

PRELIMINARY OFFICIAL STATEMENT DATED MAY 22, 2026

SERIAL BONDS

S&P GLOBAL RATING: "A+ / STABLE"

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Bonds 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 Bonds 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 Bonds 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 Bonds is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX EXEMPTION" herein.

*The Bonds will **NOT** be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.*

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT ERIE COUNTY, NEW YORK

(the "District")

\$26,935,000

SCHOOL DISTRICT SERIAL BONDS, 2026

(the "Bonds")

Dated: June 23, 2026

**Principal Due: June 15, 2027/2040, inclusive
Interest Due: December 15, 2026 and
semi-annually thereafter on June 15 and December 15
in each year until maturity (or earlier redemption)**

BOND MATURITY SCHEDULE

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2027	\$1,875,000				2034	\$2,030,000			
2028	1,930,000				2035	2,115,000			
2029	1,990,000				2036	2,200,000			
2030	1,855,000				2037	2,280,000			
2031	1,825,000				2038	2,220,000			
2032	1,890,000				2039	2,310,000			
2033	1,955,000				2040	460,000			

*The aggregate principal amount of the Bonds and the principal maturities thereof are subject to adjustment, following their sale, to achieve substantially level or declining annual debt service, and to permit the District to comply with applicable provisions of the Internal Revenue Code of 1986, as amended (the "Code").

Prior Redemption: The Bonds maturing on or before June 15, 2034 will not be subject to redemption, in whole or in part, prior to maturity. The Bonds maturing on or after June 15, 2035 will be subject to redemption prior to maturity, at the option of the District, on June 15, 2034 or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected at random within a maturity), at par (100%) plus accrued interest to the date of redemption.

Form and Denomination: The Bonds will be issued as registered bonds, and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases of the Bonds will be made in book-entry-only form, in denominations of \$5,000 or integral multiples thereof, such that one bond certificate will be issued for each maturity of Bonds. Bondholders will not receive certificates representing their ownership interest in the Bonds purchased. See "THE BONDS - Book-Entry-Only System" herein.

Payment: Payment of the principal of and interest on the Bonds to the Beneficial Owners of the Bonds will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name". Payment

will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "THE BONDS - Book-Entry-Only System", herein.

The Bonds bear interest from June 23, 2026, with interest thereon payable on December 15, 2026 and semi-annually thereafter on June 15 and December 15 in each year until maturity (or earlier redemption). The Bonds mature on June 15 in each year commencing June 15, 2027.

The record date for the Bonds is the last business day of the calendar month immediately preceding each respective interest payment date.

Proposals for the Bonds shall be for not less than \$26,935,000 and accrued interest, if any, on the total principal amount of the Bonds. Proposals shall be accompanied by a good faith deposit in the form of a wire transfer or a certified or cashier's check, payable to the order of the Cheektowaga-Maryvale Union Free School District, in the amount of \$134,675.

Electronic bids for the Bonds may be submitted via facsimile or iPreo's Parity Electronic Bid Submission System ("PARITY") on June 3, 2026 until 11:30 a.m. (Prevailing Time). Such bids shall be delivered and accepted in accordance with the terms stated in the Notice of Bond Sale which accompanies this Official Statement. No bids will be accepted after the time for receiving bids as detailed above.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the legal opinion as to the validity of the Bonds of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, and certain other conditions. It is anticipated that the Bonds will be available for delivery in Jersey City, New Jersey (through the facilities of DTC) on or about June 23, 2026.

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

**CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK**

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BOARD OF EDUCATION

2025-2026

James McDermott, President
Christopher Pew, Vice President
Jason Baier
Ronald Morlock
Adam Szymczak

* * *

Joseph R. D'Angelo, Superintendent of Schools
Dr. Stephen J. Lunden, Assistant Superintendent for Administrative Services
Sheena M. Palmer, District Clerk
Gina Cordova, District Treasurer
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* * *

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* * *

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No dealer, broker, salesman or other 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 other information or representations must not be relied upon as having been authorized by the District. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable, but it is not guaranteed as to accuracy or completeness. 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 since the date hereof.

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OFFICIAL STATEMENT

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT ERIE COUNTY, NEW YORK (the "District")

\$26,935,000

SCHOOL DISTRICT SERIAL BONDS, 2026 (the "Bonds")

This Official Statement, including the cover page and appendices hereto (the "Official Statement"), presents certain information relating to the Cheektowaga-Maryvale Union Free School District, Erie County, New York (the "District," "County," and "State," respectively) in connection with the sale of the District's \$26,935,000 School District Serial Bonds, 2026 (the "Bonds").

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

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

THE BONDS

Description of the Bonds

The Bonds comprise an issue in the aggregate principal amount of \$26,935,000, will be dated June 23, 2026 (the date of delivery) and will mature in installments on June 15, 2027 and annually thereafter as set forth on the cover page hereof. Interest on the Bonds will be payable on December 15, 2026 and semiannually thereafter on June 15 and December 15, until maturity (or earlier redemption).

The Bonds will be issued in registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Purchase of the Bonds will be made in book-entry-only form in denominations of \$5,000 each or any integral multiple thereof. Bondholders will not receive certificates representing their ownership interest in the Bonds purchased. Principal and interest on the Bonds will be payable when due as described in "Book-Entry-Only System" herein.

The record date for the Bonds is the last business day of the calendar month immediately preceding each respective interest payment date.

Optional Redemption

The Bonds maturing on or before June 15, 2034 will not be subject to redemption prior to maturity. The Bonds maturing on or after June 15, 2035 will be subject to redemption prior to maturity, at the option of the District, on June 15, 2034 or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected at random within a maturity), at par (100%), plus accrued interest to the date of redemption.

The District may select the maturities of the Bonds to be redeemed and the amount to be redeemed of each maturity selected, as the District shall determine to be in the best interest of the District at the time of such redemption. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected at random (by lot or in any other customary manner of selection as determined by the President of the Board of Education of the District).

Written notice of any such redemption (the “Notice”) shall be given to the registered owner(s) of the Bonds to be redeemed not more than sixty (60) days nor less than thirty (30) days prior to the date set for such redemption. Such Notice will be provided in accordance with the prevailing Depository Trust Company (“DTC”) redemption notification procedure (currently, transmission of the Notice by e-mail to redemptionnotification@dtcc.com, with the date of such email transmission being deemed the date that the Notice was given). In the event that such procedure is modified by DTC, the Notice will be provided in accordance with any new DTC procedure or, in the absence of any DTC procedure, by mailing the Notice by first class mail to the registered owner(s) thereof. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in the Notice, become due and payable, together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date.

The District may provide conditional notice of redemption, which may state that such redemption is conditioned upon the receipt of moneys and/or any other event. If any such condition is not satisfied, such redemption shall not occur, and the District is to give notice thereof, as soon as practicable, in the same manner, to the same person(s), as notice of such redemption was given. Additionally, any such redemption notice may be rescinded by the District no later than one business day prior to the date specified for redemption, by written notice by the District given in the same manner, to the same person(s), as notice of such redemption was given.

Authorization and Purpose

The Bonds are being issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and pursuant to a bond resolution that was duly adopted by the Board of Education of the District (the “Board”) on February 7, 2022 and amended June 12, 2023, following positive votes at meetings of the qualified voters of the District that were held on December 7, 2021 and May 16, 2023, respectively, authorizing the expenditure of \$6,650,000 (plus any additional interest earned) from the District's 2017 Capital Reserve Fund and the issuance of up to \$29,600,000 of serial bonds of the District to undertake a \$36,250,000 Capital Improvements Project, 2021 consisting of the reconstruction and renovation of, and the construction of improvements, upgrades and additions to, various District buildings and facilities and the sites thereof (the "Project").

Proceeds of the Bonds, along with \$1,890,000 of available funds of the District, will be used to redeem and retire an outstanding bond anticipation note of the District that was issued on June 24, 2025.

For further information regarding bond authorizations of the District for capital purposes and other monies relating thereto, see “INDEBTEDNESS OF THE DISTRICT”.

Book-Entry-Only System

DTC will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for all Bonds 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, the National Securities Clearing Corporation and the 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”). S&P Global has issued DTC a rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and

Exchange Commission. More information about DTC may be obtained from the website of The Depository Trust Company. Reference to the website implies no warranty of the accuracy of the information therein.

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

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of the Bonds may wish to take certain steps to augment transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the security documents. For example, Beneficial Owners of the Bonds may wish to ascertain that the nominee holding the Bonds 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 the notices be provided directly to them.

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on a 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 bonds 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, agent, or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS: (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER

OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THE 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 BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

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 Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the principal corporate trust office of a bank(s) or trust company(ies) located and authorized to do business and act as a fiscal agent in the State of New York to be named by the District. Interest on the Bonds will be payable December 15, 2026 and semi-annually thereafter on June 15 and December 15 in each year to maturity (or earlier redemption). Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month immediately preceding each respective interest payment date. The Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificates of Determination executed by the President of the Board authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of the Bonds between the record date for the Bonds and such interest payment date.

Security and Source of Payment

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

The Bonds 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 limitations imposed by Chapter 97 of the 2011 Laws of New York). See "REAL PROPERTY TAX INFORMATION –Tax Levy Limitation Law," herein.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds and the State is specifically precluded from restricting the power of the District to levy taxes on real property therefor. See the discussion under "REAL PROPERTY TAX INFORMATION –Tax Levy Limitation Law," herein.

Remedies of Bondholders 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 bonds or notes issued by the school districts in the State for school purposes 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 and 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 and 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 and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay such 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 and notes shall be forwarded promptly to the paying agent or agents for the bonds and 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 and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and 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 said Section of SFL.

Under current law, provision is made for contract creditors (including the holders of the Bonds) 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 judgment, although judicial mandates have been issued to officials to appropriate and pay judgments 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 bondholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency police powers to assure the continuation of essential public services.

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 judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds.

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

The Federal Bankruptcy Code (the "Bankruptcy Code") allows public bodies, such as counties, cities, towns and villages, recourse to the protection of a federal court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State 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 applicable in the future.

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

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of 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. To the best knowledge of current District officials, the District has never defaulted in the payment of the principal of and interest on any indebtedness.

THE DISTRICT

General Description

The District is located in the northeast corner of the Town of Cheektowaga (the "Town") in Erie County, New York and is directly east of, and approximately nine miles from, the center of the City of Buffalo. The population of the District is approximately 18,860 according to the 2020 U.S. Census Bureau.

Approximately one-third of the tax base of the District is industrial or commercial and includes the facilities of Calspan Corporation, Sierra Research Corporation, Airport Industrial Park, three shopping centers, several large motels and related facilities and numerous small businesses and stores. The three large shopping plazas located within the District include various retail businesses and banking facilities. Wegmans Food Markets, Inc., a chain of Rochester-based supermarkets, has a large supermarket facility in the District.

The State Thruway passes through the District and, by means of various interchanges, provides vehicle access to downtown Buffalo, which is generally a 15 to 20-minute commute. In addition, the Kensington Expressway near the Buffalo Niagara International Airport runs through the center of the District and to downtown Buffalo.

Electricity, natural gas and telephone service are provided by New York State Electric and Gas Corporation, National Fuel Gas Distribution Corporation and Verizon, respectively. The Town provides police protection and fire-fighting services are provided by trained volunteer fire departments including U-Crest Fire District No. 4, Cleveland Hill Fire District No. 6 and Hy-View Fire District No. 8. Bus service for residents of the District to the City of Buffalo and adjacent suburban communities is provided by the Niagara Frontier Transportation Authority.

Source: District Officials.

District Organization

Subject to the provisions of the State Constitution, the District is an independent entity that operates pursuant to the provisions of the State Education Law, the General Municipal Law, the Local Finance Law, the Public Officers Law, the Real Property Tax Law, and other laws generally applicable to the District, and any special laws applicable to the District. 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. Members of the Board are elected on a staggered term basis by qualified voters at the annual election of the District (held in May). The term of office for each board member is five years, and the number of terms that may be served is unrestricted. A president and vice president are selected by the Board from its members. The Board is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of

education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

During the first seven days of July each year, the Board meets for the purpose of reorganization. At that time, an election is held within the Board to elect a President and Vice President, and to appoint a District Clerk, District Treasurer and Tax Collector.

The Board appoints the Superintendent of Schools who serves under a written contract which, by statute must be of no less than three and no more than five years in duration. Such Superintendent is the chief executive officer of the District and the education system. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board. Certain of the financial functions of the District are the responsibility of the Assistant Superintendent for Administrative Services.

Employees

The District provides services through approximately 325 full-time and part-time employees, some of whom are represented by the following units of organized labor:

<u>Union</u>	<u>Approx. Number of Members</u>	<u>Contract Expiration Date</u>
Maryvale Teachers' Association	225	June 30, 2027
Civil Service Employee Association	84	June 30, 2030
Cheektowaga-Maryvale Administrative Association	6	June 30, 2027
Cheektowaga-Maryvale Administrative Support Assoc.	6	June 30, 2027
Cheektowaga-Maryvale Supervisors' Association	4	June 30, 2028

Source: District Officials.

Enrollment

<u>School Year</u>	<u>Pre-K-12 Enrollment</u>
2021-22	2,156
2022-23	2,188
2023-24	2,270*
2024-25	2,235**
2025-26	2,203

Enrollment Projections

<u>School Year</u>	<u>Projected Enrollment</u>
2026-27	2,208
2027-28	2,213
2028-29	2,218
2029-30	2,223
2030-31	2,228

Notes: * Included 76 temporary asylum seekers educated by the District.

** Included 25 temporary asylum seekers who have since either left the District or moved into permanent housing.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Capacity</u>	<u>Date of Last Alteration</u>	<u>Insured Value</u>
Maryvale Primary School	K-2	1959	1,250	2021	\$23,249,190
Maryvale Intermediate School	3-5	1967	1,800	2025	21,788,530
Maryvale Middle School	6-8	1966	1,800	2025	44,237,120
Maryvale Senior High	9-12	1952	2,300	2024	77,770,200

Source: District Officials.

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the District, the County, the State and the United States.

Population

<u>Year</u>	<u>District</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	20,882	968,532	17,990,455	249,632,692
2000	18,909	950,265	18,976,457	281,421,906
2010	18,609	919,040	19,378,102	308,745,538
2020	18,860	954,236	20,201,249	331,449,281

Source: US Census Bureau.

Median Household Income

<u>Year</u>	<u>District</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	\$28,940	\$28,005	\$32,965	\$30,056
2000	35,880	38,567	43,393	41,994
2020 – 2024	73,286	72,839	85,974	80,734

Source: US Census Bureau, American Community Survey (2020 - 2024).

