

OFFICIAL STATEMENT DATED JULY 23, 2026

NEW ISSUE/RENEWAL

BOND ANTICIPATION NOTES

In the opinion of Hodgson Russ LLP of Buffalo, New York, Bond Counsel, under the existing statutes, regulations, rulings and court decisions, and assuming continuing compliance with certain tax certification described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We observe that interest on the Note will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX EXEMPTION" herein.

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

**KENMORE-TOWN OF TONAWANDA
UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK
(the "District" or the "School District")**

**\$3,964,777
BOND ANTICIPATION NOTES, 2026
(the "Notes")**

**At an Interest Rate of 4.25% to Yield 3.00%
CUSIP #489152 LK2**

Dated: August 6, 2026

Due: August 6, 2027

Security and Source of Payment: 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. Unless paid from other sources, all the taxable real property within the District is subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York). See "TAX LEVY LIMITATION LAW" herein.

Prior Redemption: The Notes will not be subject to redemption prior to maturity.

Form and Denomination: The Notes will be issued as registered notes and, at the option of the initial purchaser(s), may be registered to the Depository Trust Company ("DTC" or the "securities depository"), or may be registered in the name of the initial purchaser(s).

The Notes will be registered in the name of Cede & Co., as nominee of DTC in Jersey City, New Jersey, which will act as securities depository for the Notes. In such event, individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof, except for one necessary odd denomination, as may be determined by such successful bidder(s). Initial purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payment of the 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. See "DESCRIPTION OF THE NOTES - Book-Entry-Only System" herein.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the legal opinion as to the validity of the Notes of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, and certain other conditions. It is anticipated that the Notes will be available for delivery in Jersey City, New Jersey (through the facilities of DTC) or at such other place as may be agreed with the purchaser(s) on or about August 6, 2026.

OPPENHEIMER & CO.

THIS REVISED OFFICIAL STATEMENT SUPPLEMENTS THE OFFICIAL STATEMENT OF THE SCHOOL DISTRICT DATED JULY 16, 2026 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12. OTHER THAN AS SET FORTH ON THIS REVISED COVER PAGE AND THE DATED DATE ON PAGE 39, THERE HAVE BEEN NO MATERIAL REVISIONS TO SAID OFFICIAL STATEMENT.

**KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK**

School District Officials

2026-27 BOARD OF EDUCATION

Matthew Chimera - President
Lee Ann Vogt – Vice President

Fred Floss
Paul Spors
Karen Whitelaw

.....

Sabatino Cimato– Superintendent of Schools
Geoffrey Pritchard – Assistant Superintendent for Finance
Margaret Jean Weglarski – School District Treasurer
Laura Stone– School District Clerk

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School District Attorney

Hodgson Russ, LLP

BOND COUNSEL

Hodgson Russ, LLP

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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

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PREPARED WITH THE ASSISTANCE OF:



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OFFICIAL STATEMENT
KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK
(the “District”)

\$3,964,777
Bond Anticipation Notes, 2026
(the “Notes”)

This Official Statement, which includes the cover page, has been prepared by the Kenmore-Town of Tonawanda Union Free School District, Erie County, New York (the “District” or the “School District,” “County” and “State,” respectively) in connection with the sale by the District of its \$3,964,777 Bond Anticipation Notes, 2026 (the “Notes”).

The factors affecting the District's financial condition and the Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the District's 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.

Statements in this Official Statement, and the documents included by specific reference, which are not historical facts are forward-looking statements, which are based on the District's management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff.

DESCRIPTION OF THE NOTES

The Notes are dated August 6, 2026, and mature, without option of prior redemption, on August 6, 2027. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

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

The Notes will be issued in registered form. At the option of the purchaser(s), the Notes may be registered in the name of the purchaser(s), with principal of and interest on the Notes being payable in Federal Funds at 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(s). In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof except for one necessary odd denomination, as may be determined by such successful bidder(s). Alternatively, the Notes may be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), with DTC acting as securities depository for the Notes. See “Book-Entry-Only System,” herein. Under the DTC scenario, one fully registered note certificate will be issued for all Notes bearing the same rate of interest and CUSIP number, each in the aggregate principal amount of such issue, and purchasers will not receive certificates representing their interest in the Notes. Principal and interest will be paid in lawful money of the United States of America (federal funds) by the District directly to DTC for its nominee, Cede & Co.

The financial 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 control of the District. See “MARKET AND RISK FACTORS,” herein.

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 pursuant to a bond resolutions that was duly adopted by the Board of Education of the District (the “Board”) on June 14, 2022 (\$250,000 of this issue), June 13, 2023 (\$640,000 of this issue), June 10, 2025 (\$1,700,000 of this issue) and June 9, 2026 (\$1,374,777 of this issue) authorizing the issuance of obligations of the District for the purchase and financing of school buses and similar vehicles (and related equipment) for use in the transportation program of the District.

The proceeds of the Notes in the amount of \$2,590,000 along with \$1,199,000 available funds of the District, will be used to redeem and renew, in part, an outstanding bond anticipation of the District that was issued August 7, 2025. The remaining proceeds in the amount of \$1,374,777 will provide original new money under the 2026 school buses and similar vehicles authorization.

Book-Entry-Only System

The following is relevant only if the Notes are issued in book-entry form. DTC 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, who 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 nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time.

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

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

The District may decide to discontinue use of the system of book-entry-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

At the option of the purchaser(s), the Notes may be registered in the name of the purchaser(s). In such event, principal of and interest on the Notes will be payable in federal funds at such bank or trust company located and authorized to do business in the State as may be selected by the successful bidder(s). In such case, the Notes will be issued in registered form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination, as may be determined by such successful bidder(s).

Security and Source of Payment

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

The Notes are general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest thereon. For the payment of such principal and interest, the District has the power and statutory authorization to levy *ad valorem* taxes on all of the taxable real property in the District without limitation as to rate or amount, subject to certain statutory limitation imposed by Chapter 97 of the 2011 Laws of New York. See "TAX LEVY LIMITATION LAW," herein.

Under the State Constitution, the District is required to pledge its faith and credit for the payment of principal of and interest on the Notes and the State is specifically precluded from restricting the power of the District to levy taxes on real property therefor. See the discussion under "TAX LEVY LIMITATION LAW," herein.

Remedies of Noteholders on Default

Section 99-b of the State Finance Law ("SFL") provides for a covenant between the State 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 of SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Such Section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such bond or note 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 or note. 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 or notes 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 or notes 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 or notes 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 or notes shall be forwarded promptly to the paying agent or agents for the bonds or notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. 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 or notes 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 or notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds or notes 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 or notes pursuant to such section of the SFL.

Under current law, provision is made for contract creditors (including holders of the Notes) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. 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 current funds or the proceeds of a tax levy.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require exercise by the State of its emergency police power to assure the continuation of essential public service.

Special Provisions Affecting Remedies Upon Default

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgement or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

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

The federal Bankruptcy Code allows public bodies, such as the District, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State 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.

Under the Bankruptcy Code, a petition may be filed in federal bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Bankruptcy Code also requires the municipality to file a plan for the adjustment of its debts, which may modify or alter the rights of creditors and would authorize the federal bankruptcy court to permit the municipality to issue certificates of indebtedness, which could have priority over existing creditors, and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite majority of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. The District has the legal capacity to file a petition under the Bankruptcy Code.

It might be asserted that under the Bankruptcy Code interest and principal debt service payments made by the District within 90 days of the District filing a bankruptcy petition were voidable preferences. In the event these assertions were made and sustained by the bankruptcy court, the recipients of those preferential payments could be required to refund them, and their claims would then be treated as if the preferential payments had not been made.

At the Extraordinary Session of the State Legislature held in November 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of

the City of New York. The effect of such act was to create a three-year moratorium on action to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violated the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of such obligations.

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

No principal or interest payment on District indebtedness is past due. The District has never defaulted on the payment of principal of or interest of any indebtedness.

THE SCHOOL DISTRICT

General Information

The District is located in the Town of Tonawanda. The District has a large area of approximately 18 square miles and it situated in the northwest portion of the County along the Niagara River and adjacent to the northern boundary of the City of Buffalo. The incorporated Village of Kenmore is located wholly within the District and the Town of Tonawanda.

The District is residential and suburban in character and is part of Western New York's metropolitan area where there are seven colleges and universities and five community and junior colleges.

Located with the District are many shopping centers, parks, recreational facilities. The public utilities located within the District are National Grid, National Fuel Corp., and Verizon.

District Population

The 2024 population of the School District is estimated to be 66,206. (Source: 2024 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District are the Towns and Counties listed below. The Figures set below with respect to such Towns, 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, 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>2020-2024</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>
Town of						
Tonawanda	\$25,999	\$36,027	\$45,609	\$63,605	\$84,114	\$98,817
County Of:						
Erie	26,378	35,050	42,777	63,404	80,437	98,766
State Of:						
New York	30,948	40,898	50,712	67,405	87,270	106,873

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

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

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Date of Last Addition or Alteration</u>
Edison Elementary	K-4	1954	2023
Franklin Elementary	K-4	1950	2023
Franklin Middle School	5-7	1952	2023
Holmes Elementary	K-4	1964	2016
Hoover Elementary	K-4	1951	2023
Hoover Middle School	5-7	1956	2023
Kenmore East High School	8-12	1959	2025
Kenmore Junior/Senior High School	7-12	1924	2010
Kenmore West High School	8-12	1940	2023
Lindbergh Elementary	K-4	1928	2025
Hamilton Elementary	PK	1959	2010

Buildings Leased or Rented

Roosevelt Elementary
Jefferson Elementary

Source: District Officials

District Employees

The District employs a total of 1,160 full-time and 500 part-time employees with representation by the various bargaining units listed below:

<u>Bargaining Unit</u>	<u>Employees</u>	<u>Expiration Date</u>
Kenmore Teachers' Association	695	6/30/2029
Ken-Ton School Employee Association	670	6/30/2027
KTA for Per Diem Substitute Teachers	230	6/30/2029
Kenmore Administrators' Associations	20	6/30/2027
Non-Union Employees	45	N/A

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2021-22	6,162	2026-27	6,350
2022-23	6,286	2027-28	6,400
2023-24	6,293	2028-29	6,400
2024-25	6,319	2029-30	6,400
2025-26	6,304	2030-31	6,350

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, the budgeted figures for the 2025-26 and 2026-27 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2020-2021	\$2,718,127	\$6,353,906
2021-2022	2,943,736	6,383,590
2022-2023	2,209,139	7,814,452
2023-2024	2,828,064	6,869,595
2024-2025	2,955,561	7,256,669
2025-2026 (Budgeted)	3,150,000	7,150,000
2026-2027 (Budgeted)	4,140,000	6,180,000

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	16.20%	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 allowed school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year,

an amount not to exceed two percent of the total compensation or salaries of all district employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District established a TRS Reserve Fund in June 2019.

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 (\$69,124,037), the net change for the year was \$44,172,375 resulting in a total OPEB liability of (\$24,951,662) 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>
General Motors Tonawanda Powertrain	Manufacturing	1,009
Linde Inc.	Production/Distribution Industrial Gases	1,000
Buffalo Medical Group	Physicians	856
CareGivers Home Care	Home Healthcare	800
Noco Energy Corp.	Energy Supplier and Distributor	416

Source: District Officials

Unemployment Rate Statistics

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

<u>Year</u>	<u>Erie County Unemployment Rate</u>	<u>New York State Unemployment Rate</u>	<u>U.S. Unemployment Rate</u>
2021	5.5%	7.1%	5.3%
2022	3.7%	4.3%	3.6%
2023	3.8%	4.2%	3.6%
2024	3.9%	4.3%	4.0%
2025	N/A	4.3%	4.3%

2025-26 Monthly Figures

	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>
Erie	3.6%	4.2%	4.3%	4.0%	N/A	3.8%	3.9%	4.5%	5.0%	4.4%	4.0%	4.1%
New York State	4.1%	4.8%	3.9%	4.7%	N/A	4.4%	4.3%	4.7%	5.2%	4.4%	4.2%	4.2%

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

N/A Information not available due to Government shutdown.

Investment Policy

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the “GML”), the District is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State; (4) with the approval of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those bonds issued by the District; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of monies held in certain reserve funds established by the District pursuant to law, obligations of the District.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the monies were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Board had adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

Form of School Government

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

The legislative power of the District is vested in the Board of Education, which consists of five members including the President and Vice President. Board members are elected for overlapping terms of three years. The administrative officers of the District, whose duty it is to implement the policies of the Board and who are appointed by such Board, include the Superintendent of Schools, Assistant Superintendent for Finance, District Clerk and District Treasurer.

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven days and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budget amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the vote. After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011 (“Chapter 97”), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the “School District Tax

Cap”), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the School District Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the District to exceed the School District Tax Cap must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the 3rd Tuesday in June or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e.: a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e.: a 0% increase in the tax levy). For a complete discussion of Chapter 97, see “TAX LEVY LIMITATION LAW” herein.

The budget for the 2024-25 fiscal year was adopted by the qualified voters on May 21, 2024 by a vote of 1,006 to 313. The School District's 2024-25 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2025-26 fiscal year was adopted by the qualified voters on May 20, 2025 by a vote of 973 to 269. 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 973 to 242. The School District's 2026-27 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

State Aid

The District receives appropriations from the State. In its adopted budget for the 2026-27 fiscal year, approximately 40.17% 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 and the 2024-25 State budget which was not adopted until April 20, 2024. 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 States 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding established new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges 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 provides \$37.6 billion in State funding to school districts for the 2025-26 school year, the highest level of State aid ever. This represents an increase of \$1.7 billion or 4.9 percent compared to the 2024-25 school year and includes a \$1.4 billion or 5.6 percent Foundation Aid increase. The State's 2025-26 Enacted Budget includes a 2% minimum increase in Foundation Aid to all school districts and 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.

