,627.

Unassigned – Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the general fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law 1318 limits the amount of unexpended surplus funds a School District can retain to no more than 4% of the School District’s budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded from the 4% limitation.

Order of Use of Fund Balance:

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

V. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. On June 30, 2025, the District implemented the following new standard issued by GASB:

GASB has issued Statement 101, Compensated Absences, effective for the year ending June 30, 2025.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

I. Summary of Significant Accounting Policies (Continued)

V. New Accounting Standards (Continued)

GASB has issued Statement 102, Certain Risk Disclosures, effective for the year ending June 30, 2025.

W. Future Changes in Accounting Standards

GASB has issued Statement 103, Financial Reporting Model Improvements, effective for the year ending June 30, 2026.

GASB has issued Statement 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 lease assets, and assets held for sale.

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

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements

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

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

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities:

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of three 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 of capital items in the governmental fund statements and depreciation 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. Pension differences:

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

e. OPEB differences:

OPEB differences occur as a result of recognizing OPEB costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby and expenditure is recognized for health insurance premiums and OPEB costs as they mature, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the future cost of benefits in retirement over the term of employment.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

II. Explanation of Certain Differences between Governmental Fund Statements and Districtwide Statements (Continued)

2. Statement of Revenues, Expenditures, and Changes in Fund Balance vs. Statement of Activities (Continued):

The costs of building and acquiring capital assets (land, buildings, and equipment) financed from 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 assets among the assets of the District as a whole, and their original costs are expensed annually of their useful lives.

Original cost of capital assets	\$30,254,822
Accumulated depreciation	<u>9,957,667</u>
Capital assets, net	<u>\$20,297,155</u>

Long-term liabilities are reported in the Statement of Net Position, but not in the governmental funds, because they are not due and payable in the current period. Balances at year end were:

Bonds payable	\$ 6,742,348
OPEB obligations	<u>\$10,141,404</u>
Compensated Absences	<u>\$ 1,357,101</u>
Net pension liability-proportionate share	<u>\$ 669,701</u>

When the purchase or construction of capital assets is financed through governmental funds, the resources expended for those assets are reported as expenditures in the years they are incurred. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. Depreciation of \$694,017 was less than capital expenditures of \$1,128,679 in the current year.

Repayment of bond principal of \$740,988 is an expenditure in the governmental funds, but it reduces long-term liabilities in the Statement of Net Position and does not affect the Statement of Activities.

Interest on long-term debt and short-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is due. The interest reported in the Statement of Activities increased by \$9,082.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

III. Cash and Investments

A. Deposits

The Sharon Springs Central School District's investment policies are governed by State statutes. The Sharon Springs Central School District's monies must be deposited in FDIC-insured commercial banks or trust companies located within the State. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. 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 Federal Deposit Insurance. Obligations that may be pledged as collateral are: obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in an event of a bank failure, the District's deposits may not be returned to it. GASB directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance and the deposits are as follows:

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

Deposits and investments at year end were entirely covered by Federal Deposit Insurance or by collateral held by the School District's custodial bank in the School District's name.

The District did not have any investments at year end or during the year.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IV. Interfund Transaction

Interfund balances on June 30, 2025, are as follows:

	Interfund		Interfund	
	Receivable	Payable	Revenues	Expenditures
General Fund	\$ 1,432,670	\$ 32,259	\$ -	\$ 106,092
Special Aid Fund	61,718	463,458	41,198	-
School Lunch Fund	-	-	-	-
Capital Fund	46,212	1,192,320	100,000	35,106
Debt Service Fund	147,437	-	-	-
Totals	<u>\$ 1,688,037</u>	<u>\$ 1,688,037</u>	<u>\$ 141,198</u>	<u>\$ 141,198</u>

The District typically transfers from the General Fund to the Special Aid Fund to pay its' share of the Summer Handicapped Program.