Per Capita Income

<u>Year</u>	<u>District</u>	<u>County</u>	<u>State</u>	<u>United States</u>
1990	\$12,948	\$13,560	\$16,501	\$14,420
2000	19,333	20,357	23,389	21,587
2020 – 2024	39,536	42,777	50,712	44,673

Source: US Census Bureau, American Community Survey (2020 - 2024).

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>County</u>	<u>State</u>	<u>United States</u>
2021	5.3%	7.1%	5.3%
2022	3.5	4.3	3.6
2023	3.5	4.0	3.6
2024	3.8	4.2	4.0
2025	4.0	4.3	4.3
<u>2026 Monthly Rates:</u>	<u>County</u>	<u>State</u>	<u>United States</u>
January	4.5%	4.7%	4.7%
February	5.0	5.2	4.7
March	4.4	4.4	4.3

Source: Department of Labor, State of New York and Bureau of Labor Statistics.
Information not seasonally adjusted.

INDEBTEDNESS OF THE DISTRICT

Constitutional Requirements

The State Constitution limits the power of the District to issue obligations and to otherwise contract indebtedness. Such constitutional limitations, in summary form and as generally applicable to the District and the Bonds, include the following:

Purpose and Pledge: Subject to certain enumerated exceptions, the District shall not give or loan any money or property to or in aid of any individual or private corporation or private undertaking or give or loan its credit to or in aid of any of the foregoing or any public corporation.

The 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; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has elected to issue indebtedness with substantially level or declining annual debt service. 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 of its serial bonds and notes.

There is no constitutional limitation on the amount that may be raised by the District by tax on real property in any fiscal year to pay interest and principal on all indebtedness. Statutory limitations are imposed by Chapter 97 of the 2011 Laws of New York, as amended. See, “REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law,” herein.

General: The District is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation, assessment, borrowing money, contracting indebtedness and loaning the credit of the District so as to prevent abuses in taxation and assessments and in contracting indebtedness; however, as has been noted under “THE BONDS - Security and Source of Payment,” and “REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law,” the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real property for the payment of interest on or principal of indebtedness theretofore contracted.

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds.

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 were authorized for an object or purpose for which the District is not authorized to expend money, or

(b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with,

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

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

The District typically complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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 extend (generally) more than 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. (See "Payment and Maturity" under "Constitutional Requirements" herein and "Details of Short-Term Indebtedness Outstanding," herein.)

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

Debt Limit

Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any school district purpose authorized by the State Legislature provided the aggregate principal amount thereof shall not exceed ten per centum of the average full valuation of the taxable real property of the District and subject to certain enumerated deductions such as State aid for building purposes. The Constitutional and statutory method for determining full valuation consists of dividing the total assessed valuation of taxable real property for a specified assessment roll by the final equalization ratio established for such assessment roll by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

The following pages present certain details with respect to the indebtedness of the District as of the date of this Official Statement.

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District has the following short-term indebtedness outstanding:

<u>Type</u>	<u>Maturity</u>	<u>Purpose</u>	<u>Amount</u>
Bond Anticipation Note	6/23/2026	Capital Project	\$28,825,000 ¹
		Total	<u>\$28,825,000</u>

Source: District Note Records.

Note: ¹ To be redeemed and retired with the proceeds of the Bonds and \$1,890,000 available funds of the District.

Revenue and Tax Anticipation Notes

The District has not found it necessary to borrow in anticipation of taxes and revenues in recent years, nor does it anticipate the need for any such borrowings in the foreseeable future.

Status of Outstanding Bond Issues

Year of Issue:	2016	2023		
Amount Issued:	\$9,740,000	\$12,920,000		
Last Maturity:	6/15/2030	6/15/2037		
Interest Rate/Instrument:	2.000% - 2.375% / SB		DASNY SB	
Purpose:	Building		Building	
Balance Principal 06/30/25:	\$3,705,000	\$11,400,000		
<u>Fiscal Year Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2026	\$750,000	\$78,394	\$900,000	\$570,000
2027	765,000	63,394	945,000	525,000
2028	780,000	48,094	985,000	477,750
2029	795,000	32,494	1,040,000	428,500
2030	615,000	14,606	1,085,000	376,500
2031			1,140,000	322,250
2032			1,200,000	265,250
2033			1,260,000	205,250
2034			1,320,000	142,250
2035			1,160,000	76,250
2036			330,000	18,250
2037			35,000	1,750
Totals:	<u>\$3,705,000</u>	<u>\$236,981</u>	<u>\$11,400,000</u>	<u>\$3,409,000</u>

Total Annual Bond Principal and Interest Due

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u> <u>Debt Service</u>	<u>% of</u> <u>Principal Paid</u>
2026	\$1,650,000	\$648,394	\$2,298,394	10.92%
2027	1,710,000	588,394	2,298,394	22.24%
2028	1,765,000	525,844	2,290,844	33.93%
2029	1,835,000	460,994	2,295,994	46.08%
2030	1,700,000	391,106	2,091,106	57.33%
2031	1,140,000	322,250	1,462,250	64.88%
2032	1,200,000	265,250	1,465,250	72.82%
2033	1,260,000	205,250	1,465,250	81.17%
2034	1,320,000	142,250	1,462,250	89.90%
2035	1,160,000	76,250	1,236,250	97.58%
2036	330,000	18,250	348,250	99.77%
2037	35,000	1,750	36,750	100.00%
Totals:	<u>\$15,105,000</u>	<u>\$3,645,981</u>	<u>\$18,750,981</u>	

Source: District Bond Records.

Schedule of Principal Payments - Outstanding and Proposed Bonds

<u>Fiscal Year</u> <u>Ending June 30:</u>	<u>Prior</u> <u>Issues</u>	<u>This</u> <u>Issue</u> *	<u>Total</u> <u>Maturing</u> <u>Principal</u>	<u>Year End</u> <u>Outstanding</u> <u>Principal</u>
2026	\$1,650,000	\$0	\$1,650,000	\$40,390,000
2027	1,710,000	1,875,000	3,585,000	36,805,000
2028	1,765,000	1,930,000	3,695,000	33,110,000
2029	1,835,000	1,990,000	3,825,000	29,285,000
2030	1,700,000	1,855,000	3,555,000	25,730,000
2031	1,140,000	1,825,000	2,965,000	22,765,000
2032	1,200,000	1,890,000	3,090,000	19,675,000
2033	1,260,000	1,955,000	3,215,000	16,460,000
2034	1,320,000	2,030,000	3,350,000	13,110,000
2035	1,160,000	2,115,000	3,275,000	9,835,000
2036	330,000	2,200,000	2,530,000	7,305,000
2037	35,000	2,280,000	2,315,000	4,990,000
2038	0	2,220,000	2,220,000	2,770,000
2039	0	2,310,000	2,310,000	460,000
2040	0	460,000	460,000	0
Totals:	<u>\$15,105,000</u>	<u>\$26,935,000</u>	<u>\$42,040,000</u>	

Note: * Subject to adjustment, following their sale, to achieve substantially level or declining annual debt service, and to permit the District to comply with applicable provisions of the Code

Other Obligations

As of the date of this Official Statement, the District does not have any outstanding installment purchase contracts or energy performance contracts.

Trend of Outstanding Debt

	Fiscal Year Ending June 30:				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Bonds	\$13,605,000	\$10,305,000	\$19,805,000	\$16,690,000	\$15,105,000
Bond Anticipation Notes	16,719,342	15,633,000	0	24,775,000	28,825,000
Energy Performance Contract	<u>399,774</u>	<u>201,954</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$30,724,116</u>	<u>\$26,139,954</u>	<u>\$19,805,000</u>	<u>\$41,465,000</u>	<u>\$43,930,000</u>

Source: Audited Financial Reports of the District.

Computation of Debt Limit and Calculation of Net Indebtedness

(As of May 7, 2026)

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Cheektowaga	<u>\$1,620,797,805</u>	75.00%	<u>\$2,161,063,740</u>
Total (2025-26) ¹	<u>\$1,620,797,805</u>		<u>\$2,161,063,740</u>
Debt Limit: 10% of Full Valuation			\$216,106,374
Inclusions:			
Bonds			\$15,105,000
Bond Anticipation Notes			<u>28,825,000</u>
Total Inclusions			<u>\$43,930,000</u>
Exclusions:			
Estimated Building Aid ²			<u>\$0</u>
Total Exclusions			<u>\$0</u>
Total Net Indebtedness ³			<u>\$43,930,000</u>
Net Debt-Contracting Margin			\$172,176,374

Notes: ¹ The latest completed assessment roll for which a State Equalization Rate has been established.

² The calculation of such indebtedness has not taken into account any deductions therefrom of any apportionment of State Aid or debt service for school district purposes for which the District may be entitled. Since the gross indebtedness of the District is within its constitutional debt limit, the District is not required to apply for a Building Aid Estimate from the State Department of Education. The District anticipates the receipt of building aid (see "Building Aid Estimate," herein).

³ Represents 20.33% of the District's debt limit.

Building Aid Estimate

Pursuant to the provision of Chapter 760 of the Laws of 1963, the District is eligible to receive a formal Building Aid Estimate from the State Department of Education. The District has not applied for such estimate, but District officials anticipate the District will receive the following building aid:

	Assumed Principal Balance Outstanding June 30, 2025:	Aid Ratio	Estimated Aid
2016 Serial Bonds \$9,740,000	\$3,705,000	78.10%	\$2,893,605
2023 DASNY Serial Bonds \$12,920,000	11,400,000	78.10%	8,903,400
2025 Bond Anticipation Notes	28,825,000	78.10%	22,512,325
Total:	<u>\$43,930,000</u>		<u>\$34,309,330</u>

Source: State Education Department.

As part of the State’s 2001-02 budget process, a fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The provisions legislated, among other things, an “assumed amortization” payout schedule for 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 District has no reason to believe that it will not ultimately receive all of the building aid it anticipates; however, no assurance can be given as to when and how much building aid the District will receive in relation to the District’s outstanding bonds.

Authorized and Unissued Debt

As of the date of this Official Statement, the District does not have any authorized and unissued debt.

Capital Project Plans and Anticipated Future Borrowings

District voters approved a \$29,550,000 capital project on December 7, 2021, and further approved an additional \$6,700,000 of authorization for such project on May 16, 2023. Work includes the renovation of various District buildings, site work improvements, as well as an addition to the Grades 11-12 Building gymnasium. The project was constructed in phases and is now substantially complete. The work has been funded with \$6,650,000 of capital reserve funds and borrowed funds. This is the project for which the Bonds are being issued.

The District is in the planning stages for its next capital project, but the ultimate scope and size are not yet known as of the date of this Official Statement.

Direct and Overlapping Indebtedness

In addition to the District, the political subdivisions in the following table have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District.

The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of the political subdivisions located within the District’s boundaries. Such taxpayers’ share of this overlapping debt is based upon the amount of the District’s equalized property values taken as a percentage of each separate unit’s total values. The table below sets forth both the total outstanding principal amount of debt issued by the District and the appropriate magnitude of the burden on taxable real property of the District of the debt issued and outstanding by such overlapping entities, as of the dates shown.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Applicable Total Indebtedness	Exclusions ¹	Applicable Net Indebtedness	Full Value of District in Municipality	Total Full Value of Municipality	% In District	Estimated Applicable Overlapping Debt
County:								
Erie	2025	\$470,109,315	\$84,537,371	\$385,571,944	\$2,161,063,740	\$104,251,092,857	2.07%	\$7,992,679
Town:								
Cheektowaga	2025	48,925,000	4,375,000	44,550,000	2,161,063,740	9,475,941,421	22.81%	10,159,982
Total Net Overlapping Debt:								\$18,152,661
Total Net Direct Debt:								43,930,000
Total Overlapping and Direct Debt:								<u>\$62,082,661</u>

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published official statements.

Note: ¹ Exclusions consist of indebtedness deductible from gross indebtedness for debt limit purposes pursuant to constitutional and statutory provisions (including water and sewer debt and revenue anticipation notes).

Debt Ratios

The following table presents certain debt ratios relating to the District's net direct and overlapping indebtedness as of May 7, 2026:

	Amount	Debt Per Capita ¹	Debt Full Value ²
Net Direct Debt	\$43,930,000	\$2,329.27	2.03%
Total Direct & Applicable Total Overlapping Debt	62,082,661	3,291.76	2.87%

Notes: ¹ The population of the District is 18,860 according to the US Census Bureau.

² The full valuation of real property located in the District for the 2025-26 fiscal year is \$2,161,063,740.

FINANCES OF THE DISTRICT

Independent Audit

The financial statements of the District are audited each year by an independent certified public accountant. The last such audit covers the fiscal year ended June 30, 2025. A copy of such report is attached hereto as APPENDIX B.

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

The financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various state and federal statutes. The last such audit conducted by the Office of the State Comptroller was released July 25, 2025. The purpose of the audit was to determine whether the District identified, reported and implemented needed remediation to reduce lead exposure in potable water outlets for the period of July 1, 2019 through September 30, 2024. The report can be found in its entirety on the website for the Office of the State Comptroller. Reference to the website implies no guarantee of the accuracy of information contained therein.

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund, school lunch fund, risk retention fund and debt service fund. In addition, a capital projects fund is used to record capital facilities while a trust and agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

The District's governmental funds are accounted for on a modified accrual basis whereby revenues, other than those susceptible ("measurable" and "available" to finance current operations) to accrual, are recorded when received in cash. Revenues susceptible to accrual include real property taxes and State aid. The District generally records expenditures on the accrual basis when fund liabilities are incurred, except for interest on general obligation debt which is recorded when it becomes due. Pension costs billed to the District by the State are recorded as expenditures in full in the fiscal year billed. The estimated unbilled portion of these pension costs for governmental funds are shown as a liability on the balance sheet of the general long-term debt accounts group. Accumulated vacation and sick leave are also accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase; food and supplies in the school lunch fund are inventoried and carried at values which approximate market value. Fixed assets are recorded at replacement costs as determined by appraisal; all capital assets, except land, are depreciated on a straight-line basis over their estimated useful lives.

Investment Policy

The Board has adopted an investment policy and such policy conforms to 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.

The primary objectives of the District's investment policy are, in priority order, as follows:

- To conform to all applicable federal, State and other legal requirements.
- To adequately safeguard principal.
- To provide sufficient liquidity to meet all operating requirements.
- To obtain a reasonable rate of return on invested funds.

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit moneys which are not required for immediate expenditure in banks or 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 by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit 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 notes issued by the District itself; (5) certificates of participation issued in connection with installment purchase agreements entered into 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 moneys held in certain reserve funds established by the District pursuant to law, obligations of the District.

All of the foregoing 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 moneys were provided and, in the case of obligations 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 by Section 10 of the GML. The District is not presently investing in repurchase agreements.