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 an 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
2020-2021	\$ 165,720,871	\$ 59,965,745	33.38%
2021-2022	171,247,175	62,672,683	36.60
2022-2023	189,961,484	66,480,817	35.00
2023-2024	186,469,681	71,857,153	38.54
2024-2025	191,995,612	72,500,100	37.76
2025-2026 (Budgeted)	190,791,814	76,295,103	39.99
2026-2027 (Budgeted)	195,317,543	78,454,265	40.17

Source: Audited financial statements for the 2020-2021 fiscal year through the 2024-2025 fiscal year and the adopted budgets 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 if the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2025	No Designation	0.0
2024	No Designation	6.7
2023	No Designation	10.0
2022	No Designation	10.0
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.

New York State Comptroller Report of Examination

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

The State Comptroller's office released an audit report of the District on August 5, 2022. The purpose of the audit was to determine whether the District Board of Education (the "Board") and District officials properly managed capital project change orders for the period September 9, 2014 through March 12, 2020. Key findings and recommendations of the audit report are summarized below:

Key Findings:

The Board and District officials did not properly manage Project change orders. The Board and District officials did not:

- Aggregate 31 change orders, totaling over \$860,000 that were for the same or similar types of material or service. As a result, we question whether the change orders may have been split to avoid having to seek competitive bids for the additional work.
- Properly approve 296 change orders totaling \$3.8 million.
- Comply with the District's procurement policies and regulations. Competitive pricing was not obtained for 199 change orders, totaling over \$3.5 million.

Because District officials did not always comply with New York State General Municipal Law (GML) and the District's procurement policies and regulations, or properly review and approve change orders, they cannot demonstrate that taxpayer dollars were expended in the most prudent and economical manner.

Key Recommendations:

- Carefully evaluate change orders, to ensure they are appropriately aggregated to determine whether it is necessary to obtain Board approval or use competitive bidding or quotes.
- Include a list of other desired items as alternates in original project plans and bid specifications.
- Solicit competition using bids, request for proposals or quotes as required.

District officials generally agreed with the recommendations and indicated its intent to initiate corrective action. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

The State Comptroller's office released an additional audit report of the District on August 5, 2022. The purpose of the audit was to determine whether District officials properly maintained electronic disbursement records and reports (e-records) in accordance with applicable legal and regulatory requirements for the period July 1, 2018 through November 6, 2020. Key findings and recommendations of the audit report are summarized below:

Key Findings:

District officials did not properly maintain e-records in accordance with applicable legal and regulatory requirements. The

Board of Education and District officials did not:

- Ensure that e-records were preserved in their original format, intact, in a directory or filing system to maintain the records' integrity, as required.
- Adopt an adequate written policy that addressed the creation, maintenance and storage of e-records, as required.
- Without a secure e-record storage system in place, there is a risk that unauthorized changes or modifications could be made to District records without detection.

Key Recommendations:

- Properly maintain e-records to maintain the records' integrity.
- Adopt a comprehensive written policy that addresses the creation, maintenance and storage of e-records.

District officials generally agreed with the recommendations and indicated its intent to initiate corrective action. A copy of the complete report and response can be found via the website of the Office of the New York State Comptroller.

There are no other State Comptroller audits of the District released within the past five years, nor are there any that are currently in progress or pending release.

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

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Notes 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:					
Tonawanda	<u>\$ 1,657,528,811</u>	<u>\$ 1,661,666,941</u>	<u>\$ 1,659,400,611</u>	<u>\$ 1,658,813,336</u>	<u>\$ 1,653,285,433</u>
	-	-	-	-	-
Total	<u>\$ 1,657,528,811</u>	<u>\$ 1,661,666,941</u>	<u>\$ 1,659,400,611</u>	<u>\$ 1,658,813,336</u>	<u>\$ 1,653,285,433</u>
Equalization Rates:					
Tonawanda	33.00%	29.00%	24.00%	23.00%	21.00%
Full Valuations:					
Tonawanda	<u>\$ 5,022,814,579</u>	<u>\$ 5,729,886,003</u>	<u>\$ 6,914,169,213</u>	<u>\$ 7,212,231,896</u>	<u>\$ 7,872,787,776</u>
Total	<u>\$ 5,022,814,579</u>	<u>\$ 5,729,886,003</u>	<u>\$ 6,914,169,213</u>	<u>\$ 7,212,231,896</u>	<u>\$ 7,872,787,776</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>2026</u>
Tonawanda	\$54.30	\$54.70	\$56.24	\$57.79	\$59.16

Tax Collection Procedure

Real property taxes for school purposes are levied by the District but are collected by the Town of Tonawanda. Such taxes may be paid without penalty on or before October 15. Delinquent school tax payments are assessed penalties in accordance with an ascending scale which starts at 5% if paid between October 16 and October 31 and 6% if paid between November 1 and November 30.

On or about December 1, uncollected taxes are turned over to the County Commissioner of Finance, and the County reimburses the District in full for the uncollected amount no later than April 1 of the District's fiscal year.

The County has the power to enforce the collection of real property taxes and to issue and sell tax anticipation notes in order to finance any uncollected taxes returned to the District.

The District experiences the impact of tax certiorari filings on occasion for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings is within acceptable norms and is not anticipated to have a material impact on the District's finances.

Tax Collection Record

Fiscal Year Ended June 30:

	2022	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026*</u>
Total Tax Levy	\$89,998,791	\$90,898,779	\$93,331,100	\$95,859,713	\$97,802,911
Amount Uncollected	2,027,456	2,061,546	2,102,239	2,408,935	2,835,620
% Uncollected	2.25%	2.27%	2.25%	2.51%	2.90%

Note: * Collection information is as of December 9, 2025.

Real Property Tax Revenues

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

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes and Tax Items</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2020-2021	\$ 165,720,871	\$ 89,238,318	48.12%
2021-2022	171,247,175	91,101,903	53.20
2022-2023	189,961,484	91,927,833	48.39
2023-2024	186,469,681	94,319,127	50.58
2024-2025	191,995,612	96,775,385	50.40
2025-2026 (Budgeted)	190,791,814	97,802,911	51.26
2026-2027 (Budgeted)	195,317,543	100,064,678	51.23

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

Major Taxpayers 2026

For 2025-26 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Value</u>
Niagara Mohawk Power Corporation	Utility	\$43,121,450
National Fuel Gas Distribution	Utility	9,560,597
Benderson Development Company	Various	8,954,345
Clover Communities	Apartments	7,371,000
Unifrax I LLC	Manufacturing	4,558,600
CSX Transportation Inc.	Railroad	4,513,469
Huntley Power LLC	Power Plant	4,290,000
Danforth NY LLC	Manufacturing	4,083,500
Evonik Active Oxygens LLC	Manufacturing	3,915,000
Praxair Inc.	Manufacturing	3,606,018
Total		\$93,973,979

1. The above taxpayers represent 5.68% of the School District's 2025-26 Assessed value of \$1,653,285,433.

The District experiences the impact of tax certiorari filings on occasion for which the District has a tax certiorari reserve to cover. At this time, the level of tax certiorari filings is within acceptable norms, and is not anticipated to have a material 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.

The 2022-23 State budget provided \$2.2 billion in State funding for a new one-year property tax relief credit, the Homeowner Tax Rebate Credit, for eligible low- and middle-income households, as well as eligible senior households. Under this program, basic STAR exemption and credit beneficiaries with incomes below \$250,000 and Enhanced STAR recipients were eligible for the property tax rebate where the benefit was a percentage of the homeowners' existing STAR benefit.

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.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a Justice of the State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. After the ruling, NYSUT amended its complaint to include a challenge to the Real Property Tax Rebate, also on Federal and State constitutional grounds. On March 16, 2015, all causes of action contained in the amended complaint were dismissed. On May 5, 2016, the dismissal was upheld by the New York Supreme Court, Appellate Division, Third Judicial Department to dismiss the complaint. An additional appeal by NYSUT was dismissed on October 20, 2016, by the Court of Appeals, New York's highest court, on the grounds that no substantial constitutional question was directly involved, and thereafter, leave to appeal was denied on January 14, 2017, by the Court of Appeals.

STATUS OF INDEBTEDNESS

Constitutional Requirements

The New York State Constitution 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 may be more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

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. (a) Such obligations are authorized for an object or purpose of which the District is not authorized to expend money; or
(b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with;

and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of the notice; or

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

The District typically complies with this estoppel procedure, and it has done so with respect to the bond resolution pursuant to which the Notes are being issued. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

The Board, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board 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 two years from the date of the first issuance of such notes and provided that such renewal issues do not exceed five years beyond the original date of borrowing. Additionally, in response to the COVID-19 pandemic, legislation has been adopted that allows certain bond anticipation notes originally issued between 2015 and 2021 to be renewed up to seven years prior to the issuance of serial bonds.

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.

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2021	2022	2023	2024	2025
Serial Bonds	\$ 60,836,971	\$ 53,798,246	\$ 72,831,498	\$ 63,611,660	\$ 94,658,662
Bond Anticipation Notes	1,163,500	31,000,800	39,279,100	47,557,400	2,670,700
Energy Performance Contracts	381,346	249,125	109,652	-	-
Other Indebtedness	-	601,499	198,390	14,988	-
Total Debt Outstanding	<u>\$ 62,381,817</u>	<u>\$ 85,649,670</u>	<u>\$ 112,418,640</u>	<u>\$ 111,184,048</u>	<u>\$ 97,329,362</u>

Status of Outstanding Bond Issues

Year of Issue:	2013		2013	
Final Maturity:	6/15/2028		6/15/2028	
Purpose:	QZAB		QZAB	
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2027	\$ 349,935	\$ 3,256	\$ 2,169,595	\$ 20,188
2028	<u>351,794</u>	<u>1,399</u>	<u>2,181,108</u>	<u>8,674</u>
Totals:	\$ 701,729	\$ 4,655	\$ 4,350,703	\$ 28,862

Year of Issue:	2014		2015	
Final Maturity:	6/15/2028		6/1/2025	
Purpose:	QZAB		QZAB	
Fiscal Year	<u>Principal</u>	-	<u>Principal</u>	-
Ending June 30:		<u>Interest</u>		<u>Interest</u>
2027	\$ 280,000	\$ 2,184	\$ 580,000	\$ 15,318
2028	<u>280,000</u>	<u>1,092</u>	580,000	9,982
2029	-	-	<u>505,000</u>	<u>4,646</u>
Totals:	\$ 560,000	\$ 3,276	\$ 1,665,000	\$ 29,946

Year of Issue:	2015		2022	
Final Maturity:	6/1/2032		8/1/2027	
Purpose:	SB		CVA SB	
Fiscal Year	<u>Principal</u>	-	<u>Principal</u>	-
Ending June 30:		<u>Interest</u>		<u>Interest</u>
2027	\$ 3,080,000	\$ 587,700	\$ 2,070,000	\$ 127,400
2028	3,235,000	433,700	<u>2,150,000</u>	<u>43,000</u>
2029	3,365,000	304,300		
2030	3,435,000	237,000		
2031	3,505,000	164,006		
2032	<u>3,585,000</u>	<u>85,144</u>		
Totals:	\$ 20,205,000	\$ 1,811,850	\$ 4,220,000	\$ 170,400

Year of Issue:	2023				2025			
Final Maturity:	6/15/2037				6/15/2041			
Purpose:	DASNY SB				DASNY SB			
Fiscal Year	<u>Principal</u>	-	<u>Interest</u>	-	<u>Principal</u>	-	<u>Interest</u>	
Ending June 30:								
2027	\$ 955,000		\$ 673,750		\$ 2,110,000		\$ 1,933,500	
2028	1,005,000		626,000		2,215,000		1,828,000	
2029	1,055,000		575,750		2,325,000		1,717,250	
2030	1,105,000		523,000		2,450,000		1,601,000	
2031	1,160,000		467,750		2,565,000		1,478,500	
2032	1,220,000		409,750		2,695,000		1,350,250	
2033	1,280,000		348,750		2,830,000		1,215,500	
2034	1,345,000		284,750		2,970,000		1,074,000	
2035	1,415,000		217,500		3,120,000		925,500	
2036	1,485,000	-	146,750	-	3,275,000	-	769,500	
2037	<u>1,450,000</u>		<u>72,500</u>		3,440,000		605,750	
2038					3,615,000		433,750	
2039					1,910,000		253,000	
2040					2,000,000		157,500	
2041					<u>1,150,000</u>	-	<u>57,500</u>	
Totals:	\$ 13,475,000	-	\$ 4,346,250		\$ 38,670,000	-	\$ 15,400,500	

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>
2027	\$ 11,594,530		\$ 3,363,296		\$ 14,957,826		14.16%
2028	11,997,902		2,951,847	-	14,949,749		28.31%
2029	7,250,000		2,601,946	-	9,851,946		37.64%
2030	6,990,000		2,361,000	-	9,351,000		46.49%
2031	7,230,000		2,110,256	-	9,340,256		55.33%
2032	7,500,000		1,845,144	-	9,345,144		64.17%
2033	4,110,000		1,564,250	-	5,674,250		69.55%
2034	4,315,000		1,358,750	-	5,673,750		74.92%
2035	4,535,000		1,143,000	-	5,678,000		80.29%
2036	4,760,000		916,250	-	5,676,250		85.66%
2037	4,890,000		678,250		5,568,250		90.93%
2038	3,615,000		433,750		4,048,750		94.77%
2039	1,910,000		253,000		2,163,000		96.81%
2040	2,000,000		157,500		2,157,500		98.86%
2041	<u>1,150,000</u>	-	<u>57,500</u>	-	<u>1,207,500</u>		100.00%
Totals:	\$ 83,847,432		\$ 21,795,739		\$105,643,171		

Cash Flow Borrowings

The District has not found it necessary to issue revenue anticipation notes or tax anticipation notes in the past, and does not anticipate having to do so in the future.