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

V. Capital Assets

A summary of changes in general fixed assets follows:

	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025
<u>Capital assets-not depreciated:</u>				
Land	\$ 74,094	\$ -	\$ -	74,094
Construction in progress	4,790,493	880,231	-	5,670,724
Total capital assets-not depreciated:	4,864,587	880,231	-	5,744,818
 <u>Other capital assets:</u>				
Buildings and improvements	21,509,786	-	-	21,509,786
Machinery and equipment	1,479,892	89,990	2,650	1,567,232
Vehicles	1,391,928	158,458	117,400	1,432,986
Total other capital assets:	24,381,606	248,448	120,050	24,510,004
 <u>Less accumulated depreciation:</u>				
Buildings and improvements	7,356,063	463,746	-	7,819,809
Machinery and equipment	1,132,317	101,333	2,650	1,231,000
Vehicles	895,320	128,938	117,400	906,858
Total accumulated depreciation	9,383,700	694,017	120,050	9,957,667
Other capital assets, net	14,997,906	(445,569)	-	14,552,337
Total	\$ 19,862,493	\$ 434,662	\$ -	\$ 20,297,155

Depreciation expense for the period was shown as unallocated in the Statement of Activities.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans

1. General Information

New York State and Local Employees' Retirement System (ERS) and the New York State Teachers' Retirement (TRS) (the Systems).

2. Plan Descriptions and Benefits Provided

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

Funding Policies:

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

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

	<u>Contributions</u>	
	<u>ERS</u>	<u>TRS</u>
2025	\$210,987	\$331,606
2024	\$180,109	\$309,530
2023	\$151,722	\$276,690

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

On June 30, 2025, the District reported the following (asset)/liability for its proportionate share of the net pension (asset)/liability for each of the Systems. The net pension (asset)/liability was measured as of March 31, 2025, for ERS and June 30, 2024, for TRS. The total pension (asset)/liability used to calculate the net pension (asset)/liability was determined by an actuarial valuation. The District's proportion of the net pension (asset)/liability was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	<u>ERS</u>	<u>TRS</u>
Measurement date	31-Mar-25	30-Jun-24
Net pension liability/(asset)	\$669,701	(\$475,691)
District's portion of the Plan's total net pension liability	.0039059%	.015943%
Change in proportion since the prior measurement date	(.0006287%)	.000921%

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

For the year ended June 30, 2025, the District's recognized pension expense of \$151,065 for ERS and \$261,728 for TRS. At June 30, 2025 the District reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resource</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences between expected and actual experience	\$166,224	\$512,232	\$7,841	\$0
Changes of assumptions	28,086	284,560	0	47,866
Net difference between projected and actual earnings on pension plan investments	52,543	0	0	528,533
Changes in proportion and differences between the District's contributions and proportionate share of contributions	44,767	23,876	71,180	45,531
District's contributions subsequent to the measurement date	77,292	294,763	0	0
Total	\$368,912	\$1,115,431	\$79,021	\$621,930

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension 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:

	<u>ERS</u>	<u>TRS</u>
Year ended:		
2025	\$ -	\$ (241,972)
2026	113,631	578,723
2027	169,737	(98,823)
2028	(67,433)	(113,657)
2029	(3,336)	54,527
2030	-	-
Thereafter	-	19,938

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

4. Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Actuarial valuation date	April 1, 2024	June 30, 2023
Interest rate	5.9%	6.95%
Salary scale	4.30%	1.95%-5.18%
Decrement tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation rate	2.9%	2.40%
COLA's	1.5%	1.30%

For ERS, annuitant mortality rates are based on April 1, 2015 – March 31, 2020, System’s experience with adjustments for mortality improvements based on MP-2021. For TRS, annuitant mortality rates are based on July 1, 2015 – June 30, 2020, System’s experience with adjustments for mortality improvements based on Society of Actuaries Scale MP-2022.

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

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

Measurement date	<u>ERS</u> March 31, 2025	<u>TRS</u> June 30, 2024
<u>Asset Type</u>	<u>%</u>	<u>%</u>
Domestic Equities	3.54%	6.60%
International Equities	6.57%	7.40%
Global equities	0.00%	6.90%
Private Equity	7.25%	10.00%
Real Estate Equity	4.95%	6.30%
Opportunistic/ARS portfolio	5.25%	0.00%
Credit	5.40%	0.00%
Domestic fixed income securities	0.00%	2.60%
Global bonds	0.00%	2.50%
Private debt	0.00%	5.90%
Absolute return strategies	5.38%	0.00%
Real estate debt	0.00%	3.90%
Cash Equivalents	0.25%	0.50%
High yield fixed income securities	2.00%	4.80%
Real assets	5.55%	0.00%

5. Discount Rate

The discount rate used to calculate the total pension liability was 5.9% for ERS and 6.95 % for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

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

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

ERS	1% Decrease <u>(4.9%)</u>	Current Assumption <u>(5.9%)</u>	1% Increase <u>(6.9%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$1,938,198	\$669,701	(\$389,495)
TRS	1% Decrease <u>(5.95%)</u>	Current Assumption <u>(6.95%)</u>	1% Increase <u>(7.95%)</u>
Employer's proportionate share Of the net pension (asset) liability	\$2,197,244	(\$475,691)	(\$2,723,701)