Collateral is required for demand deposit, money market accounts 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.

Budgetary Procedures

Annually, pursuant to the Education Law, the Board prepares or causes to be prepared a budget for the ensuing fiscal year. During November and December, the tentative budget is developed and refined in consultation with school principals and department supervisors. At subsequent meetings of the Board the proposed budget is discussed and further refined. The tentative budget is adopted by the Board and submitted to referendum at the Annual Meeting held on the third Tuesday of May. Prior to the Annual Meeting a public hearing is held with respect to the proposed budget.

Pursuant to Chapter 97 of the 2011 Laws of New York, beginning with the District’s 2012-13 fiscal year, if the proposed budget requires a tax levy increase that, after permissible exemptions are applied, does not exceed the lesser of two percent (subject to certain allowable adjustments) or the increase in a designated measure of the consumer price index (CPI), commonly referred to as the “Tax Cap”, a simple majority affirmative vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the Tax Cap, the budget proposition must include special language and a 60% affirmative vote is required for approval. Any separate proposition that would cause the District to exceed the Tax Cap also must receive at least 60% voter approval. The District did exceed the tax levy limit increase in the 2025-26 fiscal year. It has not exceeded its tax levy limit increase in any other year.

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

If the resubmitted original or revised budget is not approved by the required margin, the Board must adopt a contingency budget that requires a tax levy no greater than that of the prior fiscal year. For a complete discussion of Chapter 97 of the 2011 Laws of New York; see “REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law,” herein.

Residents of the District who are qualified to vote may participate in the referendum. If, by majority vote, the budget is approved, the Board, by resolution, adopts the budget for the ensuing fiscal year. If the budget is not so approved, the Board may make changes to the budget and re-submit it as revised to the voters for adoption. In the event that the voters reject a tax levy and the school district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

The District’s proposed budget for the 2026-27 fiscal year was approved by voters on May 19, 2026.

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

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the five most recently completed fiscal years and the amounts budgeted for the 2025-26 and 2026-27 fiscal years may be found in APPENDIX A – Financial Information.

Real Property Taxes

See “REAL PROPERTY TAX INFORMATION,” herein.

State Aid

The District is dependent to a significant degree on financial assistance from the State in the form of State aid for both operating and capital purposes. 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 January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity (“CFE”) 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 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 legislature reforms in the wake of the CFE decision include increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need, community wealth and regional cost differences..

Litigation continued, however, as a case related to the CFE case was heard on appeal on May 30, 2017 in New Yorkers for Students’ Educational Rights (“NYSER”) v. State of New York and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserted that the State has failed to comply with the original decision in the Court of Appeals in the CFE case, and asked 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 increased 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 plaintiff’s causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient state funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent “gross educational inadequacies”, claimed 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 a settlement was reached in the NYSER lawsuit. The new settlement required the State to fully fund the foundation aid owed to school districts by the State’s 2024 fiscal year budget through a phased implementation.

The State’s adopted budget for the fiscal year that ended March 31, 2022 included large-scale increases in State aid to school districts, including a \$105 million expansion of full-day prekindergarten to provide funding to 200 school districts that didn’t previously receive state funding for such full-day prekindergarten programs. In contrast to the 2020-21 budget, this budget provided that additional federal aid would supplement, not supplant, State funding. Most notably, Foundation Aid was increased by \$1.4 billion (7.6%), and the State has committed to a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State’s commitments from the *Campaign for Fiscal Equity* case from the early 2000s.

The State enacted budget for the fiscal year that ended March 31, 2023, increased Education Aid by more than \$2.1 billion, including a \$1.5 billion increase in Foundation Aid, bringing the new Education Aid total to \$31.5 billion or an increase of 7.2%. This budget continued to implement the three-year phase in of full funding of the current Foundation Aid formula for those districts that were due additional aid in prior years, and included a 3% minimum increase to districts that had previously been fully funded, which would not have otherwise been owed additional Foundation Aid under current law. The budget also provided for \$125 million of additional funding for full-day prekindergarten programs. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full.

The State enacted budget for the fiscal year that ended March 31, 2024, increased Education Aid by more than \$3 billion, including a \$2.6 billion increase in Foundation Aid, bringing the new Education Aid total to \$34.5 billion. This budget provided for the final year of implementation of the three-year phase in of full funding of the current Foundation Aid formula for those districts that were due additional aid in prior years. The budget also provided for \$150 million of additional funding for full-day prekindergarten programs, and \$134 million of additional funding to increase access to free school meals. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full.

The State enacted budget for the fiscal year that ended March 31, 2025 increased Education Aid by \$1.4 billion to a total of \$35.9 billion. This budget provided for \$24.9 billion of Foundation Aid, but also included funding to examine the Foundation Aid program to in anticipation of potential formula changes implemented in the next year. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as has been customary in recent years.

The State enacted budget for the fiscal year that ends March 31, 2026 increases Education Aid by \$1.7 billion to a total of \$37.6 billion. This budget provided for a \$887.7 million increase to Foundation Aid and an increase to expense based and categorical aids by \$103 million.

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

On January 20, 2026, Governor Hochul released her proposed 2026-27 Executive Budget. The Executive Budget provides for a total of \$39.3 billion in school aid, with \$27.1 billion being Foundation Aid (a 3% increase over the current year). Expense based and categorical aids, such as school construction, transportation, shared services through BOCES and special education, are proposed to be increased by \$282 million (a 2.9% increase) for a total budgetary appropriation of \$9.8 billion. Further, the Executive Budget provides for an increase to Universal Prekindergarten aid of \$431 million (40.3%), amount to a total of \$1.5 billion. A final budget must be approved by April 1, 2026; however, due to ongoing negotiations between Governor Hochul and legislative leaders, an extension through May 26, 2026 has been enacted. It is expected that further extensions will be enacted until a final budget is adopted.

Although the State's recent budgets have contained additional aid for school districts and municipalities, it is uncertain whether the State will have future budget shortfalls necessitating cuts to State aid. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State, including the District.

There can be no assurance that the State appropriation for State aid to school districts will not be reduced or delayed in future fiscal years, as the State is not constitutionally obligated to maintain or continue State aid to the District. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor.

A summary of State aid payments received by the District for the last five completed fiscal years and the amounts budgeted for the 2025-26 and 2026-27 fiscal years are set forth below:

Fiscal Year Ending June 30:	Total General Fund State Aid	Total General Fund Revenues	Percentage of Total Revenues Consisting of State Aid
2021	\$20,179,210	\$46,250,691	43.63%
2022	22,310,579	49,548,303	45.03%
2023	25,493,172	53,346,474	47.79%
2024	29,706,870	58,503,248	50.78%
2025	32,615,656	61,673,350	52.88%
2026 (Budgeted)	34,396,406	61,761,197	55.69%
2027 (Budgeted)	37,257,198	65,296,334	57.06%

Source: Audited Annual Financial Statements and Adopted Budgets of the District.

Note: This table is NOT audited.

Sales Tax

The District is dependent to a moderate degree on sales tax it receives from the County. The County has a local sales tax rate of 4.75%. Of the first 3%, the County retains 35.3055% (of which the Niagara Frontier Transportation Authority receives 4.1666%, leaving the County with 31.1389%); 10.0087% is distributed to the cities of Buffalo, Lackawanna and Tonawanda on the basis of population; 25.6858% is divided among the cities of Buffalo, Lackawanna and Tonawanda and the towns on the basis of population and property value, and villages receive a portion of the town share based on property value; 29% is divided among all the school districts with territory in the County on the basis of average daily attendance. The cities of Lackawanna and Tonawanda are guaranteed an annual minimum of \$1,172,706 and \$1,534,671, respectively. The additional 1% is distributed to cities, towns and villages on the basis of property value, and the remaining 0.75% is retained by the County.

A summary of sales tax payments received by the District for the last five completed fiscal years and the amounts budgeted for the 2025-26 and 2026-27 fiscal years are as follows:

Fiscal Year Ending June 30:	Total General Fund Sales Tax	Total General Fund Revenues	Percentage of Total Revenues Consisting of Sales Tax
2021	\$2,812,432	\$46,250,691	6.08%
2022	3,341,498	49,548,303	6.74%
2023	3,383,835	53,346,474	6.34%
2024	3,423,668	58,503,248	5.85%
2025	3,549,000	61,673,350	5.75%
2026 (Budgeted)	2,457,912	61,761,197	3.98%
2027 (Budgeted)	2,507,912	65,296,334	3.84%

Source: Audited Annual Financial Reports and Adopted Budgets of the District.

Note: This table is NOT audited.

Expenditures

The major categories of expenditure for the District are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years and the amounts budgeted for the 2025-26 and 2026-27 fiscal years may be found in APPENDIX A – Financial Information.

The State Comptroller’s Fiscal Stress Monitoring System

The Office of the State Comptroller has developed a Fiscal Stress Monitoring System (“FSMS”) to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and

policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller lists the District's current fiscal stress score as 0.0%, putting it in the "No Designation" category.

For a complete list of school district and municipal fiscal stress scores, visit the website of the Office of the State Comptroller. Reference to the website implies no warranty of the accuracy of the information therein.

Employee Pension Benefits

Professional employees (teachers and administrators) of the District are members of the State Teachers' Retirement System ("TRS"). Payments to the TRS are generally deducted from State aid payments. All nonprofessional employees of the School District eligible for pension or retirement benefits are members of the State and Local Employees' Retirement System ("ERS," and collectively with the TRS, the "Systems"). Both the TRS and ERS are non-contributory with respect to the members hired prior to July 1, 1976. All members of the respective systems hired on or after July 1, 1976 and before April 2, 2012 contribute 3% (ERS) or 3.5% (TRS) of their gross annual salary toward the cost of retirement programs. Chapter 86 of the Laws of 2000 eliminated the 3% contribution for Tier 3 and Tier 4 members with 10 years of service credit.

On December 10, 2009, legislation created a new Tier 5 pension level. Key components of Tier 5 included 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 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 five 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; and increasing the vesting period from five years to 10 years. Tier 5 applies to public employees hired on or after January 1, 2010 and on or before April 1, 2012.

Members of the TRS have a separate Tier 5 benefit structure that achieves 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 3.0% and continuing this increased contribution so long as they accumulate additional pension credits and increases the two percent multiplier threshold for final pension calculations from 20 to 25 years.

Chapter 18 of the Laws of 2012 provided for a new Tier 6 for employees hired after April 1, 2012. This pension tier has progressive contribution rates between 3% and 6%; it increased the retirement age for new employees from 62 to 63 and included provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier is 1.75% for the first 20 years of service and 2% thereafter; the time period for calculation of final average salary was increased from three years to five years; and the amount of overtime used to determine an employee's pension was capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also included a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

The State's enacted budget for the 2022-23 fiscal year, which was signed into law on April 9, 2022, reduced the number of years of service credit required to vest from ten years to five years for Tier 5 and Tier 6. In addition, the enacted budget changed the contribution rate to the system for Tier 6 members from April 1, 2022 through March 31, 2024 to be determined

on only the base pay, not including any overtime compensation, earned between April 1, 2020 through March 31, 2022, so as to not penalize those members that worked overtime to provide essential services during the COVID-19 pandemic. Further, the annual earnings limit of \$35,000 has been waived for any retiree working in a public school through June 30, 2027.

The State’s enacted budget for the 2024-25 fiscal year, which was signed into law on April 22, 2024, further reformed Tier 6 by changing the final average year salary to determine a public employee’s retirement benefit from the highest five consecutive years to the highest three consecutive years, and by extending the two-year exclusion of overtime earnings when determining a Tier 6 member’s contribution rate to their pension benefit.

The District’s actual contributions to the ERS and TRS for the last five completed fiscal years and the amounts budgeted for the 2025-26 and 2026-27 fiscal years are as follows:

Fiscal Year Ending June 30:	<u>ERS</u>	<u>TRS</u>
2021	\$520,969	\$1,491,173
2022	483,172	1,531,963
2023	427,812	1,639,158
2024	457,802	1,637,516
2025	549,898	1,856,795
2026 (Budgeted)	891,341	2,223,526
2027 (Budgeted)	851,414	1,820,512

The District prepays its pension obligations in December of each year to take advantage of the discounted payment amount offered by the Retirement Systems for paying pension obligations in advance of the February 1 due date. The District’s contributions made to the Retirement Systems were equal to 100% of the contributions required for each year.

Pursuant to Chapter 49 of the Laws of 2003, the School District is required to contribute a minimum contribution of 4.50% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible.

Due to significant capital market declines in the wake of the 2008 and 2009 financial crisis, the Retirement System’s portfolio experienced negative investment performance and severe downward trends in market earnings. As a result, State Comptroller Thomas DiNapoli announced that the employer contribution rate for the State’s Retirement System in 2012 and subsequent years would be higher than the minimum contribution rate established by Chapter 49. For fiscal year 2026-27 average ERS contributions will increase from 16.5% to 17.6% of payroll. The System posted a 5.84% return for the fiscal year that ended March 31, 2025.

TRS Administrative Bulletin, Issue No. 2025-10, August 2025, reports that the Retirement Board adopted an Employer Contribution Rate (ECR) of 9.59% of member payroll to be collected in the 2026-27 fiscal year, a decrease from the rate of 10.11% applicable to payroll collected in the 2025-26 fiscal year. This ECR is applied to fiscal year 2025-26 TRS member salaries and will be collected in the fall of 2026. TRS Administrative Bulletin, Issue No. 2026-1, January 2026 has provided an estimated ECR of 8.24% applicable to 2026-27 member salaries, which will be collected in the fall of 2027. The final 2026-27 ECR is expected to be adopted at the July 2026 meeting. The one-year rate of return on the System’s assets for the fiscal year that ended June 30, 2025 was 10.6%.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating local government employers, if they so elect, to amortize an eligible portion of their annual required contributions to the SRS, 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 installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by the State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year’s amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer’s graded payment eliminates all

balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amount, for future use.

The State's enacted 2013-14 budget established an Alternative Contribution Stabilization Program (ACSP) which allowed local governments and school districts to lessen the cash impact of current increases in pension contributions, while repaying the deferrals with interest as well as contributing to a reserve account to dampen future rate increases. Eligible participating employers had the opportunity to make a one-time election in the 2013-14 fiscal year to the ACSP. Interest rates charged on deferrals to participants in the ACSP program were comparable to a 10-year treasury bond adjusted to a 12-year duration plus one percent. Once a participating employer elected into the program deferred contributions could be amortized over a period of up to 12 years using the ACSP. Prior to April 2023, a participant could not withdraw from the program; however, as part of the State's enacted budget for the 2023-24 a provision was included that now allows a participant to withdraw provided that certain conditions are met, including the requirement that all previous amortizations are paid in full plus interest. If a municipality withdraws from the program, it cannot rejoin at a later date. The plan reduced pension contributions for local governments and school districts in the near future but required higher payments later on. However, those higher payments in later years could be offset, at least in part, by savings from the new pension tier, Tier 6. The District does not amortize its pension obligations and has not chosen to participate in this program.