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	8/7/2025	8/7/2026	4.00%	\$3,789,000*

*To be paid with a portion (\$2,590,000) of this issue, together with \$1,199,000 available funds.

Capital Project Plans

On May 21, 2024, the qualified voters of the District approved a \$8,566,777 capital improvements projects for the reconstruction and renovation of, and the construction of improvements, additions and upgrades to, various District buildings and facilities. This project will be funded entirely from capital reserve monies and is expected to be completed by December 2026.

Building Aid Estimate

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. The District has not applied for such estimate but anticipates that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 69.7%.

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 July 16, 2026

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Tonawanda	\$ 1,653,285,433	21.00%	<u>\$ 7,872,787,776</u>
			<u>\$ 7,872,787,776</u>
Debt Limit: 10% of Full Valuation			\$ 787,278,778
Inclusions:			
Serial Bonds			\$ 83,847,432
Bond Anticipation Notes			<u>3,789,000</u>
Total Inclusions:			<u>\$ 87,636,432</u>
Exclusions:			
Building Aid Estimate ¹			<u>\$0</u>
Total Exclusions:			<u>\$0</u>
Total Net Indebtedness Before Giving Effect to This Issue:			\$ 87,636,432
New Monies This Issue:			<u>1,374,777</u>
Total Net Indebtedness			<u>\$ 89,011,209</u>
Net Debt Contracting Margin			\$ 698,267,569
Percentage of Debt-Contracting Power Exhausted			11.31%

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>
Erie County	<u>\$ 7,872,787,776</u> \$ 96,968,303,216	8.12%	\$ 545,518,316	N/A	\$ 545,518,316	\$ 44,290,245
Town of Tonawanda	<u>\$ 7,872,787,776</u> \$ 7,872,787,776	100.00%	103,039,519	N/A	103,039,519	103,039,519
Village of Kenmore	<u>\$ 1,193,903,171</u> \$ 1,193,903,171	100.00%	29,656,420	N/A	29,656,420	<u>29,656,420</u>
Total						<u>\$ 176,986,184</u>

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

Notes: 1 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 July 16, 2026:

	Amount	Per Capita ^(a)	Percentage of Full Value ^(b)
Net Indebtedness	\$ 89,011,209	\$ 1,344	1.13%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 265,997,393	\$ 4,018	3.38%

(a) The District's estimated population is 66,206. (Source: 2024 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2025-26 is \$1,653,285,433.

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

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Notes. One such risk is that the District will be unable to promptly pay interest and principal on the Notes as they become due (see "Remedies of Noteholders on Default," herein). If a Noteholder elects to sell his or her investment prior to its scheduled maturity date, market access or price risk may be incurred. The following is a discussion of certain events that could affect the risk of investing in the Notes. In addition, there may be other risk factors which a potential 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.

There are a number of factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly its property taxes. For instance, the termination of a major commercial enterprise or an unexpected

revenue increase in tax certiorari proceedings could result in a reduction in the assessed valuation of taxable real property in the District. In addition, to the extent that the District is dependent on State aid, there can be no assurance that such aid will be continued in the future. Unforeseen developments could also result in substantial increases in District expenditures, thus placing considerable strain on the District's financial condition.

The financial 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, including for example, the seeking by a municipality or remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

If and when a holder of any Note should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates, if interest rates rise. The price of a Note will decline, causing the Noteholder to incur a capital loss upon the sale of such Note (unless such Note is held to maturity).

On December 22, 2017, former-President Trump signed into law the significant tax reform legislation that is generally referred to as the "Tax Cuts and Jobs Act of 2017" (the "TCJA"). The TCJA made significant changes to the Code, most of which became effective for the 2018 tax year. The TCJA made extensive changes to the deductibility of various taxes, including placing a cap of \$10,000 on a taxpayer's deduction of state and local taxes.

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

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. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

The Trump administration has publicly discussed dismantling the federal Education Department. It is not possible to know what impact that would have on school districts across the country, including the School District. Additionally, the Trump administration has proposed, and imposed, tariffs on a variety of different nations across the globe. The effects of such tariffs are not known at this time. Finally, the validity of such tariffs have been challenged in federal court, but a final outcome has yet to be determined.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income, of the holders thereof for federal income tax purposes and is not an item of tax preference for the purpose of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. We observe that interest on the notes will

be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. Such opinion will state that interest on the Notes is exempt from personal income taxes imposed by New York State or any political subdivision thereof (including the City of New York).

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

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

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a “private activity bond” within the meaning of Code Section 141;
2. The requirement contained in Code Section 148 relating to arbitrage bonds; and
3. The requirement the payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Section 149(b) of the Code.

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

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

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

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions and proposals for future changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult their own legal and tax advisors with respect to these matters.

APPROVAL OF LEGAL PROCEEDINGS

The validity of the Notes will be covered by the unqualified legal opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the School District, such opinion to be delivered with the Notes.

DISCLOSURE UNDERTAKING

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, unless the Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the School District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as "Appendix C". A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Bonds as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

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

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

LITIGATION

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

The New York State Child Victims Act (CVA) has allowed a limited time "look back" window allowing claims of child sexual abuse to be filed regardless of when the alleged abuse occurred. The District is defending 4 litigation matters that were brought in response to the CVA, all of which claims may not be covered by insurance. At this time, the scope of any such potential damages cannot be predicted. Any liability of the District in excess of any insurance coverage that may be available would be a District charge and would be funded either through budgetary appropriations or through the issuance of notes or bonds. While the specific details of the settlement agreement must, by its terms, remain confidential, District officials do not believe that the settlement amount involved will in any way compromise the District's ability to make required principal and interest payments on its outstanding obligations. The District intends to obtain bond/note financing, if necessary, to fund any settlements, in order to minimize the impact of these costs on programming for current students.

RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District.

Moody's Investors Service ("Moody's") has assigned its underlying rating of "Aa3" with a "Stable outlook" to the District's outstanding general obligation bonds. The rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center, 250 Greenwich St., New York, New York 10007. Phone: (212) 553-0038, Fax: (212) 553-1390.

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. Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements 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 District is not guaranteed as to accuracy, completeness or fairness, the District has no reason to believe and does not believe that such information is materially inaccurate or misleading, and to the knowledge of the 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 District and no material adverse changes in the general affairs of the 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 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.

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.

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

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: Geoffrey Pritchard, Assistant Superintendent for Finance, phone: (716) 874-8400 x20308; email: gpritchard@ktufsd.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.

Kenmore-Town of Tonawanda Union Free School District

Dated: July 23, 2026
Buffalo, New York

Matthew Chimera
President of the Board of Education

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

	Budget					
Fiscal Year Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Beginning Fund Balance - July 1	\$39,269,898	\$45,499,260	\$42,309,462	\$45,283,870	\$43,521,316 ^E	\$44,872,098 ^E
<u>Revenues:</u>						
Real Property Taxes	\$75,829,870	\$78,415,162	\$79,796,805	\$83,055,500	\$86,436,467	\$97,802,911
Other Tax Items	23,157,174	23,755,803	23,531,503	22,299,310	21,785,014	11,484,000
Charges for Services	2,152,574	2,855,420	2,443,247	2,967,889	2,669,977	2,628,000
Use of Money & Property	786,526	769,383	2,688,263	4,222,918	3,815,148	1,367,600
Sale of Property & Compensation for Loss	12,708	94,547	698,457	508,587	162,306	14,200
Miscellaneous	1,185,353	1,874,819	826,543	779,897	776,424	570,000
State Aid	59,965,745	62,672,683	66,480,817	71,857,153	72,500,100	76,295,831
Federal Aid	2,630,921	317,291	478,307	380,608	525,636	400,000
Interfund Transfer	<u>0</u>	<u>492,067</u>	<u>13,017,542</u>	<u>397,819</u>	<u>3,324,540</u>	<u>230,000</u>
Total Revenues	\$165,720,871	\$171,247,175	\$189,961,484	\$186,469,681	\$191,995,612	\$190,792,542
<u>Expenditures:</u>						
General Support	\$15,150,015	\$23,991,230	\$29,114,038	\$16,617,642	\$17,204,690	\$18,526,576
Instruction	96,888,801	98,210,844	101,459,968	101,407,643	105,112,410	111,084,740
Transportation	4,244,797	5,367,783	6,067,118	6,364,479	6,102,833	6,474,710
Community Services	143,771	228,478	204,515	276,772	313,260	225,932
Employee Benefits	33,135,272	35,955,105	35,842,257	39,468,381	43,577,490	44,863,760
Debt Service	9,698,554	10,451,514	13,773,069	15,351,378	15,157,088	16,329,201
Interfund Transfer	<u>230,299</u>	<u>232,019</u>	<u>526,111</u>	<u>8,745,940</u>	<u>3,177,059</u>	<u>400,000</u>
Total Expenditures	\$159,491,509	\$174,436,973	\$186,987,076	\$188,232,235	\$190,644,830	\$197,904,919
Adjustments	0	0	0	0	0	0
Year End Fund Balance	\$45,499,260	\$42,309,462	\$45,283,870	\$43,521,316	\$44,872,098 ^E	\$37,759,721 ^E
Excess (Deficit) Revenues Over Expenditures	\$6,229,362	(\$3,189,798)	\$2,974,408	(\$1,762,554)	\$1,350,782 [#]	(\$7,112,377) [#]

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

Note: 1. Appropriated Fund Balance & Reserve Funds are planned to be used
E. Estimated

General Fund – Budget Summary

2026-27 Adopted Budget

Revenues:

Real Property Taxes & STAR	\$100,064,678
Other Tax Items	11,675,000
Other Revenues	0
Charges for Services	2,595,000
Use of Money & Property	1,368,600
Sale of Property	15,000
Miscellaneous	515,000
State Aid	78,454,265
Federal Aid	400,000
Interfund Transfers	230,000
Appropriated Fund Balance	8,649,457
Total Revenues	<u>\$203,967,000</u>

Expenditures:

General Support	\$19,590,267
Instruction	112,923,092
Transportation	6,855,317
Community Services	249,726
Employee Benefits	47,120,000
Debt Service	16,728,598
Interfund Transfers	500,000
Total Expenditures	<u>\$203,967,000</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:					
Cash	\$49,758,744	\$48,778,664	\$34,912,375	\$19,872,537	\$23,256,002
Accounts Receivable	317,717	316,184	277,762	350,712	257,606
Due from Other Governments	4,171,493	5,045,073	4,949,543	3,426,422	3,314,335
State and Federal Aid Receivable	3,374,616	3,196,302	2,736,015	5,386,061	2,943,192
Due from Other Funds	3,209,550	7,684,142	8,376,838	4,788,084	4,424,215
Investments	5,035,249	5,043,308	14,837,603	25,976,279	28,625,211
Lease Receivable	0	2,931,137	2,426,219	1,900,729	1,367,839
Cash Surrender Value of Life Insurance	<u>1,310,000</u>	<u>1,310,000</u>	<u>1,095,000</u>	<u>880,000</u>	<u>880,000</u>
Total Assets	<u>\$67,177,369</u>	<u>\$74,304,810</u>	<u>\$69,611,355</u>	<u>\$62,580,824</u>	<u>\$65,068,400</u>
Deferred Outflows of Resources					
Grants	<u>\$502,146</u>	<u>\$124,623</u>	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Total Assets and Deferred Outflows	<u>\$67,679,515</u>	<u>\$74,429,433</u>	<u>\$69,611,355</u>	<u>\$62,580,824</u>	<u>\$65,068,400</u>
Liabilities:					
Accounts Payable	\$1,410,302	\$1,780,951	\$3,786,054	\$2,398,967	\$2,494,238
Accrued Liabilities	12,866,481	19,285,962	9,041,486	6,332,560	7,119,442
Due to Retirement Systems	7,340,045	7,982,438	8,958,540	8,165,472	8,781,358
Unearned Revenue	61,281	14,860	115,186	261,780	433,425
Due to Other Funds	0	0	0	0	0
Other Liabilities	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities:	<u>\$21,678,109</u>	<u>\$29,064,211</u>	<u>\$21,901,266</u>	<u>\$17,158,779</u>	<u>\$18,828,463</u>
Deferred Inflows of Resources					
Grants	\$502,146	\$124,623	\$0	\$0	\$0
Leases	\$0	\$2,931,137	\$2,426,219	\$1,900,729	\$1,367,839
Fund Balances:					
Nonspendable	1,310,000	1,310,000	1,095,000	880,000	880,000
Restricted	28,744,804	27,239,216	30,106,859	28,644,568	29,631,056
Assigned	8,547,383	7,561,049	6,640,598	6,329,610	6,546,287
Unassigned	<u>6,897,073</u>	<u>6,199,197</u>	<u>7,441,413</u>	<u>7,667,138</u>	<u>7,814,755</u>
Total Fund Balance	<u>\$45,499,260</u>	<u>\$42,309,462</u>	<u>\$45,283,870</u>	<u>\$43,521,316</u>	<u>\$44,872,098</u>
Total Liabilities and Fund Balance	<u>\$67,679,515</u>	<u>\$74,429,433</u>	<u>\$69,611,355</u>	<u>\$62,580,824</u>	<u>\$65,068,400</u>

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

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

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

**KENMORE-TOWN OF TONAWANDA
UNION FREE SCHOOL DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Kenmore-Town of Tonawanda Union Free School District

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the remaining fund information of Kenmore-Town of Tonawanda Union Free School District (the 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 as listed in the table of contents.