7. Pension Plan Fiduciary Net Position

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

	<u>ERS</u>	<u>TRS</u>
Measurement date	March 31, 2025	June 30, 2024
Employers' total pension liability	\$ 247,600,239	\$ 142,837,826,465
Plan Fiduciary Net Position	230,454,512	145,821,434,780
Employers' net pension liability/(asset)	17,145,727	(2,983,608,315)
Plan fiduciary net position as a percentage of total pension (asset)/liability	93.0800%	102.1000%

SHARON SPRINGS CENTRAL SCHOOL DISTRICT

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VI. Pension Plans (Continued)

8. Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2025, represent the projected employer contribution for the period of April 1, 2025, through June 30, 2025, based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025, amounted to \$77,292.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025, are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025, represent employee and employer contributions for the fiscal year ended June 30, 2025, based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025, amounted to \$333,177.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations

Long-term liability balances and activity for the year are summarized below:

1. Long-Term Debt Interest

Interest paid	\$326,268
Less interest accrued in the prior year	(6,611)
Plus, interest accrued in the current year	<u>15,693</u>
 Total expense	 <u>\$335,350</u>

2. Changes

	Balance 7/1/2024	Additions	Deletions	Balance 6/30/2025	Due Within One Year
Serial Bonds	\$ 7,324,878	\$ 158,458	\$ 740,988	\$ 6,742,348	<u>\$ 770,321</u>
**Compensated					
Absences	214,073	1,143,028	-	1,357,101	
OPEB Obligations	10,572,063	-	430,659	10,141,404	
Net Pension Liability-					
Proportionate Share	839,472	-	169,771	669,701	
Totals	<u>\$ 18,950,486</u>	<u>\$ 1,301,486</u>	<u>\$ 1,341,418</u>	<u>\$ 18,910,554</u>	

**As a result of the implementation of GASB Statement 101 on July 1, 2024, The District's liability for compensated absences increased to reflect amounts considered "more likely than not" to be taken or paid for in the future.

3. Maturity

a. The following is a summary of the debt issued:

Purpose	Issue Date	Final Maturity	Interest Rate	Outstanding 6/30/2025
Serial Bonds:				
Buses	2022	2027	2.58%	\$ 44,826
Buses	2023	2028	4.40%	107,397
Buses	2024	2029	4.35%	121,667
Buses	2025	2030	4.25%	158,458
Construction	2012	2026	2.25%	215,000
Construction	2025	2039	5.00%	3,540,000
Construction	2025	2032	5.00%	95,000
Construction	2020	2035	2.00%	2,460,000
Total				<u>\$ 6,742,348</u>

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VII. Long-Term Debt Obligations (Continued)

3. Maturity (Continued)

b. The following is a summary of maturing principal debt service requirements:

	Year	Principal	Interest	Total
Serial Bonds:	2026	\$ 770,321	\$ 254,235	\$ 1,024,556
	2027	580,321	228,885	809,206
	2028	567,905	207,812	775,717
	2029	537,111	186,967	724,078
	2030	526,690	167,597	694,287
	2031 and thereafter	3,760,000	710,800	4,470,800
	Total	<u>\$ 6,742,348</u>	<u>\$ 1,756,296</u>	<u>\$ 8,498,644</u>

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits

A. General Information about the OPEB Plan

Plan Description- The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time general and public safety employees of the District. The plan is a single employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in Paragraph 4 of Statement 75.

Benefits Provided- The District provides healthcare and life insurance benefits for retirees and their dependents. The benefit terms are dependent on which contract each employee falls under. The specifics of each contract are on file at the District offices and are available upon request.

Employees Covered by Benefit Terms- On June 30, 2025, the following employees were covered by the benefit terms:

Inactive members or beneficiaries currently receiving benefit payments	48
Inactive members entitled to but not yet receiving benefit payments	-
Active members	<u>68</u>
Total membership	116

B. Total OPEB Liability

The District’s total OPEB liability of \$10,141,404 was measured as of June 30, 2025 and was determined by an actuarial valuation as of that date.

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

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

B. Total OPEB Liability (Continued)

Inflation	2.7%
Salary Increases	vary by pension retirement system membership
Discount Rate	4.81%
Healthcare Cost Trend Rates	6.75% increase from 2023 to 2024, followed by 6.50% from 2024 to 2025, decreasing gradually to an ultimate rate of 4.14% by 2075

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

Mortality rates were based on the PUB-2010 Headcount-Weighted Table projected fully generationally using MP-2021.