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, included a provision that allows school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts are permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established such a fund.

The investment of monies and underlying assumptions of the Retirement Systems covering the District's employees are 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 ("UAAL"). 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 UAAL 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

OPEB, or "other post-employment benefits," refers to benefits other than pension benefits. OPEB consists primarily of health care benefits and may include other benefits such as disability benefits and life insurance. The District provides post-employment healthcare benefits to various categories of former employees.

Before the GASB Statement No. 45 ("GASB 45"), OPEB costs were generally accounted for and managed on a pay-as-you-go basis and had not been reported as a liability on the government's financial statements. GASB 45 required state and local governments to account for and report their OPEB costs as they account for vested pension benefits.

In June 2015, GASB issued Statement 75 ("GASB 75"), which superseded and eliminated GASB 45. This Statement established new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities and school districts are required to account for OPEB within their financial statements rather than only noted in the footnotes of such documents as previously required by GASB 45. Actuarial valuation is required every two years under GASB 75. GASB 75 was required to be implemented for all municipalities and school districts for fiscal years beginning after June 15, 2017. The District chose to comply with GASB 75 for the fiscal year ending June 30, 2017.

Under GASB 75, the District’s annual change in OPEB liability and the total year-end OPEB liability for the last five fiscal years are as follows:

Fiscal Year Ending June 30:	Net Change In OPEB	Ending OPEB Liability
2021	(\$2,395,532)	\$4,468,446
2022	4,008,878	8,477,324
2023	279,522	8,756,846
2024	994,673	9,751,519
2025	(2,297,070)	7,454,449

There is no authority in current State law to establish a reserve fund to meet this liability. While State Comptroller Thomas P. DiNapoli proposed a bill in April of 2015, and again in 2016, that would create an optional investment pool to help local governments fund their OPEB liabilities, such legislation did not advance past the committee stage. The District continues to meet this liability on a pay-as-you-go basis.

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 received or 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. This protection from unilateral reduction of benefits has been extended permanently pursuant to Part B (Section 14) of Chapter 504 of the laws of 2009. 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.

Additional information about GASB 45, GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

REAL PROPERTY TAX INFORMATION

Real Property Taxes

The District derives its power to levy an *ad valorem* real property tax from the State Constitution. Methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by various towns within the District. Assessment valuations are determined by the respective Town assessors and the State Office of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Office of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation of debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations.

The following table presents the total tax levy and collection performance for the last five fiscal years.

Tax Collection Record

	Fiscal Year Ended June 30:				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Total Tax Levy ¹	\$22,122,970	\$22,586,229	\$22,901,936	\$23,388,624	\$23,869,515
Taxes Collected Prior to Return to County	21,604,508	21,927,369	22,348,563	22,733,988	23,298,674
Returned to County	518,462	658,861	553,373	654,636	570,841
% Collected Prior to Return	97.66%	97.08%	97.58%	97.20%	97.61%

Source: District Officials.

Notes: ¹ Includes STAR amounts.

Uncollected taxes are relieved with the County, which reimburses the District in whole; hence the District is assured 100% collection of its tax levy.

Percentage of Revenues - Real Property Taxes

Fiscal Year <u>Ending June 30:</u>	Total General Fund Real <u>Property Taxes</u>	Total General Fund <u>Revenues</u>	Percentage of Total Revenues Consisting of <u>Real Property Taxes</u>
2021	\$18,642,406	\$46,250,691	40.31%
2022	19,129,182	49,548,303	38.61%
2023	19,789,807	53,346,474	37.10%
2024	20,338,676	58,503,248	34.77%
2025	20,968,327	61,673,350	34.00%
2026 (Budgeted)	23,869,516 ¹	61,761,197	38.65%
2027 (Budgeted)	24,376,337 ¹	65,296,334	37.33%

Source: Audited Annual Financial Reports and Adopted Budgets of the District.

Note: ¹ Includes STAR reimbursement from State.

This table is NOT audited.

Tax Collection Procedure

School tax payments are due September 15 to October 15 without penalty. Penalties for late payment are imposed as follows: 7.5% if paid between October 16 to October 31, 9% between November 1 to December 2.

On or after December 2, uncollected school taxes are turned over to the County Commissioner of Finance and the County reimburses the District in full before the end of the fiscal year in which the taxes were levied. The District is not responsible for the collection of delinquent taxes once the rolls have been turned over to the County.

Source: District Officials.

Tax Levy Limitation Law

On June 24, 2011, former Governor Andrew Cuomo signed (as Chapter 97 of the 2011 Laws of the State), significant and complex legislation relating to real property tax levies, rent regulation, exemption from local taxation and mandate relief (the “Legislation”). Part A of the Legislation amends the General Municipal Law and the Education Law in order to impose a limit upon real property tax levies by local governments (excluding the City of New York and the counties contained therein) and almost all school districts in the State (the “Tax Levy Limitation Law”).

On June 25, 2015, Chapter 20 of the 2015 Laws of New York (“Chapter 20”) amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. The State’s enacted budget for the fiscal year ending March 31, 2020, which was signed into law on April 12, 2019, made the Tax Levy Limitation Law permanent. Chapter 20 also affects the calculation of tax base growth factor, as outlined below.

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year’s tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. Chapter 20 additionally allows the State Commissioner of Taxation and Finance to adjust for changes in the real property base to reflect development on tax exempt real property.

Beginning with the 2012-2013 fiscal year, school districts have had to submit their proposed tax levies to the voters each year. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school

district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the 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 tax 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 cash flow borrowings including tax anticipation notes, revenue anticipation notes and budget 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 State Commissioner of Taxation and Finance has promulgated a regulation that allows school districts, beginning with the 2020-21 fiscal year, to adjust the exclusion to reflect a school district's share of capital expenditures related to projects funded through a board of cooperative education services ("BOCES"). The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and this is an exclusion from the tax levy limitation.

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. Beginning in 2016, new homeowners received the STAR credit in the form of a check rather than receiving a property tax exemption.

Homeowners over 65 years of age with household incomes of \$110,750 or less (an increase from \$107,300 in the 2025-26 year) are eligible for a "full value" exemption for the first \$88,500 of the homeowner's primary residence from school property taxes in the 2026-27 school year (increased from \$86,100 in the 2025-26 school year). Other homeowners where the owner's total income is less than \$500,000 are eligible for at least a \$30,000 "full value" exemption or credit on their primary residence. Beginning with school taxes for the 2011-12 school year, legislation caps STAR savings increases at 2% of the prior year's savings. The School District typically receives full reimbursement of such exempt taxes from the State by the first business day of January in each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York ("Chapter 60") gradually converts the STAR program from a real property tax exemption to a personal income tax credit. The dollar benefit to eligible taxpayers will not change. However, for any homeowner that owned his or her home after the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, such homeowner will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill.

The State's enacted budget for the fiscal year ended March 31, 2020 included changes to the STAR program. For those homeowners with incomes over \$250,000, the STAR exemption benefit was capped at the 2019 fiscal year level, rather than allowed to grow by up to 2% annually under the STAR credit program. Those homeowners with incomes between \$250,000 and \$500,000 are able to convert to the credit program to maintain the full STAR benefit.

The State's enacted budget for the fiscal year ended March 31, 2021 further modified the STAR program. Under such legislation, property owners with property tax delinquencies greater than one year are not eligible for the Basic STAR exemption or the Basic STAR credit. Recipients of the Enhanced STAR exemption and credits are not impacted by this program; they may continue to receive their STAR benefits even if their property taxes are delinquent.

The details of the STAR exemption formulas are available from the website of the State Department of Taxation and Finance. Reference to the website implies no warranty of the accuracy of the information therein.

Assessed and Full Valuations

	Fiscal Year Ending June 30:				
	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Assessed Valuations:	\$1,482,832,074	\$1,627,840,592	\$1,625,390,224	\$1,617,306,032	\$1,620,797,805
Equalization Rates:	100.00%	100.00%	91.00%	80.00%	75.00%
Full Valuations:	1,482,832,074	1,627,840,592	1,786,143,103	2,021,632,540	2,161,063,740
Tax Rate / \$1,000					
Assessed Value:	\$14.92	\$13.85	\$14.09	\$14.43	\$14.73

Source: District Officials.

Ten Largest Taxpayers

2025 Assessment Roll for 2025-26 Taxes

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
Benderson Properties	Commercial	\$61,180,517
Pyramid Company of Buffalo	Regional Shopping Center	54,800,475
Union Consumer Improvements	Shopping Plaza	20,180,000
Cheektowaga TK Owner LLC	Shopping Plaza	16,050,000
NYS Electric & Gas Corp	Utility	13,020,987
Airport Commerce Park	Office & Warehouse Buildings	12,750,000
MDC Concourse Center, LLC	Storage	11,500,000
National Fuel	Utility	11,302,870
CFS 2907 Buffalo LLC	Airport Parking	10,770,000
Urbandale Cipolla 2019 LLC	Commercial	9,027,250
	Total	\$220,582,099 ¹

Source: District Officials.

Notes: ¹ Represents 10.21% of the 2025-26 of the full valuation of \$2,161,063,740 of the District.

LITIGATION

In common with other local governments and school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

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

Source: District Officials.

BONDHOLDER RISKS

There are various forms of risk associated with investing in the Bonds. One such risk is that the District will be unable to promptly pay interest and principal on the Bonds as they become due (see “THE BONDS - Remedies Upon on Default,” herein). If a Bondholder 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 Bonds. 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 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. The State is dependent, to a degree, on the receipt of federal funding. Any reductions in the level of federal funds provided to the State could have a negative impact on the State’s budget and may impact the level of aid provided to municipalities and school districts, including the District (see “FINANCES OF THE DISTRICT,” herein). 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 Bonds 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 of remedies pursuant to the Federal Bankruptcy Code or otherwise, will not occur which might affect the market price of and market for the Bonds. 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 Bonds, could be adversely affected.

If and when a holder of any of the Bonds should elect to sell a bond or 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 Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of note will decline, causing the holder to incur a capital loss upon the sale of such note (unless such note is held to maturity).

Amendments to the Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the District. While it is impossible to predict at this time what, if any, legislation will be proposed or enacted, any such future legislation could have an adverse effect on the tax treatment of the Bonds and the market value of the Bonds, see “TAX EXEMPTION,” herein.

Cybersecurity

The District, like many other public and private entities, relies on a large and complex technology environment to conduct its operations. As such, it may face multiple cybersecurity threats including but not limited to, hacking, viruses, malware and other attacks on computer or other sensitive digital systems and networks. To mitigate the risks of impact on the District operations and/or damage from cyber incidents or cyber-attacks, the District has invested in cybersecurity and other operational controls. While the District continues to review its policies and practices in this regard, there can be no assurances that such security and operational control measures will be completely successful to guard against and prevent cyber threats and attacks. The result of any such attacks could impact business operations and/or digital networks and systems and the costs of remedying any such damage could be significant.

Inflation Reduction Act of 2022

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 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.

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 District. Additionally, the Trump administration has imposed tariffs on a variety of different nations across the globe. The effects of such tariffs are not known at this time. 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 Bonds is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes 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 Bonds to become subject to federal income taxation from the date of issuance of the Bonds. We observe that interest on the Bonds 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 Bonds 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 Bonds from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code Sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the “Tax Requirements”). In the opinion of Hodgson Russ LLP, the tax certificate and the nonarbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Bonds (collectively, the “Certificates”) establish requirements and procedures, compliance with which will satisfy the Tax Requirements.

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

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

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

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

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Bonds under Code Section 3406, if such holder fails to provide the

information required on Internal Revenue Service (“IRS”) Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner’s United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Bonds 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 Bonds may affect the tax status of interest on the Bonds. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Bonds or the tax consequences of ownership of the Bonds. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

Upon delivery of the Bonds, the District will furnish a certificate, dated the date of delivery of the Bonds, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution, or delivery of the Bonds, or in any way contesting or affecting the validity of the Bonds or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds. An additional certificate will state that there is no controversy or litigation of any nature now pending or threatened by or against the District wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the District or adversely affect the power of the District to levy, collect, and enforce the collection of taxes or other revenues for the payment of the Bonds, which has not been disclosed in this Official Statement.

Legal Matters

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

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed, without inquiry or other investigation, (a) the legal capacity of each natural person, (b) the full power and authority of each person other than the District to execute and deliver certain documents and to perform certain acts, (c) no modification of any provision of any document, no waiver of any right or remedy and no exercise of any right or remedy other than in a commercially reasonable and conscionable manner and in good faith, (d) the genuineness of each signature, the completeness of each document submitted to Bond Counsel, the authenticity of each document submitted to Bond Counsel as an original, the conformity to the original of each document submitted to Bond Counsel as a copy and the authenticity of the original of each document submitted to Bond Counsel as a copy, (e) the accuracy on the date of this letter of certain reviewed documents, (f) the truthfulness of each statement as to any factual matter contained in such reviewed documents,

and (g) the due and timely filing of certain filed documents; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Bonds has extended solely to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the District, together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Bonds as the same respectively become due and payable; and (iv) no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Bonds, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), the District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as "APPENDIX C." Within the past five years, the District has made all required filings in a timely manner.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

The 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.

RATING

S&P Global Ratings has assigned a rating of "A+ / Stable" to the Bonds.

Such rating reflects only the view of such rating agency and any desired explanation of the significance of such rating should be obtained from such rating agency. Generally, rating agencies base their rating on rating investigation, studies and assumptions they have made in addition to the information and materials provided by the issuer. There is no assurance that a particular rating will apply for any given period of time or that it will be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such ratings could have an adverse effect on the market price of the Bonds. Such rating should not be taken as a recommendation to buy or hold the Bonds.

MUNICIPAL ADVISOR

Municipal Solutions, Inc. is an independent municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities. In preparing this Official Statement, Municipal Solutions, Inc. has relied upon District officials and other sources, whom have access to relevant data to provide accurate information for this Official Statement. Municipal Solutions, Inc. has not been engaged, nor has it undertaken to, independently verify the accuracy, completeness or fairness of such information. Municipal Solutions, Inc. is not a firm of certified public accountants and has not been engaged by the issuer to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards and principles.