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

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with GAAS. In our opinion, the accompanying supplementary information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 29, 2025 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

A handwritten signature in blue ink that reads "Lumsden & McCormick, LLP". The signature is written in a cursive, flowing style.

September 29, 2025

Management's Discussion and Analysis (unaudited)

June 30, 2025

Introduction

Management's Discussion and Analysis (MD&A) of Kenmore-Town of Tonawanda Union Free School District (the District) provides an overview of the District's financial activities and performance for the year ended June 30, 2025. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements, and notes thereto are essential to obtaining a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) reconciliations between the government-wide and governmental fund financial statements; (4) fiduciary fund financial statements; (5) notes to the financial statements; and (6) supplementary information.

In 2025, the District adopted GASB Statement No. 101, *Compensated Absences*. This statement clarifies what is considered unused leave balances for employees. Under this statement, compensated absences are recognized as liabilities on the government-wide financial statements for leave that has not been used and leave that has been used but not yet paid or settled.

The government-wide 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 deferred outflows of resources less liabilities and deferred inflows of resources with the difference reported as net position. The statement of activities presents information showing how the District's net position changed during each 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 the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Fiduciary funds are used to report fiduciary activities, which include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for student activity accounts. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support District programs.

The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide, governmental fund, and fiduciary fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles, the New York State Education Department, and the Federal government.

Condensed Statement of Net Position	Change			
	2025	2024	\$	%
Current and other assets	\$ 90,972,000	\$ 93,621,000	\$ (2,649,000)	(2.8%)
Capital assets	204,600,000	197,414,000	7,186,000	3.6%
Total assets	295,572,000	291,035,000	4,537,000	1.6%
Deferred outflows of resources	42,283,000	53,071,000	(10,788,000)	(20.3%)
Long-term liabilities	172,568,000	175,231,000	(2,663,000)	(1.5%)
Other liabilities	21,648,000	68,843,000	(47,195,000)	(68.6%)
Total liabilities	194,216,000	244,074,000	(49,858,000)	(20.4%)
Deferred inflows of resources	59,292,000	11,984,000	47,308,000	394.8%
Net position				
Net investment in capital assets	108,479,000	102,718,000	5,761,000	5.6%
Restricted	40,722,000	27,702,000	13,020,000	47.0%
Unrestricted	(64,854,000)	(42,372,000)	(22,482,000)	53.1%
Total net position	\$ 84,347,000	\$ 88,048,000	\$ (3,701,000)	(4.2%)

Net position amounted to \$84,347,000 and \$88,048,000 as of June 30, 2025 and 2024, respectively. A significant portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, vehicles, furniture and equipment, and right-to-use lease assets, less outstanding debt used to acquire or lease those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position represents resources that are subject to restrictions on how they may be used. Reserves are set aside for specific purposes governed by law, and include the debt service reserve, which is required to be used for the payment of bonds issued to finance capital projects; the capital reserve, which is set aside to pay for future renovations and bus purchases as approved by the District's voters; the employee benefit accrued liability reserve, which is restricted to pay for future accumulated sick and vacation time; the retirement contribution reserve, restricted to fund contributions paid by the District to the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS); a repair reserve, which is restricted for emergency repairs to the District's capital assets; and the tax certiorari reserve, which is used to pay tax judgments and claims. Other restricted resources include the unemployment insurance, insurance, and workers' compensation insurance reserves. The District's restricted net position in 2025 also includes its proportionate share of the TRS net pension asset of \$10,994,000.

Capital assets increased by \$7,186,000 (increase of \$21,551,000 or 12.3% in 2024) due to costs related to the 2020 Capital Improvements Project, equipment, and vehicle purchases exceeding depreciation and amortization expense. The decrease in current and other assets of \$2,649,000 (decrease of \$14,011,000 or 13.0% in 2024) is primarily due a decrease in cash and investments as the results of operations offset by the District's proportionate share of the TRS net pension position resulting in an asset of \$10,994,000 in 2025 compared to a liability of \$4,706,000 in 2024.

Other liabilities decreased by \$47,195,000 (increase of \$3,726,000 or 5.7% in 2024). Bond anticipation notes (BANs) payable decreased \$44,887,000 due to payments made on the outstanding balance and the conversion of \$40,120,000 to serial bonds. In addition, accounts payable decreased \$3,377,000. Long-term liabilities decreased \$2,663,000 (decrease of \$9,733,000 or 5.3% in 2024). Bonds payable increased due to the previously mentioned issuance of the \$40,120,000 bond and compensated absences and other benefits increased \$12,307,000 as a result of changes in the collective bargaining unit contracts and the implementation of GASB 101. These increases were offset by decreases in the TRS net pension liability of \$4,706,000 as previously mentioned and a decrease in the other postemployment benefit (OPEB) liability of \$44,172,000. The decrease in the OPEB liability is also due to changes in collective bargaining unit contracts that provide for more compensated absence benefits but also reduce the amount of insurance premiums paid by the District during employees' retirement.

Changes in deferred outflows and deferred inflows of resources include changes in pension and OPEB activity. Deferred outflows and deferred inflows of resources include contributions required to be paid by the District after the measurement date and also reflect variances from actuarial assumptions, actual results of investment earnings compared to projected earnings, and changes of assumptions.

Condensed Statement of Activities	2025	2024	Change	
			\$	%
Revenues				
Program revenues				
Charges for services	\$ 3,687,000	\$ 3,886,000	\$ (199,000)	(5.1%)
Operating and capital grants and contributions	18,148,000	21,018,000	(2,870,000)	(13.7%)
General revenues				
Real property taxes	96,776,000	94,319,000	2,457,000	2.6%
Sales tax	11,446,000	11,036,000	410,000	3.7%
State aid	72,500,000	71,857,000	643,000	0.9%
Other	3,922,000	5,238,000	(1,316,000)	(25.1%)
Total revenue	206,479,000	207,354,000	(875,000)	(0.4%)
Expenses				
Instruction	167,870,000	165,918,000	1,952,000	1.2%
Support services				
General support	23,483,000	24,584,000	(1,101,000)	(4.5%)
Pupil transportation	9,693,000	9,454,000	239,000	2.5%
Food service	4,981,000	4,401,000	580,000	13.2%
Interest and other	4,153,000	4,915,000	(762,000)	(15.5%)
Total expenses	210,180,000	209,272,000	908,000	0.4%
Change in net position	(3,701,000)	(1,918,000)	(1,783,000)	93.0%
Net position – beginning	88,048,000	89,966,000	(1,918,000)	(2.1%)
Net position – ending	\$ 84,347,000	\$ 88,048,000	\$ (3,701,000)	(4.2%)

District revenues decreased by \$875,000 (increase of \$10,057,000 or 5.1% in 2024). Real property taxes and related items increased \$2,457,000 (increase of \$2,391,000 or 2.6% in 2024) as noted in the 2025 budget. Operating and capital grants and contributions decreased \$2,870,000 (increase of \$1,075,000 or 5.4% in 2024) due to decreases in federal aid recognized under the American Rescue Plan Act of \$4,310,000.

Total expenses increased \$908,000 in 2025 (increase of \$12,117,000 or 6.1% in 2024). Employee compensation and benefits are allocated to general support, instruction, food service, and transportation. Employee compensation increased \$2,463,000 or 2.6% and the combined changes in pensions, OPEB, health insurance, and compensated absences totaled a decrease of \$246,000. Interest and other expenses decreased \$762,000 (increase of \$1,826,000 or 59.1% in 2024) primarily as a result of required debt payments.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from \$24,033,000 to \$56,438,000 as described below:

- The District issued bonds of \$40,120,000, which included premiums of \$3,325,000, that are included as other financing sources.
- Spending across all governmental funds decreased by \$5,208,000 or 2.3% (decrease of \$3,106,000 or 1.4% in 2024). Decreases occurred in general support of \$2,642,000 or 11.8% (decrease of \$8,947,000 or 28.5% in 2024) due to decreases in federal grant spending, pupil transportation of \$1,713,000 or 21.2% (increase of \$496,000 or 6.5% in 2024) resulting from a reduction in contract busing services, and capital outlay of \$9,018,000 or 37.9% (increase of \$1,753,000 or 8.0% in 2024) due to the completion of the 2020 Capital Improvement Project. These decreases were offset by increases in instruction of \$3,766,000 or 3.3% (decrease of \$2,033,000 or 1.8% in 2024) and employee benefits of \$4,192,000 or 10.5% (increase of \$3,691,000 or 10.2% in 2024) due to higher health insurance claims and higher contributions to TRS and ERS.
- Total fund revenue decreased \$398,000 or 0.2% (\$10,017,000 or 5.1% increase in 2024). Increases in real property taxes and related items and State aid were offset by decreases in federal aid as previously noted.

General Fund Budgetary Highlights

The final revenue budget for 2025 was \$184,142,000. Actual revenue was over budget by \$4,529,000 or 2.5%. The largest positive fluctuations were state sources of \$813,000 and use of money and property of \$2,448,000.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$4,011,000 or 2.1%.

Capital Assets

	2025	2024
Land and land improvements	\$ 4,994,000	\$ 4,994,000
Buildings and improvements	255,579,000	200,493,000
Furniture and equipment	17,035,000	16,000,000
Vehicles	15,743,000	16,147,000
Construction in progress	791,000	43,505,000
	<u>294,142,000</u>	<u>281,139,000</u>
Accumulated depreciation	(90,149,000)	(84,074,000)
	<u>203,993,000</u>	<u>197,065,000</u>
Right-to-use lease equipment, net	607,000	349,000
	<u>\$ 204,600,000</u>	<u>\$ 197,414,000</u>

Current year additions of \$13,930,000 were offset by depreciation expense, amortization expense, and disposals of \$6,744,000. Most of the current year additions were related to the District's 2020 Capital Improvement project.

Debt

At June 30, 2025, the District had \$94,659,000 in outstanding bonds, with \$10,811,000 due within one year (\$63,612,000 outstanding at June 30, 2024). Outstanding compensated absences and other employee benefits payable were \$35,416,000 (\$23,109,000 at June 30, 2024), with \$4,716,000 expected to be paid within one year.

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

School districts in New York State remain impacted by the political pressures imposed on elected officials in funding of education. Year to year changes in funding levels and State aid formulas complicate this process.

Contacting the District's Financial Management

This financial report is designed to provide our citizens, taxpayers, investors, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact Nicole Morasco, Assistant Superintendent for Finance, Kenmore-Town of Tonawanda Union Free School District, 1500 Colvin Boulevard, Buffalo, New York 14223.

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Statement of Net Position

June 30, 2025

(With comparative totals as of June 30, 2024)

	2025	2024
Assets		
Cash	\$ 37,968,808	\$ 48,478,055
Investments	28,625,211	25,976,279
Accounts receivable	259,419	353,128
Due from other governments	3,354,982	3,426,422
State and federal aid receivable	7,269,778	12,383,836
Inventory	251,709	222,463
Lease receivable	1,367,839	1,900,729
Cash surrender value of life insurance	880,000	880,000
Net pension asset	10,993,699	-
Capital assets (Note 4)	294,987,318	282,279,612
Accumulated depreciation and amortization	(90,386,950)	(84,865,990)
Total assets	295,571,813	291,034,534
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	32,516,995	39,284,171
Deferred outflows of resources related to OPEB	9,765,727	13,786,585
Total deferred outflows of resources	42,282,722	53,070,756
Liabilities		
Accounts payable	2,854,581	6,231,863
Accrued liabilities	6,907,898	6,449,547
Due to retirement systems	8,781,358	8,165,472
Unearned revenue	433,425	438,232
Bond anticipation notes	2,670,700	47,557,400
Long-term liabilities		
Due within one year:		
Bonds and leases	10,811,230	9,072,999
Compensated absences and other benefits	4,716,000	3,201,000
Due beyond one year:		
Bonds and related premiums	91,470,704	59,428,004
Compensated absences and other benefits	30,700,000	19,908,000
Net pension liability	9,918,345	14,481,652
Total OPEB liability	24,951,662	69,124,037
Total liabilities	194,215,903	244,073,194
Deferred Inflows of Resources		
Deferred inflows of resources related to leases	1,367,839	1,900,729
Deferred inflows of resources related to pensions	15,118,436	8,452,709
Deferred inflows of resources related to OPEB	42,805,542	1,630,495
Total deferred inflows of resources	59,291,817	11,983,933
Net Position		
Net investment in capital assets	108,479,431	102,718,269
Restricted	40,721,852	27,701,853
Unrestricted	(64,854,468)	(42,371,959)
Total net position	\$ 84,346,815	\$ 88,048,163

See accompanying notes.