The actuarial assumptions used on June 30, 2021, valuation was based on the results of an actuarial experience study for the period April 1, 2010-March 31, 2015.

C. Changes in the Total OPEB Liability

Balance at June 30, 2024	<u>\$ 10,572,063</u>
<u>Changes for the Year</u>	
Service cost	389,185
Interest	450,923
Changes of benefit terms	-
Differences between expected and actual experience	31,905
Changes in assumptions or other inputs	(796,495)
Benefit payments	(506,177)
Net Changes	<u>\$ (430,659)</u>
Balance at June 30, 2025	<u><u>\$ 10,141,404</u></u>

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

C. Changes in the Total OPEB Liability (Continued)

Changes of assumptions and other inputs reflect a change in the discount rate from 4.21% in 2024 to 4.81% in 2025.

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 (3.81%) or 1 percentage point higher (5.81%) than the current discount rate:

	<u>(3.81%) 1% Decrease</u>	<u>Current Discount Rate (4.81%)</u>	<u>(5.81%) 1% Increase</u>
Total OPEB Liability	<u>\$ 11,526,303</u>	<u>\$ 10,141,404</u>	<u>\$ 9,007,307</u>

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

	<u>1% Decrease</u>	<u>Healthcare Cost Trend Rates</u>	<u>1% Increase</u>
Total OPEB Liability	<u>\$ 8,699,208</u>	<u>\$ 10,141,404</u>	<u>\$ 11,958,293</u>

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

VIII. Postemployment (Health Insurance) Benefits (Continued)

D. 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 an OPEB expense of \$530,090. On June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 1,575,074	\$ -
Changes of assumptions or other inputs	<u>972,095</u>	<u>(5,216,481)</u>
 Total	 <u>\$ 2,547,169</u>	 <u>\$ (5,216,481)</u>

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

<u>Fiscal Year Ending June 30,</u>	<u>Amount</u>
2026	\$ 54,315
2027	(1,026,803)
2028	(1,073,336)
2029	(512,685)
2030	(110,803)
Thereafter	-

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

IX. Commitments and Contingencies

A. Risk Financing and Related Insurance

1. General Information

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

2. Health Insurance

The Sharon Springs Central School District participates in the Fulmont Health Trust which is a cooperative of public school districts in New York that pool their resources to purchase health insurance together and pay claims from a shared pool of money. The Trust operates as an intermunicipal cooperative under Section 119-0 of the New York State Municipal Law.

3. Grants

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

X. Tax Abatements

The Counties of Montgomery, Otsego and Schoharie, enter into various property tax abatement programs for the purpose of economic development. The School District property tax revenue was reduced by approximately \$325,000. The District received payments in Lieu of Tax (PILOT) payment totaling \$697,082.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Other Disclosures

A. Restatement of Net Position

The reconciliation of restated amounts to June 30, 2024 year-end balance is:

Beginning Net Position	\$ 4,900,662
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The following adjustment is necessary to determine the revised beginning Net Position for the Statement of Activities:

Compensated absences adjustment for GASB 101	<u>(1,143,028)</u>
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Beginning net position reported on Statement of Activities, for governmental activities, July 1, 2024.	<u>\$ 3,757,634</u>
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B. Summary of Reconciliation of Governmental Funds Balance Sheet to the Statement of Net Position

Total governmental fund balance	\$	2,883,685
Capital assets (net)		20,297,155
Net pension asset		475,691
Deferred outflows of resources		4,031,512
Bonds payable		(6,742,348)
Accrued interest payable		(15,693)
Deferred inflows of resources		(5,917,432)
Compensated absences		(1,357,101)
Net pension liability- proportionate share		(669,701)
OPEB obligations		<u>(10,141,404)</u>
Total net position	\$	<u><u>2,844,364</u></u>

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XI. Other Disclosures (Continued)

C. Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities

Net changes in fund balance-total governmental funds	\$	(1,502,803)
Capital outlays are expenditures in governmental funds, but are capitalized in the Statement of Net Position		1,128,679
Depreciation is not recorded as an expenditure in the governmental funds, but is recorded in the Statement of Activities		(694,017)
Repayments of Long-Term debt are recorded as expenditures in the governmental funds, but are recorded as paymnts of liabilities in the Statement of Net Position		740,988
Interest is recognized as an expense in governmental funds when paid. For governmental activities, interest expense is recognized as it accrues. The increase in accrued interest during, 2024/25 results in more expense.		(9,082)
Proceeds from debt ar recognized as revenue in the Governmental Funds, but not in the Statement of Activities.		(158,458)
 (Increases)/Decreases in proportionate share of net pension asset/liability reported in the Statement of Activities do not provide for or require the use of current financial resources and therefore, are not reported as revenues or expenditures in the governmental funds:		
Teachers' Retirement System		34,778
Employee's Retirement System		76,737
 Certain expenses in the Statement of Activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds:		
OPEB obligations		(530,092)
Compensated absences		-
		-
Change in Net Position-Governmental Activities	\$	(913,270)

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XII. Stewardship, Compliance and Accountability

A. Budgetary Procedures and Budgetary Accounting

1. Budgets

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

Appropriations are adopted at the program line item level.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), that may be incurred. Appropriations lapse at the fiscal year end unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (When permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted.

The General Fund budget was increased to reflect the carryover encumbrances in the amount of \$83,422 and board approved increase in the amount of \$107,440.

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.

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

Special Aid Fund and School Lunch Fund have not been included because they do not have legally authorized budgets.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

XII. Stewardship, Compliance and Accountability (Continued)

A. Budgetary Procedures and Budgetary Accounting (Continued)

2. Encumbrances

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

3. The Capital Fund had a deficit fund balance at June 30, 2025 in the amount of \$490,726. The deficit will be eliminated when the District finishes obtaining permanent financing for the Capital Project.

XIII. Subsequent Events

There were no significant subsequent events to report from the period of July 1, 2025 to October 31, 2025.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF REVENUES COMPARED TO BUDGET- GENERAL FUND
For Year Ended June 30, 2025

	Original Budget	Revised Budget	Actual	Variance Favorable (Unfavorable)
REVENUES				
Local Sources				
Real property taxes	\$ 2,248,728	\$ 2,248,728	\$ 2,291,417	\$ 42,689
Other tax items	898,614	898,614	905,769	7,155
Charges for services	-	-	14,738	14,738
Use of money and property	42,853	42,853	62,281	19,428
Sale of property and compensation for loss	-	-	9,750	9,750
Miscellaneous	81,255	81,255	327,526	246,271
Total Local Sources	3,271,450	3,271,450	3,611,481	340,031
State Sources	6,250,916	6,250,916	6,297,452	46,536
Federal Sources	-	-	90	90
Total Revenues	9,522,366	9,522,366	9,909,023	386,657
OTHER FINANCING SOURCES				
Operating transfers in	146,795	146,795	-	(146,795)
Total Revenues and Other Financing Sources	9,669,161	9,669,161	9,909,023	\$ 239,862
Appropriated Fund Balance	1,495,356	1,602,796		
Appropriated Reserves	121,107	204,529		
Total Revenues and Other Financing Sources, Appropriated Fund Balance and Reserves	\$ 11,285,624	\$ 11,476,486		

See paragraph on required supplementary information included in auditor's report.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES, OTHER USES AND ENCUMBRANCES COMPARED TO
BUDGET- GENERAL FUND
For Year Ended June 30, 2025

	Original Budget	Revised Budget	Actual	Encumbrances	Variance Favorable (Unfavorable)
EXPENDITURES					
General Support					
Board of education	\$ 16,096	\$ 12,987	\$ 10,458	\$ -	\$ 2,529
Central administration	186,033	191,344	187,404	-	3,940
Finance	336,219	342,768	310,325	20	32,423
Staff	30,881	20,481	10,526	-	9,955
Central services	942,500	846,522	698,467	2,863	145,192
Special items	119,904	106,879	101,727	-	5,152
Total General Support	1,631,633	1,520,981	1,318,907	2,883	199,191
Instructional					
Instruction, administration and improvement	75,183	67,825	59,428	-	8,397
Teaching - regular school	2,651,072	2,709,255	2,632,563	8,229	68,463
Programs for children with handicapping conditions	1,053,159	1,409,383	1,361,104	-	48,279
Occupational education	236,124	330,815	323,311	-	7,504
Teaching - special school	5,543	5,152	5,152	-	-
Instructional media	562,428	483,044	382,295	6,902	93,847
Pupil services	371,036	335,271	278,571	4,322	52,378
Total Instructional	4,954,545	5,340,745	5,042,424	19,453	278,868
Pupil transportation	692,758	670,813	555,318	-	115,495
Community services	1,232	-	-	-	-
Employee benefits	2,825,132	2,759,190	2,558,314	-	200,876
Debt service					
Principal	775,989	740,989	740,988	-	1
Interest	286,835	326,268	326,268	-	-
Total Expenditures	11,168,124	11,358,986	10,542,219	22,336	794,431
OTHER FINANCING USES					
Operating transfers out	117,500	117,500	106,092	-	11,408
Total Expenditures and Other Financing Uses	\$ 11,285,624	\$ 11,476,486	10,648,311	\$ 22,336	\$ 805,839
Net changes in fund balance			(739,288)		
Fund balance- Beginning			3,796,207		
Fund balance- Ending			<u>\$ 3,056,919</u>		

See paragraph on required supplementary information included in auditor's report.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY
For Year Ended June 30, 2025

	2025	2024	2023	2022	2021
Total OPEB Liability					
Service Cost at end of year	\$ 389,185	\$ 809,066	\$ 938,114	\$ 1,284,989	\$ 1,215,970
Interest	450,923	1,106,000	1,002,853	664,495	642,105
Changes of benefit terms	-	(17,198,775)	-	498,489	-
Difference between expected and actual experience	31,905	239,890	36,732	2,692,789	32,256
Changes of assumptions or other inputs	(796,495)	(123,472)	(2,849,951)	(6,617,330)	293,489
Benefit payments	(506,177)	(457,844)	(637,678)	(586,818)	(500,991)
Net change in Total OPEB Liability	(430,659)	(15,625,135)	(1,509,930)	(2,063,386)	1,682,829
Total OPEB Liability- beginning	10,572,063	26,197,198	27,707,128	29,770,514	28,087,685
Total OPEB Liability- ending	\$ 10,141,404	\$ 10,572,063	\$ 26,197,198	\$ 27,707,128	\$ 29,770,514
Covered-employee payroll	\$ 4,534,866	\$ 4,057,860	\$ 4,193,106	\$ 3,572,007	\$ 3,703,825
Total OPEB Liability as a percentage of covered-employee payroll	223.60%	260.50%	624.80%	775.70%	803.80%

See paragraph on required supplementary information included in auditor's report

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET/LIABILITY
 June 30, 2025

	<i>Teachers' Retirement System</i>					
	2025	2024	2023	2022	2021	2020
District's proportion of the net pension asset	.015943%	.015022%	.014812%	.015026%	.015571%	.015290%
District's proportionate share of the net pension (asset)/liability	\$ (475,691)	\$ 171,794	\$ 284,226	\$ (2,603,912)	\$ 430,260	\$ (397,230)
District's covered-employee payroll	\$ 2,915,555	\$ 3,185,506	\$ 2,774,502	\$ 2,623,982	\$ 2,550,444	\$ 2,711,382
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	16.31%	5.39%	10.24%	99.24%	16.87%	14.65%
Plan fiduciary net position as a percentage of the total pension liability	102.10%	99.20%	98.60%	113.20%	97.80%	102.20%
	<i>Employees' Retirement System</i>					
	2025	2024	2023	2022	2021	2020
District's proportion of the net pension liability	.0039059%	.0045346%	.0046711%	.0037634%	.0038909%	.0037253%
District's proportionate share of the net pension liability/(asset)	\$ 669,701	\$ 667,678	\$ 1,001,679	\$ (307,640)	\$ 3,874	\$ 986,491
District's covered-employee payroll	\$ 1,501,406	\$ 1,368,087	\$ 1,372,211	\$ 1,319,003	\$ 1,147,407	\$ 1,143,824
District's proportionate share of the net pension liability as a percentage of its covered-employee payroll	44.60%	48.80%	72.90%	23.32%	0.34%	86.24%
Plan fiduciary net position as a percentage of the total pension liability	93.08%	98.33%	90.78%	103.65%	99.95%	86.39%

See paragraph on required supplementary information included in auditor's report.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 SCHEDULE OF DISTRICT CONTRIBUTIONS
 June 30, 2025

	<i>Teachers' Retirement System</i>					
	2025	2024	2023	2022	2021	2020
Contractually required contribution	\$ 294,763	\$ 310,905	\$ 285,496	\$ 257,150	\$ 243,057	\$ 240,228
Contributions in relation to the contractually required contribution	<u>294,763</u>	<u>310,905</u>	<u>285,496</u>	<u>257,150</u>	<u>243,057</u>	<u>240,228</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 2,915,555</u>	<u>\$ 3,185,506</u>	<u>\$ 2,774,502</u>	<u>\$ 2,623,982</u>	<u>\$ 2,550,444</u>	<u>\$ 2,711,382</u>
Contributions as a percentage of covered employee payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%