ADDITIONAL INFORMATION

Additional information may be obtained from the business office of the District: Cheektowaga-Maryvale Union Free School District, 1050 Maryvale Drive, Cheektowaga, New York 14225, telephone number 716-631-7485, or from Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone 585-394-4090, website: www.municipalsolution.com.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the District and the original purchasers or holders of any of the Bonds.

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

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

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

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 Bonds, including but not limited to, the financial or statistical information in this Official Statement.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

May 22, 2026
Cheektowaga, New York

James McDermott
President of the Board of Education

Additional copies of the Notice of Sale and Official Statement may be obtained upon request from the office of Municipal Solutions, Inc., 2528 State Route 21, Canandaigua, New York 14424, telephone (585) 394-4090.
Website: www.municipalsolution.com

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances
General Fund - Cheektowaga-Maryvale UFSD

	Fiscal Year Ending June 30:				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:					
Real Property Taxes	\$18,642,406	\$19,129,182	\$19,789,807	\$20,338,676	\$20,968,327
Other Tax Items	3,235,138	3,191,266	2,940,619	2,704,199	2,618,514
Non-Property Taxes	2,812,432	3,341,498	3,383,835	3,423,668	3,549,000
Charges for Services	199,542	175,136	167,778	156,328	111,157
Use of Money & Property	313,417	346,566	880,222	1,349,211	1,282,637
Sale of Property & Comp. for Loss	10,391	500	9,709	3,549	18,638
Miscellaneous Local Sources	320,499	358,798	398,024	580,794	354,039
State Aid	20,179,210	22,310,579	25,493,172	29,706,870	32,615,656
Federal Aid	<u>537,656</u>	<u>694,778</u>	<u>283,308</u>	<u>239,953</u>	<u>155,382</u>
Total Revenues	<u>\$46,250,691</u>	<u>\$49,548,303</u>	<u>\$53,346,474</u>	<u>\$58,503,248</u>	<u>\$61,673,350</u>
Expenditures:					
General Support	\$5,188,448	\$5,208,484	\$7,332,180	\$9,157,337	\$5,885,192
Instruction	23,324,397	23,808,913	24,741,448	27,121,524	29,446,367
Pupil Transportation	2,275,176	4,250,980	4,636,474	4,859,571	6,269,396
Employee Benefits	8,287,967	8,139,945	8,092,989	8,430,579	9,304,049
Debt Service	<u>5,207,904</u>	<u>5,368,210</u>	<u>5,777,321</u>	<u>4,221,336</u>	<u>5,459,989</u>
Total Expenditures	<u>\$44,283,892</u>	<u>\$46,776,532</u>	<u>\$50,580,412</u>	<u>\$53,790,347</u>	<u>\$56,364,993</u>
Excess (Deficit) Revenues Over Expenditures	<u>\$1,966,799</u>	<u>\$2,771,771</u>	<u>\$2,766,062</u>	<u>\$4,712,901</u>	<u>\$5,308,357</u>
Other Sources & Uses:					
BAN & Bond Premiums	\$337,096	\$150,175	\$202,459	\$299,282	\$289,309
Transfers	<u>(323,671)</u>	<u>(5,468,401)</u> ¹	<u>(206,770)</u>	<u>(1,892,483)</u> ¹	<u>(443,630)</u>
Total Other Sources & Uses	<u>\$13,425</u>	<u>(\$5,318,226)</u>	<u>(\$4,311)</u>	<u>(\$1,593,201)</u>	<u>(\$154,321)</u>
Excess (Deficit) Revenues & Other Sources Over Expenditures & Other Uses	<u>\$1,980,224</u>	<u>(\$2,546,455)</u>	<u>\$2,761,751</u>	<u>\$3,119,700</u>	<u>\$5,154,036</u>
Fund Balances Beg. of Fiscal Year	<u>\$17,206,696</u>	<u>\$19,186,920</u>	<u>\$16,640,465</u>	<u>\$19,402,216</u>	<u>\$22,521,916</u>
Fund Balances End of Fiscal Year	<u>\$19,186,920</u>	<u>\$16,640,465</u>	<u>\$19,402,216</u>	<u>\$22,521,916</u>	<u>\$27,675,952</u>

Source: Audited Annual Financial Reports of the District.

Note: This table is NOT audited.

¹ Includes transfer to capital fund to be used for voter approved capital projects.

Balance Sheet
General Fund - Cheektowaga-Maryvale UFSD

	Fiscal Year Ended June 30:				
	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Assets:					
Cash	\$22,306,760	\$21,380,486	\$19,416,071	\$26,241,594	\$14,397,908
Investments	0	0	1,000,000	0	15,999,373
Accounts Receivable	105,660	73,134	38,113	286,033	40,201
Lease Receivable	0	558,558	286,280	1,469,720	1,205,487
Due from Other Governments	801,729	876,087	1,082,111	1,297,398	953,766
State & Federal Aid Receivable	1,523,306	679,695	973,019	588,304	2,520,171
Due from Other Funds (Net)	0	0	735,029	3,253,569	0
Total Assets	<u>\$24,737,455</u>	<u>\$23,567,960</u>	<u>\$23,530,623</u>	<u>\$33,136,618</u>	<u>\$35,116,906</u>
Liabilities:					
Accounts Payable	\$1,456,544	\$1,648,350	\$1,681,100	\$1,819,224	\$1,910,461
Due to Retirement System	1,787,509	1,915,578	2,106,924	2,183,834	2,349,974
Due to Other Funds	2,239,629	2,750,906	0	0	1,908,108
Due to Other Governments	66,853	66,853	66,853	66,853	66,853
Unearned Revenue	0	545,808	273,530	71	71
Bond Anticipation Notes	0	0	0	5,075,000	0
Deferred Inflows Related to Leases	0	0	0	1,469,720	1,205,487
Total Liabilities	<u>\$5,550,535</u>	<u>\$6,927,495</u>	<u>\$4,128,407</u>	<u>\$10,614,702</u>	<u>\$7,440,954</u>
Fund Balances					
Restricted:					
Capital Projects	\$5,250,000	\$2,500,000	\$2,500,000	\$6,301,510	\$10,618,853
Debt Service	214,269	150,471	0	300,652	110,656
Employee Benefit Accrued Liability	2,348,347	2,352,641	2,494,570	2,687,105	2,822,427
Insurance	0	0	0	2,997,271	3,148,213
Retirement Contribution	1,522,819	2,108,446	1,880,433	2,343,889	2,110,056
Unemployment Insurance	0	0	0	0	262,590
Tax Reduction	148,374	48,462	0	250,000	0
Tax Certiorari	1,389,931	1,433,527	2,146,750	2,481,029	3,111,505
Workers' Compensation	922,795	924,766	901,030	1,229,371	1,212,505
Assigned:					
Designated for Subsequent Year's Exp.	2,519,388	1,245,038	557,181	1,307,635	1,307,635
Other Purposes	408,452	647,961	1,165,542	681,433	730,833
Unassigned:					
	<u>4,462,545</u>	<u>5,229,153</u>	<u>7,756,710</u>	<u>1,942,021</u>	<u>2,240,679</u>
Total Fund Balances	<u>\$19,186,920</u>	<u>\$16,640,465</u>	<u>\$19,402,216</u>	<u>\$22,521,916</u>	<u>\$27,675,952</u>
Total Liabilities & Fund Balances	<u>\$24,737,455</u>	<u>\$23,567,960</u>	<u>\$23,530,623</u>	<u>\$33,136,618</u>	<u>\$35,116,906</u>

Source: Audited Annual Financial Reports of the District.

Note: This table is NOT audited.

Budget Summary
General Fund - Cheektowaga-Maryvale UFSD
 Fiscal Year Ending June 30, 2026

Revenues:

Real Property Taxes	\$23,869,516
Other Tax Items	74,989
Non-Property Taxes	2,457,912
Charges for Services	92,475
Use of Money & Property	557,399
Miscellaneous Items	212,500
State Aid	34,396,406
Federal Aid	100,000
Appropriated Fund Balance	<u>1,717,635</u>
Total Revenues	<u><u>\$63,478,832</u></u>

Expenditures:

General Support	\$6,824,101
Instruction	32,695,192
Pupil Transportation	6,798,112
Employee Benefits	11,707,982
Debt Service	5,149,332
Interfund Transfers	<u>304,113</u>
Total Expenditures	<u><u>\$63,478,832</u></u>

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

Budget Summary
General Fund - Cheektowaga-Maryvale UFSD
 Fiscal Year Ending June 30, 2027

Revenues:

Real Property Taxes	\$24,376,337
Other Tax Items	74,989
Non-Property Taxes	2,507,912
Charges for Services	92,475
Use of Money & Property	704,923
Miscellaneous Items	182,500
State Aid	37,257,198
Federal Aid	100,000
Appropriated Fund Balance	<u>1,717,635</u>
Total Revenues	<u><u>\$67,013,969</u></u>

Expenditures:

General Support	\$7,308,312
Instruction	34,159,366
Pupil Transportation	7,864,673
Employee Benefits	12,125,265
Debt Service	5,144,950
Interfund Transfers	<u>411,403</u>
Total Expenditures	<u><u>\$67,013,969</u></u>

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

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2025**

**CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK**

NOTE: SUCH FINANCIAL REPORT 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 REPORT IN THIS OFFICIAL STATEMENT HAS NEITHER BEEN REQUESTED NOR OBTAINED.

**CHEEKTOWAGA-MARYVALE UNION FREE
SCHOOL DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2025

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Cheektowaga-Maryvale 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 Cheektowaga-Maryvale 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 25, 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 "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

September 25, 2025

Management's Discussion and Analysis (unaudited)

June 30, 2025

Introduction

Management's Discussion and Analysis (MD&A) of Cheektowaga-Maryvale Union Free School District (the District) provides an overview of the District's financial performance and activities for the year ended June 30, 2025. The information contained in the MD&A should be considered in conjunction with the information presented in 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 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 advanced placement exams, student activity funds, and certain other activities. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's 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	2025	2024	Change	
			\$	%
Current and other assets	\$ 42,310,000	\$ 41,740,000	\$ 570,000	1.4%
Capital assets	82,029,000	75,718,000	6,311,000	8.3%
Total assets	124,339,000	117,458,000	6,881,000	5.9%
Deferred outflows of resources	8,997,000	10,131,000	(1,134,000)	(11.2%)
Long-term liabilities	29,876,000	34,029,000	(4,153,000)	(12.2%)
Other liabilities	33,718,000	33,913,000	(195,000)	(0.6%)
Total liabilities	63,594,000	67,942,000	(4,348,000)	(6.4%)
Deferred inflows of resources	9,708,000	5,260,000	4,448,000	84.6%
Net position				
Net investment in capital assets	40,166,000	40,389,000	(223,000)	(0.6%)
Restricted	26,453,000	18,629,000	7,824,000	42.0%
Unrestricted	(6,585,000)	(4,631,000)	(1,954,000)	42.2%
Total net position	\$ 60,034,000	\$ 54,387,000	\$ 5,647,000	10.4%

The District's net position at June 30, 2025 and 2024 was \$60,034,000 and \$54,387,000, respectively. A significant portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, 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 includes resources that are subject to external restrictions on how they may be used. These reserves are set aside for specific purposes governed by laws and regulations and include the capital reserve, which is dedicated to future projects or equipment to be approved by the District's voters; the employee benefit accrued liability reserve, which is restricted to pay for accumulated sick and vacation time; and the retirement contribution reserve, used to fund required District contributions to the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS). Other restricted resources include tax certiorari, workers' compensation, debt service, unemployment insurance, and insurance reserves, and amounts restricted for scholarships to students and the District's proportionate share of the TRS net pension asset.

Total assets increased \$6,881,000 (\$31,189,000 increase in 2024). Current and other assets increased by \$570,000 (increase of \$13,251,000 in 2024) primarily as a result of the District's proportionate share of the TRS net pension position resulting in an asset of \$3,015,000 in 2025 as compared to a liability of \$1,127,000 in 2024. This was offset by a decrease in cash and investments of \$1,935,000. Capital assets increased \$6,311,000 (increase of \$17,938,000 in 2024) due to capital outlays exceeding depreciation and amortization expense and disposals.

Long-term liabilities decreased by \$4,153,000 (decrease of \$4,257,000 in 2024) due to required principal payments on bonds and leases of \$1,671,000 as well as a decrease in the District's proportionate share of the TRS net pension liability of \$1,127,000 as noted above. Other liabilities decreased \$195,000 (\$24,218,000 increase in 2024) due to a decrease in accounts payable and accrued liabilities of \$4,422,000 with the decrease in capital expenditures in 2025. This was offset by the issuance of BANs totaling \$28,825,000, an increase of \$4,050,000 over the amounts outstanding in 2024.

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	\$ 454,000	\$ 550,000	\$ (96,000)	(17.5%)
Operating and capital grants and contributions	5,676,000	7,383,000	(1,707,000)	(23.1%)
General revenues				
Taxes and related items	27,136,000	26,467,000	669,000	2.5%
State aid	32,616,000	29,707,000	2,909,000	9.8%
Other	1,762,000	2,158,000	(396,000)	(18.4%)
Total revenue	67,644,000	66,265,000	1,379,000	2.1%
Expenses				
Instruction	44,711,000	43,390,000	1,321,000	3.0%
Support services				
General support	7,497,000	6,900,000	597,000	8.7%
Pupil transportation	6,598,000	5,174,000	1,424,000	27.5%
Food service	1,456,000	1,355,000	101,000	7.5%
Interest	1,735,000	1,903,000	(168,000)	(8.8%)
Total expenses	61,997,000	58,722,000	3,275,000	5.6%
Change in net position	5,647,000	7,543,000	(1,896,000)	(25.1%)
Net position – beginning	54,387,000	46,844,000	7,543,000	16.1%
Net position – ending	\$ 60,034,000	\$ 54,387,000	\$ 5,647,000	10.4%

District revenues increased \$1,379,000 in 2025 (increase of \$6,650,000 in 2024). Taxes and related items increased \$669,000 (increase of \$353,000 in 2024) due to an increase in the budgeted tax rate and an increase in sales tax from Erie County. An increase in state aid of \$2,909,000 (increase of \$4,214,000 in 2024) is due to increases in general aid of \$1,810,000, building aid of \$520,000, and excess cost aid of \$845,000 which generally increase as a result of expense increases in 2024. The decrease in operating and capital grants and contributions of \$1,707,000 (increase of \$897,000 in 2024) was primarily due to a decrease in Education Stabilization Fund grants of \$1,836,000 as the grant period expired.

Total expenses increased \$3,275,000 (\$1,987,000 decrease in 2024). This is primarily due to increases in salaries of \$710,000 due to raises and hiring of additional staff, increased BOCES expenses of \$639,000, an increase in pupil transportation of \$1,424,000 due to contractual rate increases, and an increase in compensated absences of \$779,000 in 2025. This was offset by a decrease in pension expense.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased from \$7,544,000 to \$4,415,000. Expenditures of \$71,566,000 exceeded revenues and other sources of \$68,437,000, which resulted in a decrease of \$3,129,000.