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Statement of Activities

For the year ended June 30, 2025

(With summarized comparative totals for June 30, 2024)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2025	2024
Governmental activities					
General support	\$ 23,483,113	\$ 810,036	\$ -	\$ (22,673,077)	\$ (23,864,764)
Instruction	167,869,791	2,669,977	13,431,620	(151,768,194)	(146,357,538)
Pupil transportation	9,693,325	-	-	(9,693,325)	(9,453,764)
Community services	837,569	-	-	(837,569)	(829,762)
Interest expense	3,314,833	-	-	(3,314,833)	(4,084,718)
School food service	4,981,312	207,345	4,715,858	(58,109)	223,180
	<u>\$ 210,179,943</u>	<u>\$ 3,687,358</u>	<u>\$ 18,147,478</u>	<u>(188,345,107)</u>	<u>(184,367,366)</u>
General revenues					
Real property taxes				96,775,385	94,319,127
Sales taxes				11,446,096	11,035,683
Miscellaneous				3,922,178	5,237,558
State aid				72,500,100	71,857,153
Total general revenues				<u>184,643,759</u>	<u>182,449,521</u>
Change in net position				(3,701,348)	(1,917,845)
Net position - beginning				<u>88,048,163</u>	89,966,008
Net position - ending				<u>\$ 84,346,815</u>	<u>\$ 88,048,163</u>

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2025

(With summarized comparative totals as of June 30, 2024)

	General	Capital Projects	Special Aid	Food Service	Miscellaneous Special Revenue	Total Governmental Funds	
						2025	2024
Assets							
Cash	\$ 23,256,002	\$ 9,332,677	\$ 102,614	\$ 5,180,418	\$ 97,097	\$ 37,968,808	\$ 48,478,055
Investments	28,625,211	-	-	-	-	28,625,211	25,976,279
Accounts receivable	257,606	-	-	1,813	-	259,419	353,128
Due from other governments	3,314,335	-	40,647	-	-	3,354,982	3,426,422
State and federal aid receivable	2,943,192	-	3,961,020	365,566	-	7,269,778	12,383,836
Due from other funds	4,424,215	-	-	-	-	4,424,215	4,788,084
Inventory	-	-	-	251,709	-	251,709	222,463
Lease receivable	1,367,839	-	-	-	-	1,367,839	1,900,729
Cash surrender value of life insurance	880,000	-	-	-	-	880,000	880,000
Total assets	\$ 65,068,400	\$ 9,332,677	\$ 4,104,281	\$ 5,799,506	\$ 97,097	\$ 84,401,961	\$ 98,408,996
Liabilities							
Accounts payable	\$ 2,494,238	\$ 107,663	\$ 155,336	\$ 97,344	\$ -	\$ 2,854,581	\$ 5,015,397
Accrued liabilities	7,119,442	-	198,802	113,654	-	7,431,898	6,510,547
Due to retirement systems	8,781,358	-	-	-	-	8,781,358	8,165,472
Due to other funds	-	393,317	3,750,143	280,755	-	4,424,215	4,788,084
Unearned revenue	433,425	-	-	-	-	433,425	438,232
Bond anticipation notes	-	2,670,700	-	-	-	2,670,700	47,557,400
Total liabilities	18,828,463	3,171,680	4,104,281	491,753	-	26,596,177	72,475,132
Deferred Inflows of Resources							
Leases	1,367,839	-	-	-	-	1,367,839	1,900,729
Fund Balances							
Nonspendable	880,000	-	-	251,709	-	1,131,709	1,102,463
Restricted	29,631,056	6,160,997	-	-	97,097	35,889,150	28,743,853
Assigned	6,546,287	-	-	5,056,044	-	11,602,331	10,947,422
Unassigned	7,814,755	-	-	-	-	7,814,755	(16,760,603)
Total fund balances	44,872,098	6,160,997	-	5,307,753	97,097	56,437,945	24,033,135
Total liabilities, deferred inflows, and fund balances	\$ 65,068,400	\$ 9,332,677	\$ 4,104,281	\$ 5,799,506	\$ 97,097	\$ 84,401,961	\$ 98,408,996

See accompanying notes.

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Position**

June 30, 2025

Total fund balances - governmental funds		\$ 56,437,945
Amounts reported for governmental activities in the statement of net position are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		204,600,368
The District's proportionate share of the net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized in the government-wide financial statements and include:		
Net pension asset	10,993,699	
Deferred outflows of resources related to pensions	32,516,995	
Net pension liability	(9,918,345)	
Deferred inflows of resources related to pensions	<u>(15,118,436)</u>	18,473,913
The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized in the government-wide financial statements and include:		
Deferred outflows of resources related to OPEB	9,765,727	
Total OPEB liability	(24,951,662)	
Deferred inflows of resources related to OPEB	<u>(42,805,542)</u>	(57,991,477)
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Accrued interest	(414,000)	
Bonds and related premiums	(102,281,934)	
Compensated absences and other benefits	<u>(34,478,000)</u>	(137,173,934)
Net position - governmental activities		\$ 84,346,815

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and
Changes in Fund Balances - Governmental Funds**

For the year ended June 30, 2025
(With summarized comparative totals for June 30, 2024)

	General	Capital Projects	Special Aid	Food Service	Miscellaneous Special Revenue	Total Governmental Funds	
						2025	2024
Revenues							
Real property taxes	\$ 86,436,467	\$ -	\$ -	\$ -	\$ -	\$ 86,436,467	\$ 83,055,500
Real property tax items	10,338,918	-	-	-	-	10,338,918	11,263,627
Nonproperty taxes	11,446,096	-	-	-	-	11,446,096	11,035,683
Charges for services	2,669,977	-	-	-	-	2,669,977	2,967,889
Use of money and property	3,815,148	-	-	117,147	2,162	3,934,457	4,316,064
Sale of property and compensation for loss	162,306	-	-	-	-	162,306	508,587
Miscellaneous	776,424	-	500,449	15,451	850	1,293,174	1,076,974
State sources	72,500,100	-	4,401,343	1,301,955	-	78,203,398	76,978,902
Federal sources	525,636	-	8,004,192	3,398,452	-	11,928,280	15,615,912
Sales	-	-	-	207,345	-	207,345	199,003
Total revenues	188,671,072	-	12,905,984	5,040,350	3,012	206,620,418	207,018,141
Expenditures							
General support	17,204,690	-	1,103,728	1,445,794	-	19,754,212	22,396,386
Instruction	105,112,410	-	11,566,577	-	5,200	116,684,187	112,918,233
Pupil transportation	6,102,833	-	257,476	-	-	6,360,309	8,073,680
Community services	313,260	-	523,247	-	-	836,507	720,263
Employee benefits	43,577,490	-	-	549,300	-	44,126,790	39,934,641
Debt service							
Principal	11,013,187	-	-	-	-	11,013,187	10,834,592
Interest	4,143,901	-	-	-	-	4,143,901	4,516,786
Cost of sales	-	-	-	1,895,987	-	1,895,987	1,611,220
Capital outlay	-	14,284,525	-	485,743	-	14,770,268	23,787,857
Total expenditures	187,467,771	14,284,525	13,451,028	4,376,824	5,200	219,585,348	224,793,658
Excess revenues (expenditures)	1,203,301	(14,284,525)	(545,044)	663,526	(2,188)	(12,964,930)	(17,775,517)
Other financing sources (uses)							
Operating transfers, net	(3,177,059)	2,828,063	545,044	(196,048)	-	-	-
BANs redeemed from appropriations	-	1,925,200	-	-	-	1,925,200	1,321,700
Premiums on debt	3,324,540	-	-	-	-	3,324,540	397,819
Proceeds from the issuance of debt	-	40,120,000	-	-	-	40,120,000	-
Total other financing sources	147,481	44,873,263	545,044	(196,048)	-	45,369,740	1,719,519
Net change in fund balances	1,350,782	30,588,738	-	467,478	(2,188)	32,404,810	(16,055,998)
Fund balances (deficit) - beginning	43,521,316	(24,427,741)	-	4,840,275	99,285	24,033,135	40,089,133
Fund balances - ending	\$ 44,872,098	\$ 6,160,997	\$ -	\$ 5,307,753	\$ 97,097	\$ 56,437,945	\$ 24,033,135

See accompanying notes.

**Reconciliation of the Governmental Funds Statement of Revenues,
Expenditures, and Changes in Fund Balances to the Statement of Activities**

For the year ended June 30, 2025

Total net change in fund balances - governmental funds \$ 32,404,810

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of assets is allocated over their estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays (net of retainages) exceed depreciation and amortization expense and disposals. 8,403,212

Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:

2025 TRS and ERS contributions	10,324,103	
2025 ERS accrued contribution	931,442	
2024 ERS accrued contribution	(799,337)	
2025 TRS pension expense	(6,093,469)	
2025 ERS pension expense	<u>(2,238,636)</u>	2,124,103

OPEB expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. (1,023,530)

Payments of long-term liabilities are reported as expenditures in governmental funds and as a reduction of debt in the statement of net position. 9,087,987

Debt proceeds including premiums are recorded as other financing sources in governmental funds but increase long-term liabilities in the statement of net position. (43,428,998)

In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:

Interest	254,000	
Amortization of bond premiums	575,068	
Compensated absences and other benefits	<u>(12,098,000)</u>	(11,268,932)

Change in net position - governmental activities \$ (3,701,348)

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

**Statement of Revenues, Expenditures, and Changes in
Fund Balance Budget (Non-GAAP) and Actual - General Fund**

For the year ended June 30, 2025

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 85,533,935	\$ 86,357,677	\$ 86,436,467		\$ 78,790
Real property tax items	11,109,778	10,286,036	10,338,918		52,882
Nonproperty taxes	10,700,000	10,700,000	11,446,096		746,096
Charges for services	2,628,000	2,682,000	2,669,977		(12,023)
Use of money and property	1,367,600	1,367,600	3,815,148		2,447,548
Sale of property and compensation for loss	14,200	62,181	162,306		100,125
Miscellaneous	600,000	600,000	776,424		176,424
State sources	71,686,985	71,686,985	72,500,100		813,115
Federal sources	400,000	400,000	525,636		125,636
Total revenues	184,040,498	184,142,479	188,671,072		4,528,593
Expenditures					
General support					
Board of education	89,903	89,903	75,227	-	(14,676)
Central administration	363,917	356,607	335,073	-	(21,534)
Finance	1,038,802	1,048,872	902,592	1,864	(144,416)
Staff	1,606,972	1,585,878	1,416,486	3,700	(165,692)
Central services	13,223,880	13,131,818	12,402,179	62,772	(666,867)
Special items	1,683,115	2,136,561	2,073,133	4,942	(58,486)
Instruction					
Instruction, administration, and improvement	7,721,516	7,526,503	7,346,954	20,579	(158,970)
Teaching - regular school	55,900,280	54,267,953	52,501,004	249,613	(1,517,336)
Programs for children with handicapping conditions	28,385,323	28,623,986	28,271,646	344,439	(7,901)
Occupational education	5,181,832	5,245,737	5,245,195	-	(542)
Teaching - special schools	513,483	568,164	271,950	468	(295,746)
Instructional media	3,384,159	3,822,922	3,564,951	108,353	(149,618)
Pupil services	8,264,285	8,302,614	7,910,710	15,894	(376,010)
Pupil transportation	6,694,923	6,483,251	6,102,833	265,773	(114,645)
Community services	290,134	321,134	313,260	7,641	(233)
Employee benefits	42,653,886	43,885,880	43,577,490	122,144	(186,246)
Debt service					
Principal	11,002,699	11,066,186	11,013,187	-	(52,999)
Interest	4,270,999	4,222,619	4,143,901	-	(78,718)
Total expenditures	192,270,108	192,686,588	187,467,771	1,208,182	(4,010,635)
Excess revenues (expenditures)	(8,229,610)	(8,544,109)	1,203,301	(1,208,182)	8,539,228
Other financing sources (uses)					
Operating transfers in	200,000	200,000	217,029		17,029
Operating transfers out	(400,000)	(3,394,500)	(3,394,088)		(412)
Premiums on debt	-	3,308,999	3,324,540		15,541
Appropriated reserves	2,100,000	2,100,000	-		(2,100,000)
Appropriated fund balance and carryover encumbrances	6,329,610	6,329,610	-		(6,329,610)
Total other financing sources (uses)	8,229,610	8,544,109	147,481		(8,396,628)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 1,350,782	\$ (1,208,182)	\$ 142,600

See accompanying notes.

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Statement of Fiduciary Net Position - Custodial Fund

June 30, 2025

(With comparative totals as of June 30, 2024)

	2025	2024
Assets		
Cash	\$ 296,270	\$ 282,864
Liabilities		
Due to other governments	734	741
Net Position		
Extraclassroom activity balances	\$ 295,536	\$ 282,123

* * *

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position - Custodial Fund

For the year ended June 30, 2025

(With comparative totals for June 30, 2024)

	2025	2024
Additions		
Student activity additions	\$ 487,558	\$ 534,840
Deductions		
Student activity deductions	474,145	529,878
Change in net position	13,413	4,962
Net position - beginning	282,123	277,161
Net position - ending	\$ 295,536	\$ 282,123

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Kenmore-Town of Tonawanda Union Free School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America (GAAP), nor does it contain any component units.

The financial statements of the District have been prepared in conformity with GAAP as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Joint Venture

The District is one of 19 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES' budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate and for other shared contracted administrative services. Participating districts may issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2025, the District was billed \$11,511,000 for BOCES administrative and program costs and recognized revenue of \$304,000 as a refund from prior year expenditures paid to BOCES. Audited financial statements are available from BOCES' administrative offices.

Risk Management

The District is self-insured pursuant to Article 5 of the Workers' Compensation law to finance the liability and risks related to workers' compensation claims. The District also self-funds health insurance. These activities are further discussed in Note 9.