	<i>Employees' Retirement System</i>					
	2025	2024	2023	2022	2021	2020
Contractually required contribution	\$ 254,043	\$ 210,987	\$ 151,722	\$ 186,746	\$ 170,896	\$ 156,645
Contributions in relation to the contractually required contribution	<u>254,043</u>	<u>210,987</u>	<u>151,722</u>	<u>186,746</u>	<u>170,896</u>	<u>156,645</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
District's covered-employee payroll	<u>\$ 1,501,406</u>	<u>\$ 1,368,087</u>	<u>\$ 1,372,211</u>	<u>\$ 1,319,003</u>	<u>\$ 1,147,407</u>	<u>\$ 1,143,824</u>
Contributions as a percentage of covered employee payroll	16.92%	15.42%	11.06%	14.16%	14.89%	13.69%

See paragraph on required supplementary information included in auditor's report.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
 SCHEDULE OF CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET AND
 REAL PROPERTY TAX LIMIT
 For Year Ended June 30, 2025

CHANGE FROM ORIGINAL BUDGET TO FINAL BUDGET

Original Budget		\$ 11,285,624
Additions:		
Prior year's encumbrances	\$ 83,422	
Budget increase-BOE approved	<u>107,440</u>	<u>190,862</u>
Final Budget		<u><u>\$ 11,476,486</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2025-26 Voter-approved Expenditure Budget	\$ 11,481,111
Maximum allowed (4% of 2025-2026 Budget)	<u>\$ 459,244</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law*:

Unrestricted fund balance:	
Committed fund balance	\$ -
Assigned fund balance	1,287,963
Unassigned fund balance	<u>454,029</u>
Total unrestricted fund balance	<u>\$ 1,741,992</u>

Less:	
Appropriated fund balance	1,265,627
Encumbrances included in committed and assigned fund balance	<u>22,336</u>
Total adjustments	<u>\$ 1,287,963</u>

General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 454,029</u></u>
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Actual percentage	3.95%
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* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (originally Issued November 2010), the portion of General Fund Fund Balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

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

PROJECT TITLE	Expenditures			Methods of Financing				Fund Balance June 30, 2025			
	Original Budget	Revised Budget	Prior Years	Current Year	Total	Unexpended Balance	Proceeds of Obligations		State Sources	Local Sources	Total
ESSER 3 Project	\$ 647,346	\$ 647,346	\$ 581,134	\$ 66,212	\$ 647,346	\$ -	\$ -	\$ -	\$ 647,346	\$ 647,346	\$ -
Districtwide	4,650,000	4,650,000	3,991,049	751,745	4,742,794	(92,794)	3,840,000	-	412,831	4,252,831	(489,963)
Capital Outlay 22-23	100,000	100,000	98,982	-	98,982	1,018	-	-	100,000	100,000	1,018
Capital Outlay 23-24	100,000	100,000	96,028	-	96,028	3,972	-	-	100,000	100,000	3,972
Capital Outlay 24-25	100,000	100,000	-	97,380	97,380	2,620	-	-	100,000	100,000	2,620
Buses-24/25	158,458	158,458	-	158,458	158,458	-	158,458	-	-	158,458	-
	\$ 5,753,804	\$5,753,804	\$ 4,767,193	\$ 1,073,795	\$ 5,840,988	\$ (85,184)	\$ 3,998,458	\$ -	\$ 1,360,177	\$ 5,358,635	\$ (482,353)

See paragraph on required supplementary information included in auditor's report.

SHARON SPRINGS CENTRAL SCHOOL DISTRICT
SCHEDULE OF INVESTMENT IN CAPITAL ASSETS, NET OF RELATED DEBT
FOR THE YEAR ENDED JUNE 30, 2025

Capital assets, net		\$ 20,297,155
Deduct:		
Short-term portion of bonds payable	\$ 770,321	
Long-term portion of bonds payable	<u>5,972,027</u>	<u>6,742,348</u>
Net investment in capital assets		<u><u>\$ 13,554,807</u></u>

See paragraph on required supplementary information included in auditor's report.

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

To the Board of Education of the
Sharon Springs 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 fiduciary funds of the Sharon Springs 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 District's basic financial statements and have issued our report thereon dated October 31, 2025.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Sharon Springs Central School District's internal control over financial reporting (internal control) to determine the 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 Sharon Springs Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of Sharon Springs Central School District's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Sharon Springs Central School District's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. 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*. We noted certain other matters that we have reported to the Board of Education, Audit Committee, and Management in our accompanying management letter.

Purpose of This Report

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

Raymond G. Preusser, CPA, P.C.

Claverack, New York
October 31, 2025

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To the Board of Education of the
Sharon Springs Central School District:

In planning and performing our audit of the financial statements of the governmental activities, each major fund, and the fiduciary funds of the Sharon Springs Central School District as of and for the year ended June 30, 2025, in accordance with auditing standards generally accepted in the United States of America, we considered the Sharon Springs Central School District's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Sharon Springs Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of the Sharon Springs 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 combination of deficiencies in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses, and, therefore, there can be no assurance that all such deficiencies have been identified. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

During our audit, we noted certain matters involving internal control and other operational matters that are presented for your consideration. This letter does not affect our report dated October 31, 2025 on the financial statements of the Sharon Springs Central School District. We will review the status of these comments during our next audit engagement. Our comments and recommendations, all of which have been discussed with appropriate members of management, are intended to improve internal control or result in other operating efficiencies.

We will be pleased to discuss these comments in further detail at your convenience, perform any additional study of these matters, or assist you in implementing the recommendations. Our comments are summarized as follows:

Other Matters:

Reserve Plan

During our audit, we noted the District does have a written plan for the reserves but needs to be updated. This plan should include when the reserves were formed, Section of Law, purpose, guidelines on funding levels and how and when disbursements should be made. The Board is responsible for having an annual review of the report on the activity. Once approved by the Board such report should be posted on the District website.

We recommend that the reserve plan be updated annually and presented to the Board for approval before being posted on the District's website.

Fixed Assets

During our audit, we noted that the fixed asset inventory had been updated with new additions and deletions from the current year, but a physical inventory had not been performed in several years.

We recommend the District should have a physical inventory performed since the District has finished working on a Districtwide Capital project.

This communication is intended solely for the information and use of the Board of Education, management, the audit committee, the New York State Education Department and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

We would like to acknowledge the Business Office personnel for their courtesies received during the course of our audit.

Very truly yours,
RAYMOND G. PREUSSER, CPA, P.C.

Raymond G. Preusser, CPA, P.C.

APPENDIX C
Form of Legal Opinion

FORM OF OPINION

June [], 2026

Board of Education of the
Sharon Springs Central School District
County of Schoharie, New York

Re: Sharon Springs Central School District
\$3,400,000 Bond Anticipation Notes, 2026

Dear Board Members:

We have examined a record of proceedings relating to the issuance of \$3,400,000 aggregate principal amount of Bond Anticipation Notes, 2026 (the "Note") of the Sharon Springs Central School District (the "Issuer"), a school district of the State of New York, situate in the County of Schoharie. The Note is dated June 25, 2026, matures June 25, 2027, is numbered R-1, bears interest at []% payable at maturity and is issued pursuant to the Local Finance Law of the State of New York, a Bond Resolution adopted by the Board of Education and a certificate of the President of the Board of Education authorizing the issuance of bond anticipation notes in the principal amount of \$3,400,000.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:

1. The Note is a valid and binding general obligation of the Issuer.
2. All taxable property in the territory of the Issuer is subject to ad valorem taxation, without limitation as to rate or amount to pay the Note. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Note to the extent the necessary funds are not provided from other sources.
3. Interest on the Note is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"), and is not an item of tax preference for purposes of the alternative minimum tax imposed by the Code; however, interest on the Note that is included in the adjusted financial statement income of certain corporations is not excluded from the corporate alternative minimum income tax imposed by the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Note in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to

comply with all such requirements may cause interest on the Note to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Note. We express no opinion regarding other federal tax consequences arising with respect to the Note.

4. Interest on the Note is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York.

Except as expressly stated above, we express no opinion as to any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Note. Owners of the Note should consult their tax advisors as to the applicability of any collateral tax consequences of ownership of the Note, which may include original issuance discount, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

It is to be understood that the rights of the owners of the Note and the enforceability of the Note may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D
Material Event Notices

Material Event Notices

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

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

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

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

With respect to events (o) and (p), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as a security or a source of payment for, an existing or planned debt obligation; or (iii)

guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

For the purposes of the event identified in paragraph (1) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District.

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

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

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

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