- Total fund revenue increased \$1,389,000 or 2.1% (increase of \$6,192,000 or 10.4% in 2024) and total fund expenditures decreased \$10,101,000 or 12.4% (increase of \$22,302,000 or 37.6% in 2024). Previously mentioned increases in taxes and state aid contributed to the increase in revenue. Capital outlay expenditures decreased \$11,323,000 (\$18,590,000 increase in 2024) due to significant costs associated with the District's 2021 capital improvements project in 2024.
- General support costs decreased \$3,191,000 or 30.5% (\$1,941,000 or 22.8% increase in 2024) due to \$4,400,000 of settlement costs recognized in expense in 2024.
- Other financing sources increased \$784,000 or 262.2% (decrease of \$15,719,000 or 98.1% in 2024) due to BANs redeemed from appropriations of \$775,000.

General Fund Budgetary Highlights

Total general fund revenues of \$61,674,000 were more than budgeted revenue by \$3,436,000. The budget was amended by \$10,000 for donations received during the year.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$3,098,000 or 5.1%. The difference is attributable to many factors and many unknown items when the budget is prepared. The District recognized positive variances in central services, teaching – regular school, programs for children with handicapping conditions. and employee benefits.

Capital Assets

	2025	2024
Land	\$ 112,000	\$ 112,000
Construction in progress	4,465,000	23,769,000
Land improvements	6,932,000	6,953,000
Buildings and improvements	133,017,000	104,729,000
Furniture and equipment	1,824,000	1,490,000
Vehicles	295,000	177,000
	<u>146,645,000</u>	<u>137,230,000</u>
Accumulated depreciation	(66,341,000)	(62,946,000)
	<u>80,304,000</u>	<u>74,284,000</u>
Right-to-use leased equipment, net	1,725,000	1,434,000
	<u>\$ 82,029,000</u>	<u>\$ 75,718,000</u>

Current year additions of \$10,352,000 primarily reflect construction costs for the District’s capital project and were offset by depreciation and amortization expense and disposals of \$4,041,000.

Debt

At June 30, 2025, the District had \$15,262,000 in bonds and leases outstanding, with \$1,727,000 due within one year (\$16,914,000 of bonds and leases outstanding at June 30, 2024). Outstanding compensated absences at June 30, 2025 were \$3,818,000 (\$3,039,000 at June 30, 2024) with \$1,050,000 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 planning process.

Contacting the District’s Financial Management

This financial report is designed to provide our citizens, taxpayers, 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 the Business Office, Cheektowaga-Maryvale Union Free School District, 1050 Maryvale Drive, Cheektowaga, New York 14225.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

Statement of Net Position

June 30, 2025

(With comparative totals as of June 30, 2024)

	2025	2024
Assets		
Cash	\$ 16,465,042	\$ 34,399,540
Investments	15,999,373	-
Due from other governments	953,766	1,297,398
Accounts receivable	40,201	286,033
State and federal aid receivable	4,555,477	4,252,112
Due from fiduciary funds	349	418
Inventory	74,778	35,359
Lease receivable	1,205,487	1,469,720
Net pension asset	3,015,223	-
Capital assets (Note 4)	149,015,580	139,244,039
Accumulated depreciation and amortization	(66,986,783)	(63,526,250)
Total assets	124,338,493	117,458,369
Deferred Outflows of Resources		
Deferred outflows of resources related to pensions	8,131,404	9,072,469
Deferred outflows of resources related to OPEB	865,785	1,058,941
Total deferred outflows of resources	8,997,189	10,131,410
Liabilities		
Accounts payable and accrued liabilities	2,413,890	6,836,167
Due to retirement systems	2,349,974	2,183,834
Due to other governments	84,153	84,153
Unearned revenue	45,077	34,220
Bond anticipation notes	28,825,000	24,775,000
Long-term liabilities		
Due within one year:		
Leases	77,443	84,160
Bonds	1,650,000	1,585,000
Compensated absences	1,050,000	755,000
Due beyond one year:		
Leases	79,701	139,886
Bonds and related premiums	15,031,370	16,818,398
Compensated absences	2,768,000	2,284,000
Net pension liability	1,765,225	2,611,166
Total OPEB liability	7,454,449	9,751,519
Total liabilities	63,594,282	67,942,503
Deferred Inflows of Resources		
Deferred inflows of resources related to leases	1,205,487	1,469,720
Deferred inflows of resources related to pensions	3,894,480	1,516,557
Deferred inflows of resources related to OPEB	4,607,856	2,274,011
Total deferred inflows of resources	9,707,823	5,260,288
Net Position		
Net investment in capital assets	40,166,319	40,388,666
Restricted	26,452,996	18,628,796
Unrestricted (deficit)	(6,585,738)	(4,630,474)
Total net position	\$ 60,033,577	\$ 54,386,988

See accompanying notes.

CHEEKTOWAGA-MARYVALE 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	Capital Grants and Contributions	2025	2024
Governmental activities						
General support	\$ 7,496,527	\$ 285,377	\$ -	\$ -	\$ (7,211,150)	\$ (6,566,071)
Instruction	44,710,750	111,157	3,715,293	132,144	(40,752,156)	(37,590,669)
Pupil transportation	6,597,958	-	-	-	(6,597,958)	(5,173,586)
Interest expense	1,735,342	-	-	-	(1,735,342)	(1,903,029)
School food service	1,456,495	58,010	1,828,221	-	429,736	443,873
	<u>\$ 61,997,072</u>	<u>\$ 454,544</u>	<u>\$ 5,543,514</u>	<u>\$ 132,144</u>	<u>(55,866,870)</u>	<u>(50,789,482)</u>
General revenues						
Real property taxes					23,586,841	23,042,875
Sales tax					3,549,000	3,423,668
Miscellaneous					1,761,962	2,158,615
State aid					32,615,656	29,706,870
Total general revenues					<u>61,513,459</u>	<u>58,332,028</u>
Change in net position					5,646,589	7,542,546
Net position - beginning					54,386,988	46,844,442
Net position - ending					<u>\$ 60,033,577</u>	<u>\$ 54,386,988</u>

CHEEKTOWAGA-MARYVALE 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	\$ 14,397,908	\$ 286,962	\$ -	\$ 1,739,329	\$ 40,843	\$ 16,465,042	\$ 34,399,540
Investments	15,999,373	-	-	-	-	15,999,373	-
Due from other governments	953,766	-	-	-	-	953,766	1,297,398
Accounts receivable	40,201	-	-	-	-	40,201	286,033
State and federal aid receivable	2,520,171	132,144	1,762,643	140,519	-	4,555,477	4,252,112
Due from other funds, net	-	3,559,372	-	40,278	125	3,599,775	3,253,694
Inventory	-	-	-	74,778	-	74,778	35,359
Lease receivable	1,205,487	-	-	-	-	1,205,487	1,469,720
Total assets	\$ 35,116,906	\$ 3,978,478	\$ 1,762,643	\$ 1,994,904	\$ 40,968	\$ 42,893,899	\$ 44,993,856
Liabilities							
Accounts payable and accrued liabilities	\$ 1,910,461	\$ 177,442	\$ 30,623	\$ 251,364	\$ -	\$ 2,369,890	\$ 5,650,167
Due to retirement systems	2,349,974	-	-	-	-	2,349,974	2,183,834
Due to other funds, net	1,908,108	-	1,691,318	-	-	3,599,426	3,253,276
Due to other governments	66,853	-	-	17,300	-	84,153	84,153
Unearned revenue	71	-	40,702	4,304	-	45,077	34,220
Bond anticipation notes	-	28,825,000	-	-	-	28,825,000	24,775,000
Total liabilities	6,235,467	29,002,442	1,762,643	272,968	-	37,273,520	35,980,650
Deferred Inflows of Resources							
Deferred inflows of resources related to leases	1,205,487	-	-	-	-	1,205,487	1,469,720
Fund Balances							
Nonspendable	-	-	-	74,778	-	74,778	35,359
Restricted	23,396,805	-	-	-	40,968	23,437,773	18,628,796
Assigned	2,038,468	-	-	1,647,158	-	3,685,626	3,638,989
Unassigned (deficit)	2,240,679	(25,023,964)	-	-	-	(22,783,285)	(14,759,658)
Total fund balances (deficit)	27,675,952	(25,023,964)	-	1,721,936	40,968	4,414,892	7,543,486
Total liabilities, deferred inflows, and fund balances	\$ 35,116,906	\$ 3,978,478	\$ 1,762,643	\$ 1,994,904	\$ 40,968	\$ 42,893,899	\$ 44,993,856

See accompanying notes.

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

June 30, 2025

Total fund balances - governmental funds \$ 4,414,892

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. 82,028,797

The District's proportionate share of net pension position as well as pension-related deferred outflows and deferred inflows of resources are recognized on the government-wide financial statements and include:

Net pension asset	3,015,223	
Deferred outflows of resources related to pensions	8,131,404	
Net pension liability	(1,765,225)	
Deferred inflows of resources related to pensions	<u>(3,894,480)</u>	5,486,922

The District's total OPEB liability as well as OPEB-related deferred outflows and deferred inflows of resources are recognized on the government-wide financial statements and include:

Deferred outflows of resources related to OPEB	865,785	
Total OPEB liability	(7,454,449)	
Deferred inflows of resources related to OPEB	<u>(4,607,856)</u>	(11,196,520)

Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:

Accrued interest	(44,000)	
Leases	(157,144)	
Bonds and related premiums	(16,681,370)	
Compensated absences	<u>(3,818,000)</u>	(20,700,514)

Net position - governmental activities \$ 60,033,577

CHEEKTOWAGA-MARYVALE 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	\$ 20,968,327	\$ -	\$ -	\$ -	\$ -	\$ 20,968,327	\$ 20,338,676
Real property tax items	2,618,514	-	-	-	-	2,618,514	2,704,199
Nonproperty taxes	3,549,000	-	-	-	-	3,549,000	3,423,668
Charges for services	111,157	-	-	-	-	111,157	156,328
Use of money and property	1,282,637	69,517	-	29,200	-	1,381,354	1,604,410
Sale of property and compensation for loss	18,638	-	-	-	-	18,638	3,549
Miscellaneous	354,039	-	-	748	3,999	358,786	585,158
State sources	32,615,656	132,144	1,486,476	366,806	-	34,601,082	31,545,640
Federal sources	155,382	-	2,073,435	1,461,415	-	3,690,232	5,529,484
Local sources	-	-	-	-	-	-	14,423
Sales	-	-	-	57,262	-	57,262	59,472
Total revenues	61,673,350	201,661	3,559,911	1,915,431	3,999	67,354,352	65,965,007
Expenditures							
General support	5,885,192	-	38,359	1,343,598	1,000	7,268,149	10,458,997
Instruction	29,446,367	-	3,715,864	-	-	33,162,231	31,502,608
Pupil transportation	6,269,396	-	-	-	-	6,269,396	5,097,397
Employee benefits	9,304,049	-	149,456	10,557	-	9,464,062	9,093,292
Debt service							
Principal	2,445,619	-	-	-	-	2,445,619	3,207,233
Interest	3,014,370	-	-	-	-	3,014,370	1,014,103
Cost of sales	-	-	-	71,592	-	71,592	100,219
Capital outlay	-	9,417,525	-	453,028	-	9,870,553	21,193,572
Total expenditures	56,364,993	9,417,525	3,903,679	1,878,775	1,000	71,565,972	81,667,421
Excess revenues (expenditures)	5,308,357	(9,215,864)	(343,768)	36,656	2,999	(4,211,620)	(15,702,414)
Other financing sources (uses)							
Lease proceeds	-	18,717	-	-	-	18,717	-
BANs redeemed from appropriations	-	775,000	-	-	-	775,000	-
BAN premiums	289,309	-	-	-	-	289,309	299,282
Operating transfers, net	(443,630)	99,862	343,768	-	-	-	-
Total other financing sources (uses)	(154,321)	893,579	343,768	-	-	1,083,026	299,282
Net change in fund balances	5,154,036	(8,322,285)	-	36,656	2,999	(3,128,594)	(15,403,132)
Fund balances (deficit) - beginning	22,521,916	(16,701,679)	-	1,685,280	37,969	7,543,486	22,946,618
Fund balances (deficit) - ending	\$ 27,675,952	\$ (25,023,964)	\$ -	\$ 1,721,936	\$ 40,968	\$ 4,414,892	\$ 7,543,486

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 \$ (3,128,594)

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 the assets is allocated over estimated useful lives as depreciation and amortization expense. This is the amount by which capital outlays exceed depreciation and amortization expense and disposals. 6,311,008

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	2,578,262	
2025 ERS accrued contribution	189,891	
2024 ERS accrued contribution	(171,796)	
2025 TRS pension expense	(1,570,778)	
2025 ERS pension expense	<u>(483,403)</u>	542,176

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. (229,931)

Leases are recorded as other financing sources in the governmental funds but increase long-term liabilities in the statement of net position. (18,717)

Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position. 1,670,619

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:

Compensated absences	(779,000)	
Amortization of bond premiums	137,028	
Interest	<u>1,142,000</u>	500,028

Change in net position - governmental activities \$ 5,646,589

CHEEKTOWAGA-MARYVALE 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	\$ 20,968,327	\$ 20,968,327	\$ 20,968,327		\$ -
Real property tax items	2,543,635	2,543,635	2,618,514		74,879
Nonproperty taxes	2,410,877	2,420,239	3,549,000		1,128,761
Charges for services	122,677	122,676	111,157		(11,519)
Use of money and property	433,968	424,607	1,282,637		858,030
Sale of property and compensation for loss	-	-	18,638		18,638
Miscellaneous	212,500	222,320	354,039		131,719
State sources	31,425,791	31,425,791	32,615,656		1,189,865
Federal sources	110,000	110,000	155,382		45,382
Total revenues	58,227,775	58,237,595	61,673,350		3,435,755
Expenditures					
General support					
Board of education	22,115	22,115	20,346	-	(1,769)
Central administration	242,862	242,862	242,415	-	(447)
Finance	526,912	527,133	511,485	-	(15,648)
Staff	454,453	477,794	471,255	3,700	(2,839)
Central services	4,850,383	4,735,468	3,956,082	389,676	(389,710)
Special items	756,251	685,482	683,609	545	(1,328)
Instruction					
Instruction, administration, and improvement	1,696,697	1,640,022	1,504,609	1,842	(133,571)
Teaching - regular school	15,197,153	14,962,525	14,462,387	141,876	(358,262)
Programs for children with handicapping conditions	9,066,434	8,758,177	8,221,379	42,655	(494,143)
Occupational education	760,916	760,916	760,916	-	-
Teaching - special schools	123,532	107,913	32,470	260	(75,183)
Instructional media	975,136	1,569,874	1,560,615	400	(8,859)
Pupil services	2,985,090	3,000,349	2,903,991	26,140	(70,218)
Pupil transportation	6,280,043	6,391,447	6,269,396	53,193	(68,858)
Employee benefits	11,178,519	10,821,854	9,304,049	70,546	(1,447,259)
Debt service					
Principal	2,325,000	2,475,619	2,445,619	-	(30,000)
Interest	2,891,236	3,014,370	3,014,370	-	-
Total expenditures	60,332,732	60,193,920	56,364,993	730,833	(3,098,094)
Excess revenues (expenditures)	(2,104,957)	(1,956,325)	5,308,357	(730,833)	6,533,849
Other financing sources (uses)					
BAN premiums	-	-	289,309		289,309
Operating transfers out	(294,111)	(442,743)	(443,630)		887
Appropriated fund balance and carryover encumbrances	1,989,068	1,989,068	-		(1,989,068)
Appropriated reserves	410,000	410,000	-		(410,000)
Total other financing sources (uses)	2,104,957	1,956,325	(154,321)		(2,110,646)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 5,154,036	\$ (730,833)	\$ 4,423,203

See accompanying notes.

CHEEKTOWAGA-MARYVALE 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	\$ 139,149	\$ 129,580
Liabilities		
Accounts payable and accrued liabilities	321	222
Due to other governments	1,047	1,255
Due to governmental funds	349	418
Total liabilities	1,717	1,895
Net Position		
Extraclassroom activity and other balances	\$ 137,432	\$ 127,685

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CHEEKTOWAGA-MARYVALE 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	\$ 134,687	\$ 142,894
Advanced placement exam fees collected and other additions	10,625	12,167
	145,312	155,061
Deductions		
Student activity deductions	121,645	135,237
Advanced placement exam fees paid and other deductions	13,920	11,050
	135,565	146,287
Change in net position	9,747	8,774
Net position - beginning	127,685	118,911
Net position - ending	\$ 137,432	\$ 127,685

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Cheektowaga-Maryvale 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 \$6,342,000 for BOCES administrative and program costs and recognized revenue of \$167,000 as a refund from prior year expenditures paid to BOCES and \$73,000 in service income. In addition, BOCES leases a building (Note 4) and various classrooms from the District through June 2029. Rental income received under all long-term and short-term agreements totaled \$345,000 for the year ended June 30, 2025. Audited financial statements are available from BOCES' administrative offices.

Risk Management

The District participates in the NY44 Health Benefits Plan Trust, which is a public entity risk pool designed to provide health insurance coverage for participating entities. The District also maintains a self-insured workers' compensation plan. 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) 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.

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

- *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.
- *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.

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 student activity accounts, advanced placement exam fees, and certain other transactions.

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.

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 October 16, 2024 through November 30, 2024. Thereafter, uncollected amounts became the responsibility of Erie County and were submitted to the District by April 1st of the following year as required by law.

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 as budgeted 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 bank’s trust department in the District’s name.

Investments consist of United States Treasury Bills with original maturities greater than 90 days.

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.

Leases Receivable and Deferred Inflows of Resources Related to Leases

Leases receivable and deferred inflows of resources related to leases are initially recorded at the present value of the expected future lease payments. Principal repayments and interest revenue are recognized as payments are received. Lease revenue is recognized using the effective interest rate over the lease term as deferred inflows of resources are amortized.

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	\$ 50,000	20
Buildings and improvements	\$ 50,000	15-40
Furniture and equipment	\$ 5,000	5-15
Vehicles	\$ 5,000	8-10

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

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 noncash 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 payout 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. Year to year changes in the liability are presented as a net increase or decrease (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 the 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	\$ 74,778
Restricted:	
Capital	10,618,853
Debt service	110,656
Employee benefit accrued liability	2,822,427
Insurance	3,148,213
Retirement contribution	2,110,056
Unemployment insurance	262,590
Tax certiorari	3,111,505
Workers' compensation	1,212,505
Scholarships	40,968
Assigned:	
Designated for subsequent year	1,307,635
Encumbrances	730,833
Food service	1,647,158
Unassigned (deficit)	(22,783,285)
	<u>\$ 4,414,892</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 2018, 2023, and 2025, voters approved the creation of capital reserves of \$7,500,000, \$5,000,000, and \$8,500,000 respectively, plus interest earnings. They have been funded to \$16,456,931 plus interest as of June 30, 2025. Amounts remaining and available for use in the general fund at June 30, 2025 total \$10,618,853.
- *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 premiums), and remaining bond proceeds not needed for their original purpose as required under §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.
- *Insurance* – is used to pay liability, casualty, and other types of losses except losses incurred for which insurance may be purchased. This amount is funded through budgetary appropriations and may not exceed 5% of the budget.
- *Retirement contribution* – is used to finance retirement contributions payable to TRS and ERS. Funding for TRS is limited to 2% annually of eligible salaries up to a maximum reserve of 10% of eligible salaries. At June 30, 2025, the retirement contribution reserve includes \$686,973 for TRS and \$1,423,083 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.
- *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.
- *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 program.

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 \$374,000 for services and \$71,000 for equipment.

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. Stewardship and Compliance

The capital projects fund deficit of \$25,023,964 will be funded when bond anticipation notes are converted to permanent financing.

3. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 1,939,390	\$ 3,847,498	\$ -	\$ 443,630
Capital projects	3,780,000	220,628	99,862	-
Special aid	38,057	1,729,375	343,768	-
Food service	46,766	6,488	-	-
Miscellaneous special revenue	125	-	-	-
Custodial	-	349	-	-
	<u>\$ 5,804,338</u>	<u>\$ 5,804,338</u>	<u>\$ 443,630</u>	<u>\$ 443,630</u>

The general fund provides cash flow to the various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure reports have been submitted and approved. Amounts owed to the capital projects fund from the general fund are for bond anticipation note (BAN) proceeds to be used for a capital project. Transfers from the general fund to the special aid fund cover the District’s share of costs related to the summer school handicap and universal pre-k programs and the transfer to the capital projects fund reflects resources to be used for a capital project. 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	\$ 112,146	\$ -	\$ -	\$ 112,146
Construction in progress	23,768,547	9,020,903	(28,324,296)	4,465,154
Total non-depreciable and non-amortizable assets	23,880,693	9,020,903	(28,324,296)	4,577,300
Depreciable capital assets:				
Land improvements	6,953,005	-	(21,274)	6,931,731
Buildings and improvements	104,728,416	-	28,288,106	133,016,522
Furniture and equipment	1,490,401	518,381	(184,550)	1,824,232
Vehicles	177,645	117,351	-	294,996
Total depreciable assets	113,349,467	635,732	28,082,282	142,067,481
Accumulated depreciation:				
Land improvements	(1,854,695)	(342,672)	21,274	(2,176,093)
Buildings and improvements	(59,855,083)	(3,220,797)	-	(63,075,880)
Furniture and equipment	(1,067,240)	(65,131)	220,740	(911,631)
Vehicles	(169,120)	(8,473)	-	(177,593)
Total accumulated depreciation	(62,946,138)	(3,637,073)	242,014	(66,341,197)
Total depreciable assets, net	50,403,329	(3,001,341)	28,324,296	75,726,284
Right-to-use lease assets:				
Equipment	2,013,879	695,626	(338,706)	2,370,799
Accumulated amortization	(580,112)	(402,716)	337,242	(645,586)
Total right-to-use assets, net	1,433,767	292,910	(1,464)	1,725,213
	\$ 75,717,789	\$ 6,312,472	\$ (1,464)	\$ 82,028,797

Depreciation and amortization expense has been allocated to the following functions: general support \$404,064, instruction \$3,596,509, transportation \$15,561, and school food service \$23,655.

In April 2024, the District entered into a five-year building lease to BOCES for \$314,000, increasing 3% each year, with interest at 5.37%. The outstanding balances amounted to \$1,205,487 at June 30, 2025. For the year ended June 30, 2025, the District also recognized lease revenue of \$264,233 and interest revenue of \$66,971.

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

Capital assets, net of accumulated depreciation and amortization	\$ 82,028,797
Bond anticipation notes, net of unspent proceeds	(25,023,964)
Lease liability	(157,144)
Bonds and related premiums	(16,681,370)
	<u>\$ 40,166,319</u>

5. Short-Term Debt

BANs issued and outstanding at June 30, 2024 amounted to \$24,775,000, carried interest at 5.0%, and matured in July 2024. During 2025, BANs outstanding in the general fund and totaling \$5,075,000 were repaid and new BANs of \$25,850,000, which carried interest at 4.5% and matured in June 2025, were issued. BANs of \$775,000 were then redeemed from appropriations and the remainder was repaid with the proceeds of new BANs of \$28,825,000 which carry interest at 3.5% and mature in June 2026.

6. Long-Term Liabilities

	July 1, 2024	Increases	Decreases	June 30, 2025	Amount Due in One Year
Leases	\$ 224,046	\$ 18,717	\$ 85,619	\$ 157,144	\$ 77,443
Bonds	16,690,000	-	1,585,000	15,105,000	1,650,000
Bond premiums	1,713,398	-	137,028	1,576,370	-
Compensated absences	3,039,000	779,000	-	3,818,000	1,050,000
	<u>\$ 21,666,444</u>	<u>\$ 797,717</u>	<u>\$ 1,807,647</u>	<u>\$ 20,656,514</u>	<u>\$ 2,777,443</u>

Existing Obligations

Description	Maturity	Rate	Balance
Equipment lease – 2022	June 2026	2.56%	\$ 34,609
Equipment lease – 2023	June 2028	4.40%	105,277
Equipment lease – 2025	June 2028	4.81%	17,258
Serial bonds – June 2016	June 2030	2.0%-2.38%	3,705,000
Serial bonds – June 2023	June 2037	5.0%	11,400,000
			<u>\$ 15,262,144</u>

Debt Service Requirements

Years ending June 30,	Bonds		Leases	
	Principal	Interest	Principal	Interest
2026	\$ 1,650,000	\$ 648,394	\$ 77,443	\$ 5,076
2027	1,710,000	588,394	44,783	2,645
2028	1,765,000	525,844	34,918	652
2029	1,835,000	460,994	-	-
2030	1,700,000	391,106	-	-
2031-2035	6,080,000	1,011,250	-	-
2036-2037	365,000	20,000	-	-
	<u>\$ 15,105,000</u>	<u>\$ 3,645,982</u>	<u>\$ 157,144</u>	<u>\$ 8,373</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% - 17.9%.

The amount outstanding and payable to TRS for the year ended June 30, 2025 was \$2,007,291. A liability to ERS of \$189,891 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, the District reported an asset of \$3,015,223 for its proportionate share of the TRS net pension position and a liability of \$1,765,225 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 liability 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 0.101060%, an increase of 0.002481 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 0.0102954%, an increase of 0.0002178 from its proportion measured as of March 31, 2024.

For the year ended June 30, 2025, the District recognized net pension expense of \$2,054,181 on the government-wide financial statements (TRS expense of \$1,570,778 and ERS expense of \$483,403). 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	\$ 3,246,841	\$ -	\$ 438,141	\$ (20,667)
Changes of assumptions	1,803,714	(303,402)	74,030	-
Net difference between projected and actual earnings on pension plan investments	-	(3,350,169)	138,495	-
Changes in proportion and differences between contributions and proportionate share of contributions	14,320	(178,078)	218,681	(42,164)
District contributions subsequent to the measurement date	2,007,291	-	189,891	-
	<u>\$ 7,072,166</u>	<u>\$ (3,831,649)</u>	<u>\$ 1,059,238</u>	<u>\$ (62,831)</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	\$ (1,600,834)	\$ 378,546
2027	3,658,645	508,234
2028	(636,818)	(120,210)
2029	(704,755)	39,946
2030	376,112	-
Thereafter	140,876	-
	<u>\$ 1,233,226</u>	<u>\$ 806,516</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%
	<u>100%</u>		<u>100%</u>	

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		
	1.0% Decrease	Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	\$ (13,927,487)	\$ 3,015,223	\$ 17,264,495
District's proportionate share of the ERS net pension asset (liability)	\$ (5,108,783)	\$ (1,765,225)	\$ 1,026,648

8. OPEB

Plan Description

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance for certain District retirees and their spouses. The Plan is open to all eligible employees and provides continued insurance through the conversion of sick time or by payment of monthly premiums by retirees through participation in the District's plans. The District thereby provides an implicit rate subsidy on behalf of eligible employees. Eligibility is based on covered employees who retire from the District over age 55 with five or more years of service and are eligible to retire under TRS or ERS. The Plan has no assets, does not issue financial statements, and is not a trust.

At June 30, 2024, employees covered by the Plan include:

Active employees	202
Inactive employees or beneficiaries currently receiving benefits	85
Inactive employees entitled to but not yet receiving benefits	-
	<u>287</u>

Total OPEB Liability

The District’s total OPEB liability of \$7,454,449 was measured as of June 30, 2024 and was determined by an actuarial valuation as of the same date.

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 a review of published national trend survey data in relation to the retiree health plan offerings and updated long-term rates based on the Society of Actuaries Getzen Long-Term Healthcare Cost Trends Model v2024_1b, initially 7.75% for medical, 4.6% for post-65 medical, and 7.75% for prescription drug coverage, declining to 4.04% in 2075

Salary increases – 3.5%

Mortality – Pub-2010 Mortality Tables fully generational using Scale MP-2021

Discount rate – 3.97% based on the Fidelity General Obligation 20-Year AA Municipal Bond Index as of the measurement date

Inflation rate – 2.5%

Changes in the Total OPEB Liability

	Total OPEB Liability
Balance at June 30, 2024	<u>\$ (9,751,519)</u>
Changes for the year:	
Service cost	(471,156)
Interest	(392,487)
Changes of benefit terms	-
Differences between expected and actual experience	2,419,603
Changes of assumptions or other inputs	631,862
Benefit payments	<u>109,248</u>
Net changes	<u>2,297,070</u>
Balance at June 30, 2025	<u>\$ (7,454,449)</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 (2.97%)	Discount Rate (3.97%)	1.0% Increase (4.97%)
Total OPEB liability	<u>\$ (8,097,080)</u>	<u>\$ (7,454,449)</u>	<u>\$ (6,845,544)</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 (6.75% to 3.04%)	Healthcare Cost Trend Rate (7.75% to 4.04%)	1.0% Increase (8.75% to 5.04%)
Total OPEB liability	<u>\$ (6,586,317)</u>	<u>\$ (7,454,449)</u>	<u>\$ (8,459,287)</u>

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 \$290,674. 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	\$ -	\$ (3,762,700)
Changes of assumptions or other inputs	805,042	(845,156)
Benefit payments subsequent to the measurement date	60,743	-
	<u>\$ 865,785</u>	<u>\$ (4,607,856)</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	\$	(572,969)
2027		(563,452)
2028		(506,432)
2029		(454,731)
2030		(507,896)
Thereafter		(1,197,334)
	<u>\$</u>	<u>(3,802,814)</u>

9. Risk Management

General Liability

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

Health Insurance

The District participates in the NY44 Health Benefits Plan Trust (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 18 participating members as of June 30, 2024 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made nor additional assessments charged other than the annual premium equivalent. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2024, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York 14224.

Workers' Compensation

The District maintains a self-insured plan for risks associated with employee workers' compensation claims. 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). Claim liabilities are 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 \$600,000 per incident.

Claims activity for the plan is as follows:

	Beginning of Year	Current Claims and Changes in Estimates	Claims Paid	End of Year
2025	\$ (61,562)	\$ (125,063)	\$ 146,948	\$ (39,677)
2024	\$ (31,526)	\$ (214,417)	\$ 184,381	\$ (61,562)

The estimated liability for the plan has been accrued on the government-wide and governmental funds financial statements as it is 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 are 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 its 2021 capital improvement project that is expected to cost \$36,250,000. As of June 30, 2024, the District has spent \$32,763,000 and numerous open contracts are in place.

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. In 2023, the District settled all CVA cases then pending at a total cost to the District of \$6,400,000. The District paid \$2,000,000 towards these settlements during 2023 and the remaining \$4,400,000 was paid during 2024. BANs of \$5,075,000 at an interest rate of 5.0% were used to finance the settlements and were repaid in 2025 (Note 5).

During 2024, management became aware of one additional lawsuit initiated against the District by a former student. This case has since been dismissed.

CHEEKTOWAGA-MARYVALE 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	0.101060%	0.098579%	0.098952%	0.096929%	0.096901%	0.096574%	0.095319%	0.092686%	0.092254%	0.093209%
District's proportionate share of the net pension asset (liability)	\$ 3,015,223	\$ (1,127,337)	\$ (1,898,774)	\$ 16,796,880	\$ (2,677,645)	\$ 2,509,008	\$ 1,723,616	\$ 704,502	\$ (988,074)	\$ 9,681,454
District's covered payroll	\$ 19,299,570	\$ 18,206,725	\$ 17,529,541	\$ 16,525,603	\$ 16,376,230	\$ 16,119,831	\$ 15,526,367	\$ 14,687,602	\$ 14,282,255	\$ 14,012,995
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	15.62%	(6.19%)	(10.83%)	101.64%	(16.35%)	15.56%	11.10%	4.80%	(6.92%)	69.09%
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

CHEEKTOWAGA-MARYVALE 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	\$ 2,007,291	\$ 1,883,638	\$ 1,873,472	\$ 1,717,895	\$ 1,574,890	\$ 1,450,934	\$ 1,711,926	\$ 1,521,584	\$ 1,721,387	\$ 1,893,827
Contribution in relation to the contractually required contribution	(2,007,291)	(1,883,638)	(1,873,472)	(1,717,895)	(1,574,890)	(1,450,934)	(1,711,926)	(1,521,584)	(1,721,387)	(1,893,827)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 19,854,510	\$ 19,299,570	\$ 18,206,725	\$ 17,529,541	\$ 16,525,603	\$ 16,376,230	\$ 16,119,831	\$ 15,526,367	\$ 14,687,602	\$ 14,282,255
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%

CHEEKTOWAGA-MARYVALE 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	0.0102954%	0.0100776%	0.0107138%	0.0097241%	0.0100160%	0.0099023%	0.0101704%	0.0112624%	0.0102199%	0.010780%
District's proportionate share of the net pension asset (liability)	\$ 1,765,225	\$ (1,483,829)	\$ (2,297,473)	\$ 794,901	\$ (9,973)	\$ (2,622,195)	\$ (720,601)	\$ (363,488)	\$ (960,285)	\$ (1,730,220)
District's covered payroll	\$ 3,846,725	\$ 3,670,914	\$ 3,779,488	\$ 3,430,171	\$ 3,482,116	\$ 3,428,076	\$ 3,454,260	\$ 3,672,063	\$ 3,127,696	\$ 3,167,707
District's proportionate share of the net pension asset (liability) as a percentage of its covered payroll	45.89%	(40.42%)	(60.79%)	23.17%	(0.29%)	(76.49%)	(20.86%)	(9.90%)	(30.70%)	(54.62%)
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

CHEEKTOWAGA-MARYVALE 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	\$ 570,971	\$ 470,996	\$ 438,059	\$ 569,445	\$ 526,422	\$ 518,514	\$ 526,609	\$ 567,153	\$ 487,809	\$ 546,003
Contribution in relation to the contractually required contribution	(570,971)	(470,996)	(438,059)	(569,445)	(526,422)	(518,514)	(526,609)	(567,153)	(487,809)	(546,003)
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's covered payroll	\$ 3,846,725	\$ 3,670,914	\$ 3,779,488	\$ 3,430,171	\$ 3,482,116	\$ 3,428,076	\$ 3,454,260	\$ 3,672,063	\$ 3,127,696	\$ 3,167,707
Contributions as a percentage of covered payroll	14.84%	12.83%	11.59%	16.60%	15.12%	15.13%	15.25%	15.45%	15.60%	17.24%

CHEEKTOWAGA-MARYVALE 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
Total OPEB liability - beginning	\$ (9,751,519)	\$ (8,756,846)	\$ (8,477,324)	\$ (4,468,446)	\$ (6,863,978)	\$ (5,584,411)	\$ (5,792,905)	\$ (5,943,359)
Changes for the year:								
Service cost	(471,156)	(446,966)	(485,970)	(251,365)	(321,694)	(259,513)	(277,947)	(312,365)
Interest	(392,487)	(337,825)	(171,171)	(114,558)	(223,783)	(210,623)	(214,543)	(181,294)
Changes of benefit terms	-	-	147,591	(3,411,766)	-	-	-	-
Differences between expected and actual experience	2,419,603	-	120,850	-	2,565,415	-	583,689	-
Changes of assumptions or other inputs	631,862	(307,208)	12,857	(319,168)	303,499	(860,660)	28,550	550,043
Benefit payments	109,248	97,326	96,321	87,979	72,095	51,229	88,745	94,070
Net change in total OPEB liability	2,297,070	(994,673)	(279,522)	(4,008,878)	2,395,532	(1,279,567)	208,494	150,454
Total OPEB liability - ending	\$ (7,454,449)	\$ (9,751,519)	\$ (8,756,846)	\$ (8,477,324)	\$ (4,468,446)	\$ (6,863,978)	\$ (5,584,411)	\$ (5,792,905)
Covered-employee payroll	\$ 23,680,840	\$ 22,331,609	\$ 17,721,151	\$ 16,151,963	\$ 16,360,698	\$ 15,859,151	\$ 13,900,094	\$ 13,900,094
Total OPEB liability as a percentage of covered-employee payroll	31.48%	43.67%	49.41%	52.48%	27.31%	43.28%	40.18%	41.68%

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

Changes of benefit terms in 2023 reflect removal of eight employees no longer eligible to receive benefits due to a contract change and in 2022 reflect a health care plan change for employees and retirees under the age of 65. Differences between expected and actual experience in 2025 and 2021 were due to demographic changes different than those assumed, a less than expected increase in claims costs, and, for 2021, a revised methodology for calculating claims costs for Medicare Advantage plans. In 2019 the differences were the result of retiree group benefits program experience differing from that anticipated by the assumptions. Changes in assumptions or other inputs include changes in the discount rate and updated mortality tables.

The following is a summary of changes of assumptions:

Healthcare cost trend rates	7.75%-4.04%	7.75%-4.04%	6.75%-3.78%	6.75%-3.78%	6.5%-3.78%	6.75%-3.78%	7.0%-3.89%	7.5%-3.89%
Inflation	2.50%	2.50%	2.25%	2.25%	2.25%	2.25%	2.25%	2.25%
Salary increases	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	3.50%	2.50% - 3.50%
Discount rate	3.97%	3.86%	3.69%	1.92%	2.45%	3.13%	3.62%	3.56%
Society of Actuaries' mortality scale	MP-2021	MP-2021	MP-2021	MP-2020	MP-2019	MP-2018	MP-2017	MP-2017

Data prior to 2018 is unavailable.

CHEEKTOWAGA-MARYVALE 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	\$ 59,945,410
Encumbrances carried over from prior year	681,433
Budget amendments - donations	<u>9,820</u>
Revised expenditure budget	<u>\$ 60,636,663</u>
* * *	
Unrestricted Fund Balance	
Assigned	\$ 2,038,468
Unassigned	<u>2,240,679</u>
	4,279,147
Encumbrances included in assigned fund balance	(730,833)
Appropriated fund balance used for tax levy	<u>(1,307,635)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 2,240,679</u>
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2026 expenditure budget (unaudited)	\$ 63,478,832
4% of budget	<u>2,539,153</u>
Actual percentage of 2026 expenditure budget	<u>3.5%</u>

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2025

Project Title	Original Budget	Revised Budget	Expenditures			Unexpended Balance
			Prior Years	Current Year	Total	
2024-2025 Capital outlay project	\$ 100,000	\$ 100,000	\$ -	\$ 99,862	\$ 99,862	\$ 138
2021 Smart school project	956,188	956,188	486,996	132,144	619,140	337,048
2021 Capital improvements	29,550,000	36,250,000	23,596,587	9,166,802	32,763,389	3,486,611
	<u>\$ 30,606,188</u>	<u>\$ 37,306,188</u>	<u>\$ 24,083,583</u>	<u>\$ 9,398,808</u>	<u>\$ 33,482,391</u>	<u>\$ 3,823,797</u>

CHEEKTOWAGA-MARYVALE 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	0032-25-0215	\$ 644,619
Special Education Preschool Grants	84.173	0033-25-0215	21,225
Total Special Education Cluster			665,844
Title I Grants to Local Educational Agencies	84.010	0021-25-0750	672,790 ¹
Title I Grants to Local Educational Agencies	84.010	0021-24-0750	6,649 ¹
English Language Acquisition State Grants	84.365	0149-25-0750	4,921
Supporting Effective Instruction State Grants	84.367	0147-25-0750	101,548
Student Support and Academic Enrichment Program	84.424	0204-25-0750	32,226
Student Support and Academic Enrichment Program	84.424	0204-24-0750	3,015
Stronger Connections Grant Program	84.424F	0248-25-1019	332,816
Education Stabilization Fund:			
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5884-21-0750	541 ²
American Rescue Plan Elementary and Secondary School Emergency Relief Fund	84.425U	5880-21-0750	253,085 ²
Total U.S. Department of Education			2,073,435
<u>U.S. Department of Agriculture:</u>			
Passed Through New York State Education Department:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	484,617
National School Lunch Program	10.555	N/A	865,788
Passed Through New York State Office of General Services:			
Child Nutrition Cluster:			
National School Lunch Program	10.555	N/A	111,010
Total Child Nutrition Cluster and U.S. Department of Agriculture			1,461,415
Total Expenditures of Federal Awards			\$ 3,534,850

¹ Total Title I Grants to Local Educational Agencies - \$679,439

² Total Education Stabilization Fund - \$253,626

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 Cheektowaga-Maryvale 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 \$111,010 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
Cheektowaga-Maryvale 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 Cheektowaga-Maryvale 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 25, 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 testing 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 "Lyndon & McCormick, LLP". The signature is written in a cursive, flowing style.

September 25, 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
Cheektowaga-Maryvale Union Free School District

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Cheektowaga-Maryvale 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.

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

September 25, 2025

Schedule of Findings and Questioned Costs

For the year ended June 30, 2025

Section I. Summary of Auditors' Results

Financial 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
Child Nutrition Cluster:		
School Breakfast Program	10.553	\$ 484,617
National School Lunch Program	10.555	976,798
		<u>\$ 1,461,415</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 Cheektowaga-Maryvale Union Free School District, Erie County, New York (the “Issuer”) in connection with the issuance of its [\$26,935,000] School District Serial Bonds, 2026 (such Bonds, including any interests therein, being collectively referred to herein as the “Security”). The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Continuing Disclosure. (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):

- (i) no later than the following March 31 after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, the Annual Financial Information relating to such fiscal year, unless Audited Financial Statements are prepared, in which case the Annual Financial Information will be provided on or prior to the following March 31 after the end of each fiscal year or within 60 days following receipt by the Issuer of Audited Financial Statements (whichever is later) (the “Report Date”), but in no event later than one year after the end of each fiscal year;
- (ii) if not provided as part of the Annual Financial Information, Audited Financial Statements within 60 days of their receipt, but in no event later than one year after the end of each fiscal year;
- (iii) 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 1, 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.

(iv) in a timely manner (not in excess of ten business days after the occurrence of such event), notice of a failure to provide by the date set forth in Section 1(a)(i) hereof any Annual Financial Information required by Section 3 hereof.

(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)(ii) 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

“Annual Financial Information” means the information specified in Section 3 hereof.

“Audited Financial Statements” means the Issuer’s annual financial statements, prepared in accordance with GAAP for governmental units as prescribed by GASB, which financial statements shall have been audited by such auditor as shall be then required or permitted by the laws of the State of New York.

“EMMA” means the 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.

“GAAP” means generally accepted accounting principles as in effect from time to time in the United States.

“GASB” means the Governmental Accounting Standards Board, or any successor thereto.

“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 issued either before or after the effective date of this Disclosure Undertaking which are applicable to this Disclosure Undertaking.

“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. Annual Financial Information. (a) The required Annual Financial Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer’s final official statement relating to the Security under the headings “THE DISTRICT”, “DEMOGRAPHIC AND STATISTICAL INFORMATION”, “INDEBTEDNESS OF THE DISTRICT”, “FINANCES OF THE DISTRICT”, “REAL PROPERTY TAX INFORMATION” and “LITIGATION” and all Appendices (other than “APPENDIX C”); which Annual Financial Information may, but it is not required to, include audited financial statements.

(b) All or any portion of the Annual Financial Information may be incorporated in the Annual Financial Information by cross reference to any other documents which are (i) available to the public on EMMA or (ii) filed with the Securities and Exchange Commission. If such a document is a final official statement, it must be available on EMMA.

(c) Annual Financial Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 6(f) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Financial Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Financial Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. 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 5. 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 6. 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;