Basis of Presentation

Government-Wide Financial Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration, and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) capital grants and contributions limited to the purchase or construction of specific capital assets, if any. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

Fund Financial Statements: The fund financial statements provide information about the District's funds. Separate statements for each fund category – *governmental and fiduciary* – are presented. The emphasis of the fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources – other than expendable trusts or major capital projects – such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.

The District also elected to display the following as major funds:

- *Food service fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.
- *Miscellaneous special revenue fund.* This fund is used to account for resources that are restricted to student scholarships. Donations are made by third parties and District personnel manage the funds and assist with determination of scholarship recipients.

The District has elected not to use a debt service fund as debt activity is currently reflected in the general fund. Amounts accumulated for future principal and interest payments and restricted for such purposes are included in the general fund.

Fiduciary fund reporting focuses on net position and changes in net position. Fiduciary funds are used to report fiduciary activities, which may include pension and other postemployment benefit trust funds, investment trust funds, private-purpose trust funds, and custodial funds. The District maintains a custodial fund for its student activity accounts.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with GAAP. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2024, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

The government-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the District receives value directly without giving equal value in exchange, include real property and sales taxes, grants, and donations. Revenue from real property taxes is recognized in the fiscal year for which taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

Governmental funds 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 they are collected within ninety days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset additions are reported as expenditures in governmental funds. Proceeds of long-term liabilities are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Real Property Taxes

The District levies real property taxes no later than September 1. For the year ended June 30, 2025, the tax lien was issued on August 6, 2024 for collection from September 15 through November 30, 2024. Thereafter, uncollected amounts became the responsibility of Erie County. Such amounts were submitted to the District by April 1st of the following year as required by law.

The District is subject to tax abatements granted by the Erie County Industrial Development Agency (ECIDA). ECIDA is a public benefit corporation created by an act of the New York State Legislature to promote and assist private sector industrial and business development. Through ECIDA, companies promise to expand or maintain facilities or employment within the communities served by the District, establish new businesses, or to relocate an existing business to these communities. Economic development agreements entered into by ECIDA can include the abatement of county, town, and school district taxes, in addition to other assistance. In the case of the District, these abatements have resulted in reductions of real property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreement stipulates a percentage reduction of real property taxes, which can be as much as 100%. For the year ended June 30, 2025, the impact of tax abatements through ECIDA amounted to \$908,000.

Budget Process, Amendments, and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2024 was approved by a majority of the voters in a general election held on May 21, 2024.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed, and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished through budget appropriations.

Cash and Investments

Cash and investment management is governed by State laws and as established in the District’s written policies. Cash must be deposited in FDIC-insured commercial banks or trust companies located within the State. The District’s policies permit the Treasurer to use demand and time accounts, certificates of deposit, obligations of the United States Treasury and its Agencies, and obligations of the State or its localities, including those held under repurchase agreements or in external investment pools.

Custodial credit risk is the risk that in the event of a bank failure the District’s deposits may not be returned to it. 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. At June 30, 2025, the District’s bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institution’s trust departments through a perfected security interest in pledged assets and by the pledging institutions’ agents.

Inventory

Inventory consists of food and similar goods related to food service operations and is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Cash Surrender Value of Life Insurance

Cash surrender value of life insurance is stated at the lower of accumulated premiums paid or surrender value of the contracts.

Capital Assets

Capital assets are generally reported at actual or estimated historical cost based on appraisals. Financed right-to-use lease assets are recorded at the present value of the initial lease liability. Contributed assets are recorded at fair value at the time received. Depreciation and amortization are provided in the government-wide financial statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which assets are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life in Years
Land improvements	\$ 5,000	20
Buildings and improvements	\$ 5,000	30 - 50
Furniture, equipment, and vehicles	\$ 5,000	5 - 15

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental fund financial statements when issued. In the government-wide financial statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Compensated Absences and Other Benefits

The liability for compensated absences reported in the government-wide financial statements consists of unpaid and unused accumulated sick and vacation time that is more likely than not to be used, paid, or settled by non-cash means at termination of employment. Such accumulated time is valued based on a combination of the applicable employees' rates of pay at year end and contractual rates of pay at retirement, based on estimates of amounts to be used for each. The liability also includes an estimate of leave that is not attributable to a specific employee but rather is available for use by all employees within certain bargaining units and is valued at the estimated pay rates of all eligible employees. Certain bargaining unit employees are also entitled to contributions made by the District to medical accounts, health reimbursement accounts, or health savings accounts. The accumulation of these benefits is determined by the contracts and provides employees with contributions annually. Contributions to these plans accumulate until retirement, and are accrued annually as they are earned. Year to year changes in the liability are presented as a net increase or decrease. For 2025, these changes include the impact of changes to collective bargaining agreements (Note 6).

Pensions

The District participates in the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems) as mandated by State law. The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value. On the government-wide financial statements, the District recognizes its proportionate share of net pension position, deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position (Note 7) on the same basis as reported by the respective defined benefit pension plans.

Other Postemployment Benefits (OPEB)

On the government-wide financial statements, the total OPEB liability, deferred outflows and deferred inflows of resources, and OPEB expense for the District's defined benefit healthcare plan (Note 8) have been measured on the same basis as reported by the plan. Benefit payments are due and payable in accordance with benefit terms.

Equity Classifications

Government-Wide Financial Statements

The District is required to classify net position into three categories:

- *Net investment in capital assets* – consists of capital assets, net of accumulated depreciation and amortization, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets reduced by related liabilities and deferred inflows of resources. Restrictions are imposed by external organizations such as federal or state laws or required by the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Financial Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Fund balance is categorized as follows:

Nonspendable:	
Inventory	\$ 251,709
Life insurance	880,000
Restricted:	
Capital	9,506,076
Debt service	5,897,296
Employee benefit accrued liability	1,173,708
Workers' compensation	1,103,256
Retirement contribution	9,192,288
Unemployment insurance	762,521
Repair	1,798,668
Tax certiorari	242,711
Insurance	6,115,529
Scholarships	97,097
Assigned:	
Designated for subsequent year	5,338,105
Encumbrances	1,208,182
Food service	5,056,044
Unassigned	7,814,755
	<u>\$ 56,437,945</u>

Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Fund balance restrictions include scholarships donated to the District by third parties for the benefit of students and the following reserves:

- *Capital* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. In 2021, the voters approved a capital reserve of \$20,000,000, which has been funded to \$2,931,395 plus interest. Amounts remaining and available for use in the general fund at June 30, 2025 total \$3,345,079.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond and BAN premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is 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.
- *Workers' compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-funded plan.

- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. For TRS, funding is limited to 2% annually of eligible salaries with a maximum reserve of 10%. At June 30, 2025, the retirement contribution reserve includes \$3,898,793 for TRS and \$5,293,495 for ERS.
- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Repair* – is used to accumulate funds to finance costs of major repairs to capital improvements or equipment, and requires a public hearing for its use.
- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.
- *Insurance* – is used to pay liability, casualty, and other types of losses except losses incurred for which insurance may be purchased. The amount is funded through budgetary appropriations and may not exceed 5% of the budget.

Committed fund balances are authorized by the Board of Education as recommended by the District’s management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end.

Assigned fund balances include the planned use of existing fund balance to offset the subsequent year’s tax levy. Additionally, the Board of Education has given the District’s management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Significant outstanding encumbrances included in assigned fund balance in the general fund as of June 30, 2025 include \$163,000 for equipment and \$518,000 for supplies.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds provide financing or other services.

In the government-wide financial 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 the funds, with the exception of those due from or to fiduciary funds.

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District’s practice to settle these amounts at the net balances due between funds.

2. Investments

At June 30, 2025, the District’s investments were held in an external investment pool comprised of U.S. Treasury Securities, repurchase agreements, and deposits held by custodian banks. Investments are recognized at fair value using quoted prices for similar assets and liabilities in active markets. The external investment pool issues its own financial statements which are included in its annual report available at www.newyorkclass.org.

Credit risk is the risk of loss attributed to the magnitude of the District’s investment in a single issuer. The District’s external investment pool is rated AAAM by S&P Global Ratings.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. In order to limit its exposure, the District’s external investment pool limits the maturity date of its investments. The dollar weighted average days to maturity (WAM) at June 30, 2025 is 46 days. Next interest rate reset dates for floating rate securities are used in the calculation of the WAM. The weighted average life of the pool is 77 days.

3. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 4,424,215	\$ -	\$ 217,029	\$ 3,394,088
Capital projects	-	393,317	2,841,500	13,437
Special aid	-	3,750,143	545,044	-
Food service	-	280,755	-	196,048
	<u>\$ 4,424,215</u>	<u>\$ 4,424,215</u>	<u>\$ 3,603,573</u>	<u>\$ 3,603,573</u>

The general fund provides cash flow to the various other funds; these amounts will be repaid when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. The general fund made transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the capital projects fund to apply the premium received from the issuance of a bond to the payment on an outstanding bond anticipation note (BAN). The amount transferred from the capital projects fund to the general fund is for unexpended project funds. The amount transferred from the food service fund to the general fund is to reimburse the general fund for administrative costs. All such transfers are considered permanent.

4. Capital Assets

	July 1, 2024	Increases	Retirements/ Reclassifications	June 30, 2025
Non-depreciable and non-amortizable capital assets:				
Land	\$ 1,877,916	\$ -	\$ -	\$ 1,877,916
Construction in progress	43,504,613	12,371,430	(55,084,937)	791,106
Total non-depreciable and non-amortizable assets	<u>45,382,529</u>	<u>12,371,430</u>	<u>(55,084,937)</u>	<u>2,669,022</u>
Depreciable capital assets:				
Land improvements	3,116,507	-	-	3,116,507
Buildings and improvements	200,493,368	-	55,084,937	255,578,305
Furniture and equipment	15,999,706	1,072,135	(37,204)	17,034,637
Vehicles	16,146,889	-	(403,653)	15,743,236
Total depreciable assets	<u>235,756,470</u>	<u>1,072,135</u>	<u>54,644,080</u>	<u>291,472,685</u>
Accumulated depreciation:				
Land improvements	(2,982,835)	(7,241)	-	(2,990,076)
Buildings and improvements	(61,822,276)	(3,853,505)	-	(65,675,781)
Furniture and equipment	(8,129,968)	(1,525,715)	36,318	(9,619,365)
Vehicles	(11,138,734)	(1,128,055)	403,495	(11,863,294)
Total accumulated depreciation	<u>(84,073,813)</u>	<u>(6,514,516)</u>	<u>439,813</u>	<u>(90,148,516)</u>
Total depreciable assets, net	<u>151,682,657</u>	<u>(5,442,381)</u>	<u>55,083,893</u>	<u>201,324,169</u>
Right-to-use lease assets:				
Equipment	1,140,613	486,822	(781,824)	845,611
Accumulated amortization	(792,177)	(71,760)	625,503	(238,434)
Total right-to-use assets, net	<u>348,436</u>	<u>415,062</u>	<u>(156,321)</u>	<u>607,177</u>
	<u>\$ 197,413,622</u>	<u>\$ 7,344,111</u>	<u>\$ (157,365)</u>	<u>\$ 204,600,368</u>

Depreciation and amortization expense has been allocated to the following functions: general support \$551,066, instruction \$5,505,477, pupil transportation \$351,588, and school lunch \$178,145.

As of June 30, 2025, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation and amortization	\$ 204,600,368
BANs, bonds and related premiums, net of unspent proceeds	(96,120,937)
	<u>\$ 108,479,431</u>

5. Short-Term Debt

BANs outstanding at June 30, 2025 amounted to \$2,670,700 (\$47,557,400 as of June 30, 2024). In 2025, BANs of \$1,925,200 were redeemed from appropriations, \$40,120,000 was converted to a bond, premiums of \$2,841,500 were used to pay down the BAN, and \$2,670,700 was reissued into a new BAN with interest at 4.25%. Subsequent to June 30, 2025, the District also issued BANs of \$3,789,000, with interest at 4.0%, to refinance the existing BAN and to finance capital projects.

6. Long-Term Liabilities

	July 1, 2024	Increases	Decreases	June 30, 2025	Amount Due in One Year
Leases	\$ 14,988	\$ -	\$ 14,988	\$ -	\$ -
Bonds	63,611,661	40,120,000	9,072,999	94,658,662	10,811,230
Bond premiums	4,889,342	3,308,998	575,068	7,623,272	-
Compensated absences	13,836,000	11,343,000	-	25,179,000	1,790,000
Other employee benefits	9,273,000	964,000	-	10,237,000	2,926,000
	<u>\$ 91,624,991</u>	<u>\$ 55,735,998</u>	<u>\$ 9,663,055</u>	<u>\$137,697,934</u>	<u>\$ 15,527,230</u>

Existing Obligations

Description	Maturity	Rate	Balance
2013 Qualified Zone Academy bonds	June 2028	0.53%	\$ 1,049,816
2013 Qualified Zone Academy bonds	June 2028	0.53%	6,508,846
2014 Qualified Zone Academy bonds	June 2028	0.39%	845,000
2015 Qualified Zone Academy bonds	June 2029	0.92%	2,245,000
2016 Qualified Zone Academy bonds	September 2025	0.0%	145,000
2019 Improvement bond	June 2032	2.125%-5.0%	23,145,000
2023 DASNY serial bond	August 2027	4.00%	6,215,000
2023 serial bond	June 2037	5.00%	14,385,000
2025 DASNY serial bond	June 2041	5.00%	40,120,000
			<u>\$ 94,658,662</u>

Debt Service Requirements

Years ending June 30,	Bonds	
	Principal	Interest
2026	\$ 10,811,230	\$ 4,308,855
2027	11,594,530	3,363,296
2028	11,997,902	2,951,847
2029	7,250,000	2,601,946
2030	6,990,000	2,361,000
2031-2035	27,690,000	8,021,400
2036-2040	17,175,000	2,438,750
2041	1,150,000	57,500
	<u>\$ 94,658,662</u>	<u>\$ 26,104,594</u>

7. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides 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. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 10.11% for 2025. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2025, these rates ranged from 11.4% - 23.5%.

The amount outstanding and payable to TRS for the year ended June 30, 2025 was \$7,261,188. A liability to ERS of \$931,442 is accrued based on the District's legally required contribution for employee services rendered from April 1 through June 30, 2025.

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

At June 30, 2025, District reported an asset of \$10,993,699 for its proportionate share of the TRS net pension position and a liability of \$9,918,345 for its proportionate share of the ERS net pension position.

The TRS total pension liability at the June 30, 2024 measurement date was determined by an actuarial valuation as of June 30, 2023, with update procedures applied to roll forward the total pension asset to June 30, 2024. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2024, the District's proportion was 0.368470%, a decrease of 0.043058 from its proportion measured as of June 30, 2023.

The ERS total pension liability at the March 31, 2025 measurement date was determined by an actuarial valuation as of April 1, 2024, with update procedures applied to roll forward the total pension liability to March 31, 2025. The District's proportion of the net pension position was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At March 31, 2025, the District's proportion was 0.0578473%, a decrease of 0.008544 from its proportion measured as of March 31, 2024.

For the year ended June 30, 2025, the District recognized net pension expense of \$8,332,105 on the government-wide financial statements (TRS expense of \$6,093,469 and ERS expense of \$2,238,636). At June 30, 2025, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 11,838,195	\$ -	\$ 2,461,800	\$ (116,125)
Changes of assumptions	6,576,460	(1,106,222)	415,956	-
Net difference between projected and actual earnings on pension plan investments	-	(12,214,936)	778,166	-
Changes in proportion and differences between contributions and proportionate share of contributions	1,539,290	(827,568)	714,498	(853,585)
District contributions subsequent to the measurement date	7,261,188	-	931,442	-
	<u>\$ 27,215,133</u>	<u>\$ (14,148,726)</u>	<u>\$ 5,301,862</u>	<u>\$ (969,710)</u>

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

Years ending June 30,	TRS	ERS
2026	\$ (5,616,942)	\$ 1,741,738
2027	13,520,295	2,568,489
2028	(2,101,774)	(866,189)
2029	(2,352,562)	(43,328)
2030	1,617,602	-
Thereafter	738,600	-
	<u>\$ 5,805,219</u>	<u>\$ 3,400,710</u>

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2023 valuation, with update procedures used to roll forward the total pension liability to June 30, 2024, were based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. These assumptions are:

Inflation – 2.4%

Salary increases – Based on TRS member experience, dependent on service, ranging from 1.95%-5.18%

Projected Cost of Living Adjustments (COLA) – 1.3% compounded annually

Investment rate of return – 6.95% compounded annually, net of investment expense, including inflation

Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries’

Scale MP-2021, applied on a generational basis

Discount rate – 6.95%

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

For ERS, the actuarial assumptions used in the April 1, 2024 valuation, with update procedures used to roll forward the total pension liability to March 31, 2025, were based on the results of an actuarial experience study for the period April 1, 2015 to March 31, 2020. These assumptions are:

Inflation – 2.9%

Salary increases – 4.3%

COLA – 1.5% annually

Investment rate of return – 5.9% compounded annually, net of investment expense, including inflation

Mortality – Society of Actuaries’ Scale MP-2021

Discount rate – 5.9%

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

Investment Asset Allocation

Best estimates of arithmetic real rates of return (net of the long-term inflation assumption) for each major asset class and the Systems’ target asset allocations as of the applicable valuation dates are summarized as follows:

Asset Class	TRS		ERS	
	Target Allocation	Long-Term Expected Real Rate of Return	Target Allocation	Long-Term Expected Real Rate of Return
Domestic equities	33%	6.6%	25%	3.5%
Global and international equities	19%	6.9%-7.4%	14%	6.6%
Private equities	9%	10.0%	15%	7.3%
Real estate equities	11%	6.3%	12%	5.0%
Domestic fixed income securities	16%	2.6%	22%	2.0%
Global and high-yield bonds	3%	2.5%-4.8%	-	-
Cash and cash equivalents	1%	0.5%	1%	0.3%
Other	8%	3.9%-5.9%	11%	5.3%-5.6%
	100%		100%	

Discount Rate

The discount rate projection of cash flows assumed that contributions from plan members will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those 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.

The following presents the District’s proportionate share of its net pension position calculated using the discount rate of 6.95% (TRS) and 5.9% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	At Current Discount Rate		
	1.0% Decrease		1.0% Increase
District’s proportionate share of the TRS net pension asset (liability)	\$ (50,780,530)	\$ 10,993,699	\$ 62,947,484
District’s proportionate share of the ERS net pension asset (liability)	\$ (28,704,939)	\$ (9,918,345)	\$ 5,768,473

8. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance benefits for certain District employees and their spouses based on various bargaining unit agreements and individual contracts. Benefits are provided through a combination of self-funded and community-rated health insurance plans. Eligibility for benefits is based on covered employees who retire from the District and have met vesting requirements. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2025 employees covered by the Plan include:

Active employees	1,549
Inactive employees or beneficiaries currently receiving benefits	188
Inactive employees entitled to but not yet receiving benefits	-
	<u>1,737</u>

Total OPEB Liability

The District's total OPEB liability of \$24,951,662 was measured as of March 31, 2025 and was determined by an actuarial valuation as of June 30, 2025.

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

Healthcare cost trend rates – based on the National Health Expenditure Projections 2016-2032 for short-term rates and the Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model v2025 version 1b for long-term rates, initially 5.3% with an ultimate rate of 3.71% after 2070

Salary increases – 3.30%

Mortality – Pub-2010 Public Retirement Plans Mortality Table, Headcount-Weighted, fully generational using Mortality Improvement Scale MP-2021 for retirees and surviving spouses

Discount rate – 4.39% based on the Fidelity Municipal General Obligation AA 20-Year Bond rate as of the measurement date

Inflation rate – 2.30%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	<u>\$ (69,124,037)</u>
Changes for the year:	
Service cost	(2,165,711)
Interest	(2,730,186)
Changes of benefit terms	-
Differences between expected and actual experience	44,834,741
Changes of assumptions or other inputs	1,541,418
Benefit payments	<u>2,692,113</u>
Net changes	<u>44,172,375</u>
Balance at June 30, 2025	<u>\$ (24,951,662)</u>

The following presents the sensitivity of the District's total OPEB liability to changes in the discount rate, including what the District's total OPEB liability would be if it were calculated using a discount rate that is 1% higher or lower than the current discount rate:

	1.0% Decrease (3.39%)	Discount Rate (4.39%)	1.0% Increase (5.39%)
Total OPEB liability	<u>\$ (26,059,662)</u>	<u>\$ (24,951,662)</u>	<u>\$ (23,892,058)</u>

The following presents the sensitivity of the District's total OPEB liability to changes in the healthcare cost trend rates, including what the District's total OPEB liability would be if it were calculated using trend rates that are 1% higher or lower than the current healthcare cost trend rates:

	1.0% Decrease (4.3% to 2.71%)	Healthcare Cost Trend Rate (5.3% to 3.71%)	1.0% Increase (6.3% to 4.71%)
Total OPEB liability	\$ (24,098,553)	\$ (24,951,662)	\$ (25,924,960)

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$3,855,530. At June 30, 2025, the District reported deferred outflows 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	\$ 9,092,699	\$ (40,439,178)
Changes of assumptions or other inputs	-	(2,366,364)
Benefit payments subsequent to the measurement date	673,028	-
	<u>\$ 9,765,727</u>	<u>\$ (42,805,542)</u>

Benefit payments subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the subsequent year. Other amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Years ending June 30,	
2026	\$ (1,903,795)
2027	(2,977,765)
2028	(3,042,555)
2029	(3,042,555)
2030	(3,768,077)
Thereafter	(18,978,096)
	<u>\$ (33,712,843)</u>

9. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial coverage in any of the past three years.

Workers' Compensation

The District has chosen to establish self-insured plans for risks associated with workers' compensation claims and health insurance. Generally, liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNR). The District's exposure is calculated with consideration of the effects of inflation, recent claim settlement trends including frequency and amount of payouts, and other benefit costs. For workers' compensation, the District purchases excess insurance limiting their self-funded rate to \$1,000,000 per incident and \$1,000,000 in the aggregate. The changes in reported liabilities are as follows:

	Beginning of Year	Current Claims and Changes in Estimates	Claims Paid	End of Year
2025	\$ (1,771,000)	\$ (1,254,000)	\$ 1,045,000	\$ (1,980,000)
2024	\$ (1,505,000)	\$ (1,253,000)	\$ 987,000	\$ (1,771,000)

Estimated liabilities of \$938,000 have been accrued in the general fund as they are expected to be paid with currently available financial resources. On a government-wide basis, the entire liability is included in compensated absences and other benefits.

Health Insurance

The District's self-funded health insurance coverage includes various plan options. The District provides a monthly premium equivalent equal to adjusted actual claims and an excess amount to fund an approximate 15% allowance for claims run-off and other uncertainties. The District purchases excess insurance that limits exposure to \$250,000 per incident. The changes in reported liabilities are as follows:

	Beginning of Year	Current Claims and Changes in Estimates	Claims Paid	End of Year
2025	\$ (1,772,000)	\$ (19,985,000)	\$ 20,118,000	\$ (1,639,000)
2024	\$ (2,750,000)	\$ (17,681,000)	\$ 18,659,000	\$ (1,772,000)

Estimated liabilities have been accrued on the government-wide and governmental funds financial statements as they are expected to be paid with currently available financial resources.

10. Commitments and Contingencies

Grants

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

Construction Commitments

The District has entered into contracts with various construction companies for the 2024 capital improvement project. District voters approved spending up to \$8,567,000, which will be performed in various phases over the next few years. To date, the District has spent \$582,000 and has open commitments to contractors of \$7,985,000.

Litigation

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

Separate from claims and lawsuits that arise in the ordinary course of business, legislation was put in place regarding historical claims that were previously time-barred. The Child Victims Act, as amended, allowed any individual who was a minor at the time they suffered any alleged sexual abuse to file a lawsuit before August 14, 2021 regardless of when the alleged abuse occurred. This has resulted in the filing of thousands of lawsuits State-wide. Lawsuits have been initiated against the District by former students who allege that inappropriate sexual contact occurred between them and employees of the District between 30 and 50 years ago. The District has retained counsel and is not currently aware of any insurance available for these claims.

In May 2022, the District settled several CVA cases levied against the District at a total cost of \$17,500,000, with \$7,500,000 from existing District funds and \$9,785,000 from serial bonds which mature in August 2027 (Note 6). As of the report date of the financial statements, four additional CVA cases remain open and the District's total exposure has not yet been determined.

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Net Pension Position
New York State Teachers' Retirement System

As of the measurement date of June 30,	2024	2023	2022	2021	2020	2019	2018	2017	2016	2015
District's proportion of the net pension position	0.368470%	0.411528%	0.399776%	0.392922%	0.394245%	0.387117%	0.385116%	0.391218%	0.386670%	0.390101%
District's proportionate share of the net pension asset (liability)	\$ 10,993,699	\$ (4,706,172)	\$ (7,671,268)	\$ 68,089,698	\$ (10,894,056)	\$ 10,057,319	\$ 6,963,923	\$ 2,973,643	\$ (4,141,399)	\$ 40,519,036
District's covered payroll	\$ 70,356,178	\$ 75,997,114	\$ 70,821,408	\$ 66,672,676	\$ 66,913,488	\$ 64,591,874	\$ 62,731,163	\$ 61,990,239	\$ 59,667,098	\$ 58,598,426
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	15.63%	(6.19%)	(10.83%)	102.13%	(16.28%)	15.57%	11.10%	4.80%	(6.94%)	69.15%
Plan fiduciary net position as a percentage of the total pension liability	102.09%	99.17%	98.57%	113.20%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%

The following is a summary of changes of assumptions:

Inflation	2.4%	2.4%	2.4%	2.4%	2.2%	2.2%	2.25%	2.5%	2.5%	3.0%
Salary increases	1.95%-5.18%	1.95%-5.18%	1.95%-5.18%	1.95%-5.18%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	1.90%-4.72%	4.0%-10.9%
Cost of living adjustments	1.3%	1.3%	1.3%	1.3%	1.3%	1.3%	1.5%	1.5%	1.5%	1.625%
Investment rate of return	6.95%	6.95%	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%
Discount rate	6.95%	6.95%	6.95%	6.95%	7.1%	7.1%	7.25%	7.25%	7.5%	8.0%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2014	MP-2014	MP-2014	AA

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Required Supplementary Information (Unaudited)
Schedule of District Contributions
New York State Teachers' Retirement System

For the years ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 7,261,188	\$ 6,866,763	\$ 7,820,103	\$ 6,940,498	\$ 6,353,906	\$ 5,928,535	\$ 6,859,657	\$ 6,147,654	\$ 7,265,256	\$ 7,911,857
Contribution in relation to the contractually required contribution	(7,261,188)	(6,866,763)	(7,820,103)	(6,940,498)	(6,353,906)	(5,928,535)	(6,859,657)	(6,147,654)	(7,265,256)	(7,911,857)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 71,821,840	\$ 70,356,178	\$ 75,997,114	\$ 70,821,408	\$ 66,672,676	\$ 66,913,488	\$ 64,591,874	\$ 62,731,163	\$ 61,990,239	\$ 59,667,098
Contributions as a percentage of covered payroll	10.11%	9.76%	10.29%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Required Supplementary Information (Unaudited)
Schedule of the District's Proportionate Share of the Net Pension Position
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
District's proportion of the net pension position	0.0578473%	0.0663913%	0.0622072%	0.0592499%	0.0609704%	0.0625275%	0.0627090%	0.0620890%	0.0651351%	0.0666985%
District's proportionate share of the net pension asset (liability)	\$ (9,918,345)	\$ (9,775,480)	\$ (13,339,731)	\$ 4,843,430	\$ (60,711)	\$ (16,557,645)	\$ (4,443,125)	\$ (2,003,888)	\$ (6,120,244)	\$ (10,705,293)
District's covered payroll	\$ 20,876,680	\$ 21,366,332	\$ 19,464,579	\$ 18,438,570	\$ 19,777,499	\$ 19,378,661	\$ 19,052,904	\$ 18,696,414	\$ 19,658,393	\$ 18,581,980
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	(47.51%)	(45.75%)	(68.53%)	26.27%	(0.31%)	(85.44%)	(23.32%)	(10.72%)	(31.13%)	(57.61%)
Plan fiduciary net position as a percentage of the total pension liability	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.70%

The following is a summary of changes of assumptions:

Inflation	2.9%	2.9%	2.9%	2.7%	2.7%	2.5%	2.5%	2.5%	2.5%	2.5%
Salary increases	4.3%	4.4%	4.4%	4.4%	4.4%	4.2%	4.2%	3.8%	3.8%	3.8%
Cost of living adjustments	1.5%	1.5%	1.5%	1.4%	1.4%	1.3%	1.3%	1.3%	1.3%	1.3%
Investment rate of return	5.9%	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%
Discount rate	5.9%	5.9%	5.9%	5.9%	5.9%	6.8%	7.0%	7.0%	7.0%	7.0%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2020	MP-2018	MP-2014	MP-2014	MP-2014	MP-2014

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Required Supplementary Information (Unaudited)
Schedule of District Contributions
New York State and Local Employees' Retirement System

For the years ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	\$ 3,062,915	\$ 2,674,399	\$ 2,192,125	\$ 2,925,838	\$ 2,831,409	\$ 2,773,849	\$ 2,779,773	\$ 2,832,481	\$ 3,018,242	\$ 3,386,702
Contribution in relation to the contractually required contribution	(3,062,915)	(2,674,399)	(2,192,125)	(2,925,838)	(2,831,409)	(2,773,849)	(2,779,773)	(2,832,481)	(3,018,242)	(3,386,702)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 20,876,680	\$ 21,366,332	\$ 19,464,579	\$ 18,438,570	\$ 19,777,499	\$ 19,378,661	\$ 19,052,904	\$ 18,696,414	\$ 19,658,393	\$ 18,581,980
Contributions as a percentage of covered payroll	14.67%	12.52%	11.26%	15.87%	14.32%	14.31%	14.59%	15.15%	15.35%	18.23%

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Required Supplementary Information (Unaudited)
Schedule of Changes in the District's
Total OPEB Liability and Related Ratios

For the years ended June 30,	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB liability - beginning	\$ (69,124,037)	\$ (64,436,589)	\$ (53,550,652)	\$ (44,133,316)	\$ (15,545,484)	\$ (14,702,980)	\$ (14,773,927)	\$ (16,060,007)	\$ (15,982,125)
Changes for the year:									
Service cost	(2,165,711)	(2,195,688)	(2,044,272)	(1,802,626)	(510,868)	(445,042)	(460,536)	(463,103)	(482,122)
Interest	(2,730,186)	(2,437,868)	(1,527,106)	(1,013,210)	(371,356)	(488,436)	(518,916)	(549,562)	(483,469)
Changes of benefit terms	-	(9,896)	-	-	(27,436,759)	(1,370)	-	(1,245)	-
Differences between expected and actual experience	44,834,741	(2,800,688)	(9,210,462)	(10,146,395)	(1,154,117)	173,991	251,885	457,692	(1,649,734)
Changes of assumptions or other inputs	1,541,418	618,270	262,336	2,243,775	(197,070)	(1,030,951)	(61,539)	(218,651)	505,104
Benefit payments	2,692,113	2,138,422	1,633,567	1,301,120	1,082,338	949,304	860,053	2,060,949	2,032,339
Net change in total OPEB liability	44,172,375	(4,687,448)	(10,885,937)	(9,417,336)	(28,587,832)	(842,504)	70,947	1,286,080	(77,882)
Total OPEB liability - ending	\$ (24,951,662)	\$ (69,124,037)	\$ (64,436,589)	\$ (53,550,652)	\$ (44,133,316)	\$ (15,545,484)	\$ (14,702,980)	\$ (14,773,927)	\$ (16,060,007)
Covered-employee payroll	\$ 91,531,076	\$ 88,504,231	\$ 85,486,556	\$ 86,190,170	\$ 83,323,830	\$ 74,148,673	\$ 71,835,568	\$ 69,533,993	\$ 69,533,993
Total OPEB liability as a percentage of covered-employee payroll	27.3%	78.1%	75.4%	62.1%	53.0%	21.0%	20.5%	21.2%	23.1%

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

As a result of changes in collective bargaining agreements in 2025, certain retirees must now pay 100% of their premium costs for health insurance. For 2021, changes to benefit terms include plan provisions for certain contracts which changed the calculation method for the District's share of health insurance upon retirement. Generally, differences between expected and actual experience include the impact of changes in personnel and their associated contract provisions upon retirement and changes in assumptions or other inputs include changes in the discount rate and updated mortality rates.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	5.3%-3.71%	5.1%-3.86%	5.50%-4.00%	6.10%-4.37%	4.00%-4.08%	5.20%-4.18%	5.20%-4.32%	6.20%-4.17%	5.30%-4.17%
Salary increases	3.30%	3.42%	3.53%	3.44%	3.11%	3.22%	3.36%	3.31%	3.31%
Discount rate	4.39%	3.98%	3.78%	2.83%	2.27%	2.48%	3.44%	3.61%	3.80%
Inflation rate	2.30%	2.42%	2.53%	2.44%	2.11%	2.22%	2.36%	2.31%	2.20%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2016

Data prior to 2017 is unavailable.

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Supplementary Information
Schedule of Change from Original to Final Budget and
Calculation of Unrestricted Fund Balance Limit - General Fund

For the year ended June 30, 2025

Original expenditure budget	\$ 191,678,603
Encumbrances carried over from prior year	991,505
Budget amendments:	
Bond premium	3,308,999
Community education tuition	54,000
Insurance proceeds	<u>47,981</u>
Revised expenditure budget	<u>\$ 196,081,088</u>

* * *

Unrestricted Fund Balance

Assigned	\$ 6,546,287
Unassigned	<u>7,814,755</u>
	14,361,042
Encumbrances included in assigned fund balance	(1,208,182)
Appropriated fund balance used for tax levy	<u>(5,338,105)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 7,814,755</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2026 expenditure budget (unaudited)	\$ 197,904,919
4% of budget	<u>7,916,197</u>
Actual percentage of 2026 expenditure budget	<u>3.9%</u>

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Supplementary Information
Schedule of Capital Project Expenditures

For the year ended June 30, 2025

Project Title	Original Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
Smart Schools Bond Act	\$ 4,951,929	\$ 2,606,548	\$ 25,775	\$ 2,632,323	\$ 2,319,606
2020 Capital improvements	75,000,000	61,137,834	13,590,300	74,728,134	271,866
2024 Capital improvements	8,566,777	-	581,886	581,886	7,984,891
Capital outlay projects	100,000	-	86,564	86,564	13,436
	<u>\$ 88,618,706</u>	<u>\$ 63,744,382</u>	<u>\$ 14,284,525</u>	<u>\$ 78,028,907</u>	<u>\$ 10,589,799</u>

KENMORE-TOWN OF TONAWANDA UNION FREE SCHOOL DISTRICT

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2025

Federal Grantor/Pass-Through Grantor/Program Title	Assistance Listing Number	Grantor Number	Expenditures
<u>U.S. Department of Education:</u>			
Passed Through New York State Education Department:			
Special Education Cluster:			
Special Education Grants to States	84.027	0032-25-0241	\$ 2,656,956
Special Education Grants to States	84.027	0032-24-0241	17,041
Special Education Preschool Grants	84.173	0033-25-0241	56,443
Total Special Education Cluster			<u>2,730,440</u>
Adult Education - Basic Grants to States	84.002	2338-25-5101	71,889
Title I Grants to Local Educational Agencies	84.010	0011-25-8198	15,008
Title I Grants to Local Educational Agencies	84.010	0011-24-8198	47,363
Title I Grants to Local Educational Agencies	84.010	0011-25-2198	259,368
Title I Grants to Local Educational Agencies	84.010	0021-25-0850	1,621,574
Title I Grants to Local Educational Agencies	84.010	0021-24-0850	299,857
Career and Technical Education - Basic Grants to States	84.048	8000-25-0093	63,793
Career and Technical Education - Basic Grants to States	84.048	8000-24-0093	12,120
Education for Homeless Children and Youth	84.196	0212-25-3134	55,885
English Language Acquisition State Grants	84.365	0293-25-0850	28,903
English Language Acquisition State Grants	84.365	0293-24-0850	29,489
English Language Acquisition State Grants	84.365	0149-25-0850	16,947
Supporting Effective Instruction State Grants	84.367	0147-25-0850	250,410
Supporting Effective Instruction State Grants	84.367	0147-24-0850	164,843
Student Support and Academic Enrichment Program	84.424	0204-25-0850	140,004
Student Support and Academic Enrichment Program	84.424	0204-24-0850	39,597
Education Stabilization Fund - American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0850	<u>2,056,995</u>
Total U.S. Department of Education			<u>7,904,485</u>
<u>U.S. Department of Agriculture:</u>			
Passed Through Board of Cooperative Educational Services Second Supervisory District of Erie-Chautauqua-Cattaraugus Counties:			
SNAP Cluster:			
State Administrative Matching Grants for the Supplemental Nutrition Assistance Program	10.561	N/A	99,707
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	827,412 ¹
National School Lunch Program	10.555	N/A	2,300,846 ¹
Local Food for Schools Cooperative Agreement Program	10.185	N/A	8,480
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	<u>261,714</u> ¹
Total U.S. Department of Agriculture			<u>3,498,159</u>
Total Expenditures of Federal Awards			<u>\$ 11,402,644</u>

¹ Total Child Nutrition Cluster - \$3,389,972

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Kenmore-Town of Tonawanda Union Free School District (the District), an entity as defined in Note 1 to the District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Indirect Costs

The District does not use the de minimis indirect cost rate permitted by the Uniform Guidance.

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2025, the District used \$261,714 worth of commodities under the National School Lunch Program (Assistance Listing Number 10.555).

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

The Board of Education
Kenmore-Town of Tonawanda Union Free School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America (GAAP) 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 remaining fund information of Kenmore-Town of Tonawanda Union Free School District (the 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 September 29, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control. Accordingly, we do not express an opinion on the effectiveness of the 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 or significant deficiencies may exist that have not been identified.

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in blue ink that reads "Lynden & McCormick, LLP". The signature is written in a cursive, flowing style.

September 29, 2025

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

The Board of Education
Kenmore-Town of Tonawanda Union Free School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Kenmore-Town of Tonawanda Union Free School District's (the District) compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2025. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2025.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditors' Responsibilities for the Audit of Compliance section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the District's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

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

Auditors' Responsibilities for the Audit of Compliance

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

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the District's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the District's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the District's internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

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

Lumden & McCormick, LLP

September 29, 2025

Schedule of Findings and Questioned Costs

For the year ended June 30, 2025

Section I. Summary of Auditors' ResultsFinancial Statements

Type of auditors' report issued: *Unmodified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Noncompliance material to financial statements noted? No

Federal Awards

Internal control over major programs:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? None reported

Type of auditors' report issued on compliance for major programs: *Unmodified*

Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)? No

Identification of major programs:

Name of Federal Program or Cluster	Assistance Listing Number	Amount
Special Education Cluster:		
Special Education Grants to States	84.027	\$ 2,673,997
Special Education Preschool Grants	84.173	56,443
		<u>2,730,440</u>
Title I Grants to Local Educational Agencies	84.010	2,243,170
		<u>\$ 4,973,610</u>

Dollar threshold used to distinguish between type A and type B programs: \$750,000

Auditee qualified as low-risk auditee? Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

APPENDIX C

FORM OF DISCLOSURE UNDERTAKING

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by the Kenmore-Town of Tonawanda Union Free School District, Erie County, New York (the “Issuer”) in connection with the issuance of its \$3,964,777 Bond Anticipation Notes, 2026 or interests therein (such Note(s), including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

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

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond (or Note) calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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

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

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

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

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

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

Section 2. Definitions.

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

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

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

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

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

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

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

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

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

- (a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

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

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

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

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

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

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of [August 6, 2026].

KENMORE-TOWN OF TONAWANDA
UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk