

SEPTEMBER 23, 2026

ERRATUM NOTICE

TO THE PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 21, 2026
RELATING TO THE ISSUANCE OF

\$2,400,000

LOWVILLE CENTRAL SCHOOL DISTRICT

LEWIS COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE: 548837



\$2,400,000 Revenue Anticipation Notes, 2026
(referred to herein as the “Notes”)

Dated: October 6, 2026

Due: October 6, 2027

PLEASE BE ADVISED the “Appendix C1 – Estimated Monthly Cash Flow” is revised to read as follows:

LOWVILLE CENTRAL SCHOOL DISTRICT

ACTUAL MONTHLY CASH FLOW

(General Fund)

2025-2026 CASH FLOW	2025 2026 Estimated												12 MONTH TOTAL
	September	October	November	December	January	February	March	April	May	June	July	August	
Beginning Balance:	\$2,118,309	\$7,203,074	\$7,999,243	\$5,678,023	\$4,688,589	\$4,831,177	\$5,165,359	\$9,284,120	\$7,999,673	\$6,959,795	\$2,127,754	\$1,464,683	\$2,118,309
Receipts:													
Property Taxes	4,777,279	-	-	-	-	-	-	-	-	-	-	-	4,777,279
STAR Revenues	360,981	-	-	-	-	-	-	-	-	-	-	-	360,981
State Aid	2,308,235	(300,913)	148,366	1,546,821	2,584,489	2,068,695	5,603,354	1,155,014	1,963,097	175,881		2,478,333	19,731,372
Medicaid	-	713	2,053	-	2,682	1,153	1,647	2,823	-	(3,833)	-	-	7,238
BOCES Aid	-	-	-	-	-	390,609	-	-	-	-	468,730	-	859,339
PILOT	-	4,291	-	-	-	259,717	1,009,282	-	-	379,954	-	-	1,653,245
FEMA & Flood Insurance	-	-	-	-	-	-	-	-	-	-	-	-	0
State Emergency Aid	-	-	-	-	-	-	-	-	-	-	220,600	-	220,600
Miscellaneous Receipts	34,835	34,835	34,835	34,835	34,835	34,835	34,835	34,835	34,835	34,835	51,867	51,649	451,870
Interest	9,560	9,560	9,560	9,560	9,560	9,560	9,560	9,560	9,560	9,560	9,560	9,560	114,720
RAN & Bond Issue	-	4,580,000	-	-	-	-	-	-	-	-	-	-	4,580,000
Total Receipts	\$7,490,891	\$4,328,487	\$194,814	\$1,591,216	\$2,631,566	\$2,764,570	\$6,658,679	\$1,202,232	\$2,007,492	\$596,397	\$750,757	\$2,539,542	\$32,756,644
Total Available Cash	\$9,609,200	\$11,531,561	\$8,194,057	\$7,269,239	\$7,320,155	\$7,595,747	\$11,824,038	\$10,486,353	\$10,007,165	\$7,556,192	\$2,878,511	\$4,004,224	\$34,874,953
Disbursements:													
Payroll and Fica/Med	1,191,295	1,810,051	1,322,057	1,207,695	1,211,673	1,206,399	1,298,303	1,185,838	1,790,326	2,781,240	296,180	293,299	15,594,356
Health/Dental Insurance	418,003	437,678	432,804	429,832	446,109	431,924	431,425	434,688	427,530	430,855	510,011	506,192	5,337,051
Accounts Payable	475,792	475,792	475,792	475,792	475,792	475,792	475,792	475,792	475,792	475,792	475,792	475,792	5,709,504
BOCES	321,035	553,797	285,382	352,582	339,715	316,273	334,397	390,362	353,723	365,757	131,845	(5,247)	3,739,621
Debt Service	-	-	-	-	15,689	-	-	-	-	-	-	437,830	453,519
BAN Principal	-	-	-	-	-	-	-	-	-	265,000	-	-	265,000
BAN Interest	-	-	-	-	-	-	-	-	-	430,044	-	-	430,044
RAN Principal & Interest	-	255,000	-	-	-	-	-	-	-	-	-	-	255,000
Bond Principal	-	-	-	-	-	-	-	-	-	565,000	-	-	565,000
Bond Interest	-	-	-	114,750	-	-	-	-	-	114,750	-	-	229,500
Total Disbursements	\$2,406,125	\$3,532,318	\$2,516,035	\$2,580,650	\$2,488,978	\$2,430,388	\$2,539,917	\$2,486,680	\$3,047,371	\$5,428,438	\$1,413,828	\$1,707,866	\$32,578,594
Ending Balance:	\$7,203,074	\$7,999,243	\$5,678,023	\$4,688,589	\$4,831,177	\$5,165,359	\$9,284,120	\$7,999,673	\$6,959,795	\$2,127,754	\$1,464,683	\$2,296,358	\$2,296,358

LOWVILLE CENTRAL SCHOOL DISTRICT

ESTIMATED MONTHLY CASH FLOW

(General Fund)

2026-2027 CASH FLOW	2026												12 MONTH TOTAL
	September	October	November	December	January	February	March	April	May	June	July	August	
Beginning Balance:	\$2,296,358	\$8,475,403	\$3,019,423	\$769,273	\$(349,692)	\$21,183	\$584,313	\$5,402,542	\$4,235,445	\$3,937,764	\$(914,489)	\$(2,063,559)	\$2,296,358
Receipts:													
Property Taxes	4,983,516	-	-	-	-	-	-	-	-	-	-	-	4,983,516
STAR Revenues	359,762	-	-	-	-	-	-	-	-	-	-	-	359,762
State Aid	2,483,430	-	159,627	1,664,225	2,780,652	2,225,709	6,028,649	1,242,680	2,112,096	189,230	-	2,666,438	21,552,735
Medicaid	800	800	800	800	800	800	800	800	800	800	-	-	8,000
BOCES Aid	762,113	-	-	-	-	450,000	-	-	-	540,000	-	-	1,752,113
PILOT	-	4,000	-	-	-	77,735	1,199,358	-	-	-	-	-	1,281,093
FEMA & Flood Insurance	-	-	-	70,854	-	487,961	-	-	-	44,033	-	2,035,297	2,638,145
State Emergency Aid	-	-	-	11,809	-	81,327	-	-	-	7,339	-	339,216	439,691
Miscellaneous Receipts	31,698	31,698	31,698	31,698	31,698	31,698	31,698	31,698	31,698	31,698	-	-	316,980
Interest	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	114,000
RAN & Bond Issue	-	2,400,000	-	-	-	-	-	-	-	-	-	-	2,400,000
Total Receipts	\$8,630,819	\$2,445,998	\$201,625	\$1,788,886	\$2,822,650	\$3,364,730	\$7,270,005	\$1,284,678	\$2,154,094	\$822,600	\$9,500	\$5,050,451	\$35,846,036
Total Available Cash	\$10,927,178	\$10,921,401	\$3,221,048	\$2,558,158	\$2,472,958	\$3,385,913	\$7,854,317	\$6,687,220	\$6,389,539	\$4,760,364	\$(904,989)	\$2,986,893	\$38,142,394
Disbursements:													
Payroll and Fica/Med	1,312,997	2,000,000	1,312,997	1,312,997	1,312,997	1,312,997	1,312,997	1,312,997	1,312,997	3,000,000	326,000	326,000	16,155,976
Health/Dental Insurance	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000	598,000	598,000	6,396,000
Accounts Payable	234,570	234,570	234,570	234,570	234,570	234,570	234,570	234,570	234,570	234,570	234,570	234,570	2,814,840
BOCES	384,208	384,208	384,208	384,208	384,208	384,208	384,208	384,208	384,208	384,208	-	-	3,842,080
Debt Service	-	-	-	-	-	349,825	-	-	-	-	-	-	349,825
BAN Principal	-	-	-	-	-	-	-	-	-	-	-	-	0
BAN Interest	-	-	-	-	-	-	-	-	-	-	-	-	0
RAN Principal & Interest	-	4,763,200	-	-	-	-	-	-	-	-	-	-	4,763,200
Bond Principal	-	-	-	-	-	-	-	-	-	1,080,000	-	-	1,080,000
Bond Interest	-	-	-	456,075	-	-	-	-	-	456,075	-	-	912,150
Total Disbursements	\$2,451,775	\$7,901,978	\$2,451,775	\$2,907,850	\$2,451,775	\$2,801,600	\$2,451,775	\$2,451,775	\$2,451,775	\$5,674,853	\$1,158,570	\$1,158,570	\$36,314,071
Ending Balance:	\$8,475,403	\$3,019,423	\$769,273	\$(349,692)	\$21,183	\$584,313	\$5,402,542	\$4,235,445	\$3,937,764	\$(914,489)	\$(2,063,559)	\$1,828,323	\$1,828,323

Note: The District is anticipating receiving additional building aid from the state in September 2027.

PRELIMINARY OFFICIAL STATEMENT

NEW ISSUE

REVENUE ANTICIPATION NOTES

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

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

\$2,400,000

LOWVILLE CENTRAL SCHOOL DISTRICT

LEWIS COUNTY, NEW YORK

GENERAL OBLIGATIONS

CUSIP BASE: 548837



\$2,400,000 Revenue Anticipation Notes, 2026 (referred to herein as the "Notes")

Dated: October 6, 2026

Due: October 6, 2027

The Notes are general obligations of the Lowville Central School District, Lewis County, New York (the "School District" or "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to statutory limitation. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein. The Notes will be issued without the option of prior redemption.

At the option of the purchaser, the Notes will be issued in (i) registered certificated form registered in the name of the successful bidder or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued as registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk. A single note certificate will be issued for Notes bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the approving legal opinion as to the validity of the Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York. It is anticipated that the Notes will be available for delivery through the facilities of DTC located in Jersey City, New Jersey, or as may be agreed upon on with the purchaser(s), or about October 6, 2026.

ELECTRONIC BIDS for the Notes must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on September 24, 2026 by no later than 11:00 A.M. ET. Bids may also be submitted by facsimile at (315) 930-2354. No other form of electronic bidding services will be accepted. No phone bids will be accepted. Once the bids are communicated electronically via Fiscal Advisors Auction or via facsimile to the District, each bid will constitute an irrevocable offer to purchase the Notes pursuant to the terms provided in the Notice of Sale for the Notes.

September 21, 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 SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S), AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX C – MATERIAL EVENT NOTICES" HEREIN.

**LOWVILLE CENTRAL SCHOOL DISTRICT
LEWIS COUNTY, NEW YORK**

SCHOOL DISTRICT OFFICIALS

2026-2027 BOARD OF EDUCATION

CHEYENNE STERIA

President

MICHAEL JUDD

Vice President

BENJAMEN MANNING
STEVEN FULLER
BETHANY MUNN
STEPHANIE HOUSER FOUSE
JOSEPH LAWRENCE
SHEREEN PALMER
MICHAEL YOUNG

* * * * *

ADMINISTRATION

REBECCA DUNCKEL-KING

Superintendent of Schools

CONNOR RHODES

School Business Manager

ASHLEY CAPITELLI

Senior Account Clerk/District Treasurer



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor



ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel

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

TABLE OF CONTENTS

	<u>Page</u>		<u>Page</u>
NATURE OF OBLIGATION	1	STATUS OF INDEBTEDNESS(CONT)	
THE NOTES	2	Cash Flow Borrowings.....	24
Description of the Notes.....	2	Other Obligations	24
No Optional Redemption.....	3	Estimated Overlapping Indebtedness.....	25
Purpose of Issue	3	Debt Ratios.....	25
BOOK-ENTRY-ONLY SYSTEM	3	SPECIAL PROVISIONS AFFECTING	
Certificated Notes.....	5	REMEDIES UPON DEFAULT.....	26
THE SCHOOL DISTRICT	5	MARKET AND RISK FACTORS.....	27
General Information	5	TAX MATTERS.....	28
Population	5	LEGAL MATTERS	30
Larger Employers	6	LITIGATION	30
Selected Wealth and Income Indicators.....	6	CONTINUING DISCLOSURE	30
Unemployment Rate Statistics.....	6	Historical Compliance.....	30
Form of School Government	7	MUNICIPAL ADVISOR.....	30
Budgetary Procedures	7	CUSIP IDENTIFICATION NUMBERS	30
Investment Policy	7	RATING	31
State Aid.....	8	MISCELLANEOUS.....	31
State Aid Revenues	11	APPENDIX – A	
District Facilities.....	11	GENERAL FUND - Balance Sheets	
Enrollment Trends.....	11	APPENDIX – A1	
Employees.....	12	GENERAL FUND – Revenues, Expenditures and	
Status and Financing of Employee Pension Benefits.....	12	Changes in Fund Balance	
Other Post-Employment Benefits.....	14	APPENDIX – A2	
Other Information.....	15	GENERAL FUND – Revenues, Expenditures and	
Financial Statements	16	Changes in Fund Balance - Budget and Actual	
New York State Comptroller’s Report of Examination	16	APPENDIX – B	
New York State Education Department Report		BONDED DEBT SERVICE	
of Examination.....	17	APPENDIX – B1	
The State Comptroller’s Fiscal Stress Monitoring System	18	CURRENT BONDS OUTSTANDING	
TAX INFORMATION	18	APPENDIX – C-C1	
Taxable Assessed Valuations	18	ESTIMATED MONTHLY CASHFLOW	
Tax Rate Per \$1,000 (Assessed).....	19	APPENDIX – D	
Tax Collection Procedure	19	MATERIAL EVENT NOTICES	
Tax Levy and Tax Collection Record.....	19	APPENDIX – E	
Real Property Tax Revenues	19	AUDITED FINANCIAL STATEMENTS	
Larger Taxpayers 2026 for 2026-2027 Tax Roll	20	For the Fiscal Year Ending June 30, 2025	
STAR – School Tax Exemption	20	APPENDIX – F	
Additional Tax Information.....	21	FORM OF BOND COUNSEL’S OPINION	
TAX LEVY LIMITATION LAW	21		
STATUS OF INDEBTEDNESS.....	22		
Constitutional Requirements	22		
Statutory Procedure	22		
Debt Outstanding End of Fiscal Year	23		
Details of Outstanding Indebtedness	23		
Debt Statement Summary.....	23		
Bonded Debt Service.....	24		
Capital Project Plans	24		

PREPARED WITH THE ASSISTANCE OF



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

OFFICIAL STATEMENT
of the
LOWVILLE CENTRAL SCHOOL DISTRICT
LEWIS COUNTY, NEW YORK

Relating To
\$2,400,000 Revenue Anticipation Notes, 2026

This Official Statement, which includes the cover page and appendices, has been prepared by the Lowville Central School District, Lewis County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the District of \$2,400,000 principal amount of Revenue Anticipation Notes, 2026(the "Notes").

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

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

NATURE OF OBLIGATION

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

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District, subject to statutory limitation.

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

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

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

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

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

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

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

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

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

THE NOTES

Description of the Notes

The Notes are general obligations of the District, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2: Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to statutory limitation. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW" herein.

The Notes will be dated October 6, 2026 and will mature October 6, 2027. The Notes are not subject to redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in registered form at the option of the purchaser either (i) registered in the name of the purchaser, or (ii) registered in the name of Cede & Co. as nominee of The Depository Trust Company, New York, New York ("DTC") which will act as the securities depository for the Notes. See "BOOK-ENTRY-ONLY SYSTEM" herein.

No Optional Redemption

The Notes are not subject to redemption prior to maturity.

Purpose of Issue

The Notes are being issued pursuant to the Constitution and statutes of the State of New York, including among others, the Education Law, the Local Finance Law and pursuant to a revenue anticipation note resolution duly adopted by the Board of Education on August 3, 2026, in anticipation of State Aid Revenues during the School District's 2026-2027 fiscal year.

The Notes are being issued to provide monies to meet a cash flow deficit expected to occur during the period that the Notes are outstanding (see "APPENDIX – C – ESTIMATED MONTHLY CASH FLOW"). Such cash flow deficit is the result of a delay in the receipt of State aid revenues, which receipt is not timely with the cash flow needs of the School District.

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Notes, if so requested. The Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each note 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, and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

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

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

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

Redemption proceeds, distributions, and dividend payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC nor its nominee or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

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

Source: The Depository Trust Company.

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

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

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

Certificated Notes

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

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

THE SCHOOL DISTRICT

General Information

The School District is located in the Village of Lowville in the County of Lewis in Northern New York State. The village is situated about 30 miles southeast of the City of Watertown and approximately 50 miles north of the City of Utica. New York State highways 12, 26 and 812, which bisect the Village of Lowville, serve the School District.

Many of its residents are employed in the various retail establishments in the Village of Lowville or in the surrounding industries. The school district, other local municipalities and the county hospital are large employers in the community.

Lowville Academy was founded in 1808 as a private school, making it one of the oldest educational centers in New York State. In 1905, the school became quasi-public by admitting Village children to the Academy. In 1921, the school became completely public and three years later in May 1924, issued tax-exempt serial bonds to pay for the construction of a school building still in use today. In 1952, surrounding towns joined with the Town of Lowville to form a Central School District, and in 1957 a large addition was built enabling all PK-12 students to be educated in one location.

Source: District officials.

Population

The total population of the School District is currently estimated to be 8,734.

(Source: U.S. Census Bureau, 2020-2024 American Community Survey 5-Year Estimates)

Larger Employers

The following are five larger employers located within or in close proximity to the District.

<u>Name</u>	<u>Type</u>	<u>Approximate Number of Employees</u>
Oneida-Lewis ARC	Public Service	689
Lewis County General Hospital	Healthcare	670
Kraft Heinz Foods	Manufacturing	520
County of Lewis	Local Government	270
Lowville Central School District	Public School	270

Source: District officials.

Selected Wealth and Income Indicators

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

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>	<u>2006-2010</u>	<u>2016-2020</u>	<u>2020-2024</u>
Towns of:						
Denmark	\$ 20,917	\$ 26,913	\$ 31,550	\$ 49,988	\$ 67,014	\$ 73,958
Greig	20,359	31,698	35,865	52,321	78,333	77,917
Harrisburg	23,857	26,078	40,181	55,893	96,771	100,625
Lowville	21,815	28,905	33,565	58,589	76,776	80,771
Martinsburg	21,866	29,680	35,663	47,237	74,286	89,911
Montague	22,900	27,375	45,043	62,222	N/A	N/A
New Bremen	20,577	24,820	34,134	55,208	57,500	91,875
Pinckney	17,562	30,215	43,754	53,409	56,250	95,938
Turin	25,255	29,297	34,754	57,500	54,375	73,938
Watson	23,067	35,854	35,447	44,375	67,833	73,889
West Turin	20,256	26,888	35,875	47,000	61,875	76,397
County of:						
Lewis	20,970	27,770	33,677	49,554	65,238	79,375
State of:						
New York	30,948	40,898	50,712	67,405	87,270	106,873

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

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

Unemployment Rate Statistics

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

	<u>Annual Averages</u>						
	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Lewis County	5.2%	7.3%	5.0%	3.9%	4.1%	4.2%	4.3%
New York State	3.9%	9.8%	7.1%	4.3%	4.0%	4.2%	4.3%

	<u>2026 Monthly Figures</u>								
	<u>Jan</u>	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>June</u>	<u>July</u>	<u>Aug</u>	<u>Sept</u>
Lewis County	6.2%	6.9%	6.0%	4.5%	3.8%	3.7%	3.8%	N/A	N/A
New York State	4.7%	5.2%	4.4%	4.2%	4.2%	4.4%	4.2%	N/A	N/A

Note: Unemployment rates for the months of August and September 2026 are not available as of the date of this Official Statement.

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

Form of School Government

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

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

Budgetary Procedures

Pursuant to the Education Law, the Board of Education annually prepares a detailed statement of estimated sums necessary for the various expenditures of the School District for the ensuing fiscal year (tentative budget) and distributes that statement not less than seven days prior to the date on which the annual school election is conducted, at which the tentative budget is voted upon. Notice of the annual election is published as required by statute with a first publication not less than forty-five days prior to the day of election.

Pursuant to Chapter 97 of the Laws of 2011 ("Chapter 97"), beginning with the 2012 – 2013 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% or the rate of inflation (the "Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the Tax Cap also must receive at least 60% voter approval.

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

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

Recent Budget Votes

The budget for the 2025-26 fiscal year was approved by the qualified voters on May 20, 2025 by a vote of 352 to 81. The adopted budget included a tax levy increase of 2.99% which is below the District's maximum allowable Tax Cap of 8.98%.

The budget for the 2026-27 fiscal year was approved by the qualified voters on May 19, 2026 by a vote of 212 to 70. The adopted budget included a tax levy increase of 3.99% which is below the District's maximum allowable Tax Cap of 6.83%.

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the School District; (6) obligations of a New York public corporation which are made lawful investments by the School District pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

Consistent with the above statutory limitations, it is the School District's current policy to invest in: (1) certificates of deposit or time deposit accounts that are fully secured as required by statute, (2) obligations of the United States of America or (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America, and (4) In repurchase agreements involving the purchase and resale of obligations of the United States of America or obligations of agencies of the federal government, if principal and interest is guaranteed by the United States of America and the securities are registered in the name of the School District and held by a custodial bank in accordance with the policies established by the New York State Comptroller, with valuation and margin requirements.

The District does not invest in so-called “derivatives” including reverse purchase agreements, which are not authorized investments for municipalities and school districts in the State.

Aid for Local Disaster Impacting the School District

The Federal Emergency Management Agency (FEMA) declared Disaster 4814 for the July 9th and 10th, 2024, severe storm, tornados, and flooding. The District, the County, along with several other municipalities within the County have applied for FEMA assistance.

FEMA declared Disaster 4839 for the August 18th and 19th, 2025, severe storm, and flooding. The Village of Lowville, the District, and the County submitted for damages to FEMA that were incurred during the August 18th and 19th disaster.

As a result of the disasters, the District incurred damage due to flooding that required cleaning, decontamination, and new floors in the classrooms and gymnasium, along with additional maintenance and repair throughout the District facilities. Total costs of repairs as a result of the flooding totaled approximately \$6.4 million. The District is expecting federal reimbursement of 75% and State reimbursement of 12.5% from disaster relief aid, in addition, the District expects to receive building aid of 91.5% leaving the District local share less than \$65,000. See “THE SCHOOL DISTRICT – State Aid” and “STATUS OF INDEBTEDNESS - Cash Flow Borrowings” herein.

State Aid

The District receives financial assistance from the State in the form of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. In its adopted budget for the 2026-27 fiscal year, approximately 76.57% of the revenues of the District are estimated to be received in the form of State aid. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, there can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever.

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

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

State aid, including building aid appropriated and apportioned to the School District, can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or their elimination therefrom.

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

The amount of State aid to school districts can vary from year to year and is dependent in part upon the financial condition of the State. During the 2011 to 2019 fiscal years of the State, State aid to school districts was paid in a timely manner; however, during the State’s 2010 and 2020 fiscal years, State budgetary restrictions resulted in delayed payments of State aid to school districts in the State. In addition, the availability of State aid and the timeliness of payment of State aid to school districts could be affected by a delay in the adoption of the State budget, which is due at the start of the State’s fiscal year of April 1. The State’s Enacted Budgets were adopted after the April 1 deadline in the State’s fiscal years 2023-24 (adopted on May 2, 2023, thirty-one (31)

days late), 2024-25 (adopted on April 22, 2024, twenty-one (21) days late), 2025-26 (adopted on May 9, 2025, thirty-eight (38) days late) and 2026-27 (adopted on May 27, 2026, fifty-six (56) days late). The State's Enacted Budgets were adopted by April 1 or shortly thereafter in the State's fiscal years 2016-17 through 2022-23, inclusive. No assurance can be given that the State will not experience delays in the adoption of the budget in future fiscal years. Significant delays in the adoption of the State budget could result in delayed payment of State aid to school districts in the State which could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Federal Aid Received by the State

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances.

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

President Trump signed an executive order (the "Education Executive Order") that directs the Secretary of Education to take all necessary steps to facilitate the closure of the U.S. Department of Education. The Education Executive Order aims to minimize the federal role in education but stops short of completely closing the Department as this would require 60 votes in the U.S. Senate. President Trump also indicated his preference that critical functions, like distributing Individuals with Disabilities Education Act funding, would be the responsibility of other federal agencies.

In furtherance of the Education Executive Order, on June 16, 2026, the U.S. Department of Education announced four new interagency agreements that shift the management and administration of federal special education programs to the Department of Health and Human Services ("HHS"). Key elements of the change include:

- **Oversight Shift:** Day-to-day management and grant administration for the Office of Special Education and Rehabilitative Services and the Office of Special Education Programs are being transferred to HHS.
- **Statutory Responsibility:** Legally, the statutory authority for the Individuals with Disabilities Education Act remains with the Department of Education, but its actual execution is outsourced.
- **DOJ Integration:** Civil rights and student privacy enforcement are simultaneously being moved to the Department of Justice.

While the interagency agreements are immediately, Senior Administration officials have publicly noted that operational details, staff relocations, and specific execution timelines are still actively being sorted out.

The full impact that the Education Executive Order will have on the State and school districts in the State is unknown at this time.

Building Aid

A portion of the District's State aid consists of building aid which is related to outstanding indebtedness for capital project purposes. In order to receive building aid, the District must have building plans and specifications approved by the Facilities Planning Unit of the State Education Department. A maximum construction and incidental cost allowance is computed for each building project that takes into account a pupil construction cost allowance and assigned pupil capacity. For each project financed with debt obligations, a bond percentage is computed. The bond percentage is derived from the ratio of total approved cost allowances to the total principal borrowed. Approved cost allowances are estimated until a project final cost report is completed.

Building Aid is paid over fifteen years for reconstruction work, twenty years for building additions, or thirty years for new building construction. Building Aid for a specific building project is eligible to begin eighteen months after State Commissioner of Education approval date, for that project, and is paid over the previously described timeframe, assuming all necessary building aid forms are filed with the State in a timely manner. The building aid received is equal to the assumed debt service for that project, which factors in the bond percent, times the building aid ratio that is assigned to the District, and amortized over the predefined timeframe. The building aid ratio is calculated based on a formula that involves the full valuation per pupil in the District compared to a State-wide average.

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. Since the gross indebtedness of the District is within the debt limit, the District is not required to apply for a Building Aid Estimate. Based on 2026-27 building aid ratios, the District expects to receive State building aid of approximately 90.3% of debt service on State Education Department approved expenditures from July 1, 2004 to the present.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

State Aid History

State aid to school districts within the State has declined in some recent years before increasing again in more recent years.

School district fiscal year (2021-2022): The State's 2021-22 Enacted Budget included \$29.5 billion in State aid to school districts, and significantly increased funding for schools and local governments, including a \$1.4 billion increase in Foundation Aid and a three-year phase-in of the full restoration to school districts of Foundation Aid that was initially promised in 2007. Additionally, the budget included the use of \$13 billion of federal funds for emergency relief, along with the Governor's Emergency Education Relief, which included, in part, the allocation of \$629 million to school districts as targeted grants in an effort to address learning loss as a result of the loss of enrichment and after-school activities. In addition, \$105 million of federal funds were allocated to expand full-day kindergarten programs. Under the budget, school districts were reimbursed for the cost of delivering school meals and instructional materials in connection with COVID-19-related school closures in spring 2020, along with the costs of keeping transportation employees and contractors on stand-by during the short-term school closures prior to the announcement of the closure of schools for the remainder of the 2019-20 year. Under the budget, local governments also received full restoration of proposed cuts to Aid and Incentives for Municipalities (AIM) funding, and full restoration of \$10.3 million in proposed Video Lottery Terminal (VLT) aid cuts, where applicable.

School district fiscal year (2022-2023): The State's 2022-23 Enacted Budget included \$31.5 billion in State funding to school districts for the 2022-23 school year. This represented an increase of \$2.1 billion or 7.2 percent compared to the 2021-22 school year, and included a \$1.5 billion or 7.7 percent Foundation Aid increase. The State's 2022-23 Enacted Budget also included \$14 billion of federal Elementary and Secondary School Emergency Relief and Governor's Emergency Education Relief funds to public schools. This funding, available for use over multiple years, was designed to assist public schools to reopen for in-person instruction, address learning loss, and respond to students' academic, social, and emotional needs due to the disruptions of the COVID-19 pandemic. The State's 2022-23 Enacted Budget allocated \$100 million over two years for a new State matching fund for school districts with the highest needs to support efforts to address student well-being and learning loss. In addition, the State's 2022-23 Enacted Budget increased federal funds by \$125 million to expand access to full-day prekindergarten programs for four-year-old children in school districts statewide in the 2022-23 school year.

School district fiscal year (2023-2024): The State's 2023-24 Enacted Budget included \$34.5 billion for school aid, an increase of \$3.1 billion or 10%. The State's 2023-24 Budget also provided a \$2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided \$134 million to increase access to free school meals. An additional \$20 million in grant funding was included to establish new Early College High School and Pathways in Technology Early College High School Programs. An investment of \$10 million over two years in competitive funding for school districts, boards of cooperative educational services, and community colleges will be made to promote job readiness. An additional \$150 million will be used to expand high-quality full-day prekindergarten, resulting in universal prekindergarten to be phased into 95% of the State.

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

School district fiscal year (2025-2026): The State’s 2025-26 Enacted Budget included approximately \$37.6 billion in State funding to school districts for the 2025-2026 school year, an estimated year-to-year funding increase of \$1.7 billion. The State’s 2025-26 Budget provided an estimated \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and includes a 2% minimum increase in Foundation Aid to all school districts. As part of the 2025–26 Enacted State Budget, the Governor and Legislature made targeted adjustments to the Foundation Aid formula. While the formula itself remains largely intact, the budget includes a hold harmless provision ensuring that no district receives less Foundation Aid than in the prior year. Additionally, all districts were guaranteed at least a 2% year-over-year increase in Foundation Aid. The enacted budget also includes formula modifications intended to provide enhanced support for high-need and disadvantaged school districts.

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

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

- **Foundation Aid increase:** The Enacted Budget provides an approximately \$779 million increase in Foundation Aid, bringing total Foundation Aid to about \$27.1 billion statewide. Every district is guaranteed at least a minimum annual increase.
- **Overall School Aid increase:** Total School Aid for the 2026-27 school year is projected at approximately \$39.3 billion, an increase of roughly \$1.6 billion over the prior year.
- **Universal Pre-K expansion:** The legislation significantly expands funding for universal prekindergarten programs. Districts will receive increased per-pupil funding for four-year-old programs, with the goal of statewide universal full-day Pre-K by the 2028-29 school year.
- **Expense-based aids fully funded:** The Enacted Budget continues statutory reimbursement formulas for Building Aid, Transportation Aid, BOCES Aid and special education expense aids. These aids are projected to increase by roughly \$282 million statewide.
- **Building Aid for renewable energy projects:** Certain renewable energy improvements, including ground-mounted solar facilities, may now qualify as part of a project’s “primary cost allowance” for Building Aid purposes.
- **Zero emission bus mandate:** The Enacted Budget also extended the zero-emission bus mandate by five years, allowing districts until July 1, 2032, to purchase only zero-emission buses and until July 1, 2040, to operate and maintain only zero-emission buses.

Foundation Aid formula adjustments. The budget continues recent efforts to modernize the Foundation Aid formula by relying more heavily on updated poverty and economic-need data instead of older census metrics and free-and-reduced lunch statistics.

State Aid Litigation

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

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

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

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

- FY 2022: \$19.8 billion, covering 30% of the existing shortfall.
- FY 2023: Approximately \$21.3 billion, covering 50% of the anticipated shortfall.
- FY 2024: Approximately \$23.2 billion, eliminating the anticipated shortfall, and funding the full amount of Foundation Aid for all school districts.
- FY 2025: Funding the full amount of Foundation Aid for all school districts.
- FY 2026: \$26.3 billion in Foundation Aid, a year over year increase of \$1.42 billion and a 2% minimum increase in Foundation Aid to all school districts.
- FY 2027 Budget: \$27.1 billion in Foundation Aid, an increase of \$779 million from 2025-26, and a 1% minimum increase in Foundation Aid to all school districts.

The State's 2025-26 and 2026-27 Budgets also made a number of alterations to the Foundation Aid formula to more accurately reflect low-income student populations and provide additional aid to low-wealth school districts.

State Aid Revenues

The following table illustrates the percentage of total revenues of the District for the below fiscal years comprised of State aid.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total State Aid</u>	<u>Percentage of Total Revenues Consisting of State Aid</u>
2020-21	\$26,470,478	\$19,144,412	72.32%
2021-22	26,497,940	20,019,396	75.55
2022-23	27,605,329	20,347,567	73.71
2023-24	30,381,620	22,729,390	74.81
2024-25	30,505,112	22,816,980	74.80
2025-26 (Budgeted)	30,125,533	23,411,611	77.71
2025-26 (Unaudited)	31,229,395	23,500,800	75.25
2026-27 (Budgeted)	30,498,124	23,353,080	76.57

Source: 2021 through 2025 audited financial statements, 2025-2026 adopted budget and unaudited financials and 2026-2027 adopted budget of the District. This table is not audited.

Note: The unaudited figures for the 2025-2026 fiscal year are based upon certain assumptions and estimates, and the audited results may vary therefrom.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year(s) Built/Additions</u>
Lowville Academy and Central School	Pre-K-12	1,900	1924, '55, '63, '81, '83, '88, '98, '10

Source: District officials.

Enrollment Trends

<u>School Year</u>	<u>Actual Enrollment</u>	<u>School Year</u>	<u>Projected Enrollment</u>
2022-23	1,302	2027-28	1,250
2023-24	1,305	2028-29	1,250
2024-25	1,295	2029-30	1,250
2025-26	1,260	2030-31	1,250
2026-27	1,159	2031-32	1,250

Source: District officials.

Employees

The School District employs approximately 255 regular staff members and 30 substitutes. Certain employees are represented by the following unions:

<u>Number</u>	<u>Union</u>	<u>Expiration Date</u>
128	Lowville Teachers' Association	6/30/2028
8	Lowville Supervisory-Administrative Group	6/30/2027
106	CSEA by the unit Lowville Academy & Central School Support Staff of the Lewis County Local 825	6/30/2029

Source: School District officials.

Status and Financing of Employee Pension Benefits

Substantially all employees of the District are members of either the New York State and Local Employees' Retirement System ("ERS") (for non-teaching and non-certified administrative employees) or the New York State Teachers' Retirement System ("TRS") (for teachers and certified administrators). (Both Systems are referred to together hereinafter as the "Retirement Systems" where appropriate.) These Retirement Systems are cost-sharing multiple public employer retirement systems. The obligation of employers and employees to contribute and the benefits to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The Retirement Systems offer a wide range of plans and benefits which are related to years of service and final average salary, vesting of retirement benefits, death and disability benefits and optional methods of benefit payments. All benefits generally had vested after ten years of credited service; however, this was changed to five years as of April 9, 2022. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the Retirement Systems. The Retirement Systems are non-contributory with respect to members hired prior to July 27, 1976. All members (other than those in Tier V and VI, as described below) working less than ten years must contribute 3% (ERS) or 3.5% (TRS) of gross annual salary towards the cost of retirement programs.

On December 12, 2009, a new Tier V was signed into law. The legislation created a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.
- Requiring ERS employees to continue contributing 3% of their salaries and TRS employees to continue contributing 3.5% toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from 5 years to 10 years, which has since been changed to 5 years as of April 9, 2022 (for both Tier V and Tier VI).
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15% of non-overtime wages.

On March 16, 2012, a new Tier VI pension program was signed into law, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides for increased employee contribution rates of between 3% and 6% and contributions at such rates continue so long as such employee continues to accumulate pension credits, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for the final average salary calculation from 3 years to 5 years. Tier VI employees would vest in the system after ten years of employment; and employees will continue to make employee contribution throughout employment. As of April 9, 2022, vesting requirements were modified, resulting in employees becoming vested after five years. The State's 2024-25 Enacted Budget included a provision that improved the pension benefits of Tier VI members by modifying the final average salary calculation from 5 years back to 3 years. This measure was effective as of April 1, 2024 for PFRS Tier VI members and April 20, 2024 for ERS Tier VI members.

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

- Lowered Retirement Age: The full-benefit retirement age for members of TRS is reduced from 63 to 58 for members with 30 years of service, allowing educators to retire without pension penalties earlier.
- Reduced Contribution Rates: Member pension contribution percentages for members of ERS are adjusted into tiered salary brackets:
 - \$75,000 or less: 3%
 - Over \$75,000 to \$100,000: 4%
 - Over \$100,000 to \$125,000: 5.25%
 - Over \$125,000: 5.75%
- Overtime Cap Increase: For eligible members, the maximum amount of overtime used to calculate final average salary benefits has been increased to \$30,000 plus CPI (up from the previous \$22,500 cap).

The District is required to contribute at an actuarially determined rate. The actual contributions for the fiscal years 2020-2021 through and including 2024-2025, unaudited contributions for the 2025-2026 fiscal year, and budgeted contributions for the 2025-2026 and 2026-2027 fiscal years are as follows:

<u>Year</u>	<u>ERS</u>	<u>TRS</u>
2020-21	\$416,111	\$904,811
2021-22	371,382	843,252
2022-23	340,913	930,584
2023-24	403,942	917,271
2024-25	436,141	997,114
2025-26 (Budgeted)	500,000	1,084,374
2025-26 (Unaudited)	476,094	1,084,374
2026-27 (Budgeted)	555,000	1,128,016

Source: 2021 through 2025 audited financial statements and 2025-26 unaudited contributions, and 2025-26, and 2026-27 budgeted contributions of the District. This table is not audited.

Note: The unaudited figures for the 2025-2026 fiscal year are based upon certain assumptions and estimates, and the audited results may vary therefrom.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District has not offered early retirement incentives in the past and is not planning on offering an early retirement incentive for 2026-2027.

Historical Trends and Contribution Rates. Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS employer contribution rates as a percent of payroll (2021-22 to 2026-27) is shown below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2021-22	16.2%	9.80%
2022-23	11.6	10.29
2023-24	13.1	9.76
2024-25	15.2	10.11
2025-26	16.5	9.59
2026-27	17.6	8.24

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

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies

to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use.

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

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

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

The State's 2019-2020 Enacted Budget, which was signed into law as Chapter 59 of the Laws of 2019, includes a provision that will allow school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts will be permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. As of June 10, 2019, the District has established such reserve fund.

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

Other Post Employment Benefits

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

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

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

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

The District contracted with Aquarius Capital, an actuarial firm, to calculate its actuarial valuation under GASB 75 for the fiscal years ending June 30, 2024 and 2025.

The following table outlines the changes to the Total OPEB Liability during the 2024 and 2025 fiscal years, by source.

Balance beginning at:	June 30, 2023	June 30, 2024
	\$ 55,336,242	\$ 55,038,857
<u>Changes for the year:</u>		
Service cost	1,220,297	1,223,555
Interest on total OPEB liability	2,186,716	2,220,139
Changes in Benefit Terms	-	-
Differences between expected and actual experience	-	-
Changes in Assumptions or other inputs	(2,367,698)	1,055,279
Benefit payments	(1,336,700)	(1,513,470)
Net Changes	\$ (297,385)	\$ 2,985,503
Balance ending at:	June 30, 2024	June 30, 2025
	<u>\$ 55,038,857</u>	<u>\$ 58,024,360</u>

Note: The above table is not audited. For additional information see "APPENDIX – C" attached hereto.

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

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

Other Information

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

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

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

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Continuing Disclosure Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

Financial Statements

The School District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2025 and has been filed with the Electronic Municipal Market Access ("EMMA") website. It is also attached hereto as "APPENDIX-D" to this Continuing Disclosure Statement. Certain financial information of the School District can also be found attached as Appendices to the Continuing Disclosure Statement.

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

Beginning with the fiscal year ending June 30, 2003 the School District is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The School District is currently in full compliance with GASB Statement No. 34.

Unaudited Results of Operations for the Fiscal Year Ending June 30, 2026

The District expects to conclude the fiscal year ending June 30, 2026 with an unappropriated unreserved fund balance of approximately \$1,582,262. Summary unaudited projected information for the General Fund for the period ending June 30, 2026 is as follows:

Projected Revenues:	\$ 30,695,638
Projected Expenditures:	<u>29,701,018</u>
Projected Excess (Deficit) Revenues Over Expenditures:	<u>\$ 994,620</u>
Total Fund Balance at June 30, 2025:	\$ 2,118,309
Total Projected General Fund Balance at June 30, 2026:	\$ 2,782,262

Note: These projections are based upon certain current assumptions and estimates, and the audited results may vary therefrom.

New York State Comptroller Report of Examination

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

The State Comptroller released its most recent audit report of the District on July 15, 2022. The purpose was to determine whether the District used resources to ensure the District's internet connectivity meets the Federal Communications Commission's (FCC) recommended bandwidth. Results of the audit are summarized on the following page.

The District's Internet connectivity met the FCC's recommended bandwidth of 100 Megabits per second (Mbps) per 1,000 students, as guided by New York State Education Department (NYSED). When tested, the average wireless Internet download speed was 127 Mbps.

The District's contracted bandwidth totaled 1.0 Gigabits per second (Gbps) for Internet service.

Overall, of the 20 teachers surveyed (13 percent of the population), 15 of 17 teachers responding to our survey were satisfied with their Internet connectivity.

Additionally, the District monitored bandwidth usage and provided a system for users to submit Internet connectivity issues for resolution.

The audit focused on the Internet connectivity in school buildings and did not look at the surrounding community's Internet connectivity. No recommendations resulted from this audit.

A copy of the complete report, including the District's response, can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

As of the date of this Official Statement, there are no other State Comptrollers audits of the District that are currently in progress or pending release.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The classification of the District for the four most recent available fiscal years are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2025	No Designation	10.0
2024	No Designation	10.0
2023	No Designation	21.7
2022	No Designation	3.3

Note: The State Comptroller's assessment of the District for fiscal year ending June 30, 2026 is not available as of the date of this Continuing Disclosure statement

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

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TAX INFORMATION

Taxable Assessed Valuations

<u>Fiscal Year Ending June 30:</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Towns of:					
Denmark	\$ 49,321,938	\$ 49,602,308	\$ 49,786,094	\$ 50,910,258	\$ 77,114,855
Greig	3,314,504	3,314,485	3,314,428	3,314,390	3,516,968
Harrisburg	22,412,651	22,515,027	22,415,778	22,985,478	23,189,639
Lowville	305,688,824	342,456,417	354,142,913	410,879,897	410,223,014
Martinsburg	65,582,652	66,501,105	108,828,561	109,751,960	112,314,572
Montague	36,452,758	38,715,884	38,874,495	38,959,070	39,212,449
New Bremen	5,215,932	5,458,986	5,522,904	5,518,306	5,862,487
Pinckney	27,035,399	27,538,134	27,867,822	27,949,541	28,322,632
Turin	8,470,454	8,596,081	8,609,702	8,598,791	8,635,621
Watson	88,979,899	89,826,522	96,834,134	98,732,135	100,078,488
West Turin	342,384	342,358	342,245	342,132	342,097
Total Assessed Values	<u>\$ 612,817,395</u>	<u>\$ 654,867,307</u>	<u>\$ 716,539,076</u>	<u>\$ 777,941,958</u>	<u>\$ 808,812,822</u>

State Equalization Rates

Towns of:					
Denmark	95.00%	86.00%	81.50%	76.50%	76.50%
Greig	89.00%	74.50%	69.50%	65.00%	65.00%
Harrisburg	93.00%	79.00%	74.00%	70.00%	70.00%
Lowville	100.00%	100.00%	95.00%	100.00%	100.00%
Martinsburg	86.64%	78.00%	100.00%	100.00%	100.00%
Montague	95.00%	79.00%	75.50%	71.00%	71.00%
New Bremen	97.50%	85.00%	77.00%	74.50%	74.50%
Pinckney	100.00%	94.00%	88.00%	83.00%	83.00%
Turin	96.00%	85.00%	73.50%	71.00%	71.00%
Watson	92.00%	81.00%	75.50%	71.00%	71.00%
West Turin	89.00%	76.50%	68.00%	66.00%	66.00%
Total Taxable Full Valuation	<u>\$ 637,807,791</u>	<u>\$ 724,523,529</u>	<u>\$ 808,562,652</u>	<u>\$ 872,758,570</u>	<u>\$ 912,738,450</u>

Tax Rate Per \$1,000 (Assessed)

<u>Fiscal Year Ending June 30:</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Towns of:					
Denmark	\$ 7.88	\$ 7.81	\$ 7.57	\$ 7.96	\$ 5.99
Greig	8.41	9.01	8.87	9.37	10.50
Harrisburg	8.05	8.50	8.33	8.70	8.55
Lowville	7.48	6.71	6.49	6.09	5.99
Martinsburg	8.64	8.61	6.17	6.09	6.19
Montague	7.88	8.50	8.17	8.58	9.81
New Bremen	7.68	7.90	8.01	8.18	8.43
Pinckney	7.48	7.14	7.01	7.34	7.88
Turin	7.79	7.90	8.39	8.58	9.14
Watson	8.13	8.29	8.17	8.58	9.62
West Turin	8.41	8.78	9.06	9.23	9.66

Tax Collection Procedure

Tax payments are due September 1st. There is no penalty charge for the first thirty days after taxes are due, but a 2% penalty is charged for the next 30 days. On November 1st, uncollected taxes are returnable to the County for collection. The School District receives this amount from the County prior to the end of the School District's fiscal year, thereby assuring 100% tax collection annually.

Tax Levy and Tax Collection Record

<u>Fiscal Year Ending June 30:</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>	<u>2027</u>
Total Tax Levy	\$ 4,912,861	\$ 5,047,830	\$ 5,168,659	\$ 5,318,260	\$ 5,550,028
Amount Uncollected ⁽¹⁾	402,492	455,758	490,836	291,467	N/A
% Uncollected	8.19%	9.03%	9.50%	5.48%	N/A

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

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the last five completed fiscal years, budgeted figures and unaudited estimates for the 2025-26 fiscal year and budgeted figures for the 2026-27 fiscal year comprised of Real Property Taxes and Tax Items.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Tax</u>
2020-21	\$26,470,478	\$6,313,662	23.85%
2021-22	26,497,940	5,967,829	22.52
2022-23	27,605,329	6,237,089	22.59
2023-24	30,381,620	6,331,679	20.84
2024-25	30,505,112	6,459,248	21.17
2025-26 (Budgeted)	30,125,533	6,411,167	21.28
2025-26 (Unaudited)	31,229,395	6,411,177	20.53
2026-27 (Budgeted)	30,498,124	6,620,370	21.71

Source: Audited Financial Statements for the 2020-2021 fiscal year through and including the 2024-2025 fiscal year, the adopted budget and unaudited figures for the 2025-2026 fiscal year and budgeted figures for the 2026-2027 fiscal year. This table is not audited.

Note: The unaudited figures for the 2025-2026 fiscal year are based upon certain assumptions and estimates, and the audited results may vary therefrom.

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Ten Largest Taxpayers - 2026 Assessment Roll for 2026-2027 District Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Assessed Valuation</u>
National Grid	Utility	\$ 48,441,752
State of New York	Forest Preserves	29,672,168
Kraft Heinz Food Company	Manufacturing	15,200,000
Iroquois Gas Transmission	Utility	14,494,504
Zeager Partnership LTD	Forest Land	7,143,370
Walmart	Commercial	6,316,000
NYS Electric & Gas	Utility	3,071,115
JD Realty of Lowville LLC	Farmland	3,061,302
Marks Farms Realty LLC	Farmland	2,902,325
Citizens Telecom Co of NY	Telecommunications	2,550,553

The ten larger taxpayers listed above have a taxable assessed valuation of \$132,853,089 which represents 14.56% of the tax base of the School District.

Note: The District continues to be a major partner in a Payment in Lieu of Taxes (PILOT) Agreement with Flat Rock Windpower LLC, who operates Maple Ridge Wind Farm. The Maple Ridge Wind Farm consists of 195 wind turbines and was constructed within district boundaries in 2005-2006. The company received Empire Zone tax credits to assist in paying a PILOT to the local governments. However, in December of 2018, the original 15-year PILOT Agreement was renegotiated and replaced by a new 14-year Agreement through the Lewis County Industrial Development Agency to continue and extend the period of transition payments to help create a more gradual shift to a lower level of payment more closely reflecting reduced Project value. Under the new agreement, the District along with 7 additional municipalities will split \$2.5 million in 2024 and \$2 million from 2025 to 2031.

Note: Since the onset of the original PILOT, the District has carefully planned for this challenging circumstance to occur by establishing and funding an Energy System Tax Stabilization Reserve to provide a temporary buffer during this phase out period. The Board of Education recognizes that careful planning regarding the use of this reserve is essential, and their goal is to make strategic decisions which will insure a degree of safety and stability for the District's finances.

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

Source: District Tax Rolls.

STAR – School Tax Exemption

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

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

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

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

The below table lists the basic and enhanced exemption amounts for the 2026-27 District tax roll for the municipalities applicable to the District:

<u>Municipality</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>	<u>Date Certified</u>
Denmark	\$103,700	\$35,150	7/28/2026
Greig	57,530	19,500	4/10/2026
Harrisburg	61,950	21,000	4/10/2026
Lowville	88,500	30,000	4/10/2026
Martinsburg	88,500	30,000	4/10/2026
Montague	62,840	21,300	4/10/2026
New Bremen	65,930	22,350	4/10/2026
Pinckney	73,460	24,900	4/10/2026
Turin	62,840	21,300	4/10/2026
Watson	62,840	21,300	4/10/2026
West Turin	58,410	19,800	4/10/2026

\$345,000 of the District's \$5,318,260 school tax levy for the 2025-2026 fiscal year was exempt by the STAR Program. The District received full reimbursement of such exempt taxes from the State in January 2026.

Approximately \$359,762 of the District's \$5,550,028 school tax levy for the 2026-2027 fiscal year expected to be exempt by the STAR Program. The District anticipates receiving full reimbursement of such exempt taxes from the State in January 2027.

Additional Tax Information

Real Property located in the School District is assessed by the towns.

Veterans' and Senior Citizens' exemptions are offered to those who qualify.

Total assessed valuation of the School District is approximately: agricultural – 10.2%, residential – 49.9%, vacant land – 21.8, commercial – 3.8%, recreational – 0.4%, community services – 2.0%, industrial – 0.3%, public service – 4.8%, forest land – 6.9%.

The estimated total annual property tax bill of a \$100,000 market value residential property located in the School District is approximately \$1,708.83 including County, Town and School District Taxes.

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TAX LEVY LIMITATION LAW

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

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It was set to expire on June 15, 2020; however, legislation has since made it permanent. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year’s tax levy. Certain adjustments are permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district can exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

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

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

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

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

The School District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of the 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. The School District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its Notes.

Statutory Procedure

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

Debt Limit. The School District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the School District and subject to certain enumerated deductions and exclusions set forth in the Local Finance Law. The constitutional method for determining average full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization ratio) which such assessed valuation bears to the full valuation; such ratio is determined by the State Office of Real Property Services.

The School District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds. No down payment is required in connection with the issuance of District obligations.

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

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

- (1) Such obligations are authorized for a purpose for which the School District is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations

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

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

The School District has complied with this estoppel procedure in connection with the Notes.

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

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Years Ending June 30:</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Bonds	\$ 13,290,000	\$ 10,855,000	\$ 8,282,000	\$ 5,810,000	17,526,000
Bond Anticipation Notes	0	0	0	12,650,000	0
Revenue Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>6,000,000</u>	<u>4,580,000</u>
Total Debt Outstanding	<u>\$ 13,290,000</u>	<u>\$10,855,0000</u>	<u>\$ 8,282,000</u>	<u>\$ 24,460,000</u>	<u>22,106,000</u>

Note: Totals above do not include advance refunded serial bonds outstanding, where applicable.

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of September 21, 2026.

<u>Type of Indebtedness</u>	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2027-2032	\$ 17,005,000
<u>Bond Anticipation Notes</u>	-	0
<u>Revenue Anticipation Notes</u>	October 7, 2026	<u>4,580,000</u> ⁽¹⁾
Total Debt Outstanding		<u>\$ 21,585,000</u>

⁽¹⁾ Will be paid off in full at maturity with available funds of the District.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of September 21, 2026:

Full Valuation of Taxable Real Property	\$ 912,738,450
Debt Limit 10% thereof	91,273,845
<u>Inclusions:</u>	
Bonds.....	\$ 17,005,000
Bond Anticipation Notes (BANs):.....	<u>0</u>
Total Inclusions prior to issuance of the Notes	<u>17,005,000</u>
Less: BANs being redeemed from appropriations	0
Add: New money proceeds of the Notes	<u>0</u>
Total Net Inclusions after issuance of the Notes	\$ 17,005,000
<u>Exclusions:</u>	
State Building Aid ⁽¹⁾	\$ <u>0</u>
Total Exclusions.....	\$ <u>0</u>
Total Net Indebtedness	<u>\$ 17,005,000</u>
Net Debt-Contracting Margin	<u>\$ 74,268,845</u>
The percent of debt contracting power exhausted is	18.63%

⁽¹⁾ Based on preliminary 2026-2027 building aid estimates, the District anticipates State Building aid of 90.3% for debt service on State Education Department approved expenditures from July 1, 2004 to the present. The District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to the outstanding bonds. See "THE SCHOOL DISTRICT – State Aid" herein.

Note: The State Constitution does not provide for the inclusion of tax anticipation or revenue anticipation notes in the computation of the net indebtedness of the District.

Bonded Debt Service

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

Capital Project Plans

The District currently has a \$100,000 capital outlay project.

On October 25, 2022 the District received voter approval for a \$14,900,000 renovation project. On July 10, 2024, the District issued \$12,650,000 bond anticipation notes that was the first borrowing against this authorization for the aforementioned purpose. On July 9, 2025 the District issued \$12,650,000 bond anticipation notes, the proceeds of which fully redeemed and renewed the outstanding \$12,650,000 bond anticipation notes. The District issued \$11,480,000 Serial Bonds in June of 2026 to permanently finance this project

The District annually enters into obligations for the financing of vehicle purchases. On August 20, 2026 the District issued bonds in an amount of \$685,000 to finance the purchase of school buses.

Other than as stated above, the District has no other authorized capital projects, nor are any contemplated at the present time.

Cash Flow Borrowings

The School District, historically, does not issue tax anticipation notes or revenue anticipation notes, nor budget or deficiency notes. However, on October 8, 2024 the District issued revenue anticipation notes in the amount of \$6,000,000 due to a FEMA declared natural disaster, in anticipation of FEMA and insurance recoveries. On October 7, 2025 the District issued \$4,580,000 revenue anticipation notes, the proceeds of which along with \$1,420,000 available funds of the District, partially redeemed and renewed the outstanding \$6,000,000 revenue anticipation notes as it awaits funds due from FEMA in the 2025-26 fiscal year. The District will be paying off the \$6,000,000 revenue anticipation notes at maturity with available funds. The Notes will provide \$2,400,000 new money as it awaits funds due from the State in the 2026-27. fiscal year See “THE SCHOOL DISTRICT – Aid for Local Disaster impacting the School District” herein.

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Estimated Overlapping Indebtedness

In addition to the District, the following political subdivisions have the power to issue obligations and to levy taxes or cause taxes to be levied on taxable real property in the District. Estimated bonds and bond anticipation notes are listed as of the close of the respective fiscal years of the below municipalities.

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>District Share</u>	<u>Applicable Indebtedness</u>
County of:				
Lewis	12/31/2024	\$ 53,270,000	25.58%	\$ 13,626,466
Town of:				
Denmark	12/31/2024	1,118,797	28.88%	323,109
Greig	12/31/2024	994,626	1.41%	14,024
Harrisburg	12/31/2024	-	48.40%	-
Lowville	12/31/2024	1,358,018	100.00%	1,358,018
Martinsburg	12/31/2024	1,823,490	68.40%	1,247,267
Montague	12/31/2024	-	100.00%	-
New Bremen	12/31/2024	33,752	2.97%	1,002
Pinckney	12/31/2024	172,197	60.27%	103,783
Turin	12/31/2024	316,932	10.41%	32,993
Watson	12/31/2024	4,088,000	41.60%	1,700,608
West Turin	12/31/2024	210,654	0.25%	527
Village of:				
Castorland	5/31/2025	390,810	100.00%	390,810
Lowville	5/31/2025	27,399,386	100.00%	27,399,386
Total:				<u>\$ 46,197,993</u>

⁽¹⁾ Outstanding bonds and bond anticipation notes of the respective municipality. Not adjusted to include subsequent issuances, if any, from the date of the status of indebtedness stated in the table above for each respective municipality.

Note: Gross indebtedness sourced from local government data provided by the State Comptroller's office. Information regarding excludable debt for municipalities, such as water debt, sewer debt and budgeted appropriations, to the extent such indebtedness may be applicable to the respective municipality, is not provided in the local government data the above table is sourced from.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of September 21, 2026:

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness ^(c)	\$ 17,005,000	\$ 1,946.99	1.86%
Net Indebtedness Plus Net Overlapping Indebtedness ^(d)	63,202,993	7,236.43	6.92

^(a) The 2024 estimated population of the District is 8,734. (See "THE SCHOOL DISTRICT - Population" herein.)

^(b) The District's full value of taxable real estate for the 2026-2027 tax roll is \$912,738,450. (See "TAX INFORMATION - Taxable Valuations" herein.)

^(c) See "Debt Statement Summary" herein for the calculation of Net Direct Indebtedness.

^(d) Estimated gross overlapping indebtedness is \$46,197,993. (See "Estimated Overlapping Indebtedness" herein.)

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

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

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

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

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

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

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

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

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in

which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

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

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

MARKET AND RISK FACTORS

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

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

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the State’s ability to borrow funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the impact to the State’s economy and financial condition due to other circumstances, including State fiscal stress. In several recent years, the District has received delayed payments of State aid which resulted from the State’s delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid. (See also “THE SCHOOL DISTRICT - State Aid”).

There are a number of general factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the District. Unforeseen developments could also result in substantial increases in District expenditures, thus placing strain on the District’s financial condition. These factors may have an effect on the market price of the Notes.

The District’s credit rating could be affected by circumstances beyond the District’s control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. Accordingly, a decline in the District’s credit rating could adversely affect the market value of the Notes.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the District and hence upon the market price of the Notes. See "TAX LEVY LIMITATION LAW" herein.

Future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Notes from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Notes, or the tax status of interest on the Notes. See "TAX MATTERS" herein. Prospective purchasers of the Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

Cybersecurity

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

TAX MATTERS

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

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

the first price at which a substantial amount of such Notes is sold to the public.

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

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

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

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

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

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

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

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

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

LEGAL MATTERS

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

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of its affairs. Other than the tax certioraris petitions referenced under "Larger Taxpayers", the District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the District.

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

CONTINUING DISCLOSURE

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

Historical Compliance

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

MUNICIPAL ADVISOR

Fiscal Advisors & Marketing, Inc. (the "Municipal Advisor") is a Municipal Advisor registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent financial advisor to the District on matters relating to debt management. The Municipal Advisor is a financial advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Notes. The advice on the plan of financing and the structuring of the Notes was based on materials provided by the District and other sources of

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

CUSIP IDENTIFICATION NUMBERS

If the Notes are issued in book-entry-only format, it is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Notes. All expenses in relation to the printing of CUSIP numbers on the Notes will be paid for by the District provided, however; the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATING

The Notes are not rated. The purchaser(s) of the Notes may choose to have a rating completed after the sale at the expense of the purchaser(s) pending the approval of the District, including any fees to be incurred by the District, as such rating action will result in a material event notification to be posted to EMMA which is required by the District's Continuing Disclosure Undertakings. (See "APPENDIX – C", attached hereto), and may require a supplement to the Final Official Statement depending on the timing of the receipt.

The District currently does not have an underlying rating by Standard & Poor's Credit Market Services or Moody's Investors Service, Inc. on its general obligation debt.

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

MISCELLANEOUS

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

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

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

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

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

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

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

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

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

The School District's contact information is as follows: Mr. Connor Rhodes, Business Manager, 7668 N. State Street, Lowville, New York 13367, Phone: (315) 376-9100, Email: crhodes@lowvilleacademy.org.

The District's Bond Counsel contact information is as follows: Douglas E. Goodfriend, Esq., Orrick, Herrington & Sutcliffe LLP, 51 West 52nd Street, New York, New York 10019-6142, Phone: (212) 506-5211, Fax: (212) 506-5151, Email: dgoodfriend@orrick.com.

Additional copies of the Notice of Sale and the Official Statement may be obtained upon request from the offices of Fiscal Advisors & Marketing, Inc., telephone number (315) 752-0051, or at www.fiscaladvisors.com

LOWVILLE CENTRAL SCHOOL DISTRICT

Dated: September 21, 2026

CHEYENNE STERIA
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>ASSETS</u>					
Unrestricted Cash	\$ 1,910,429	\$ 1,657,724	\$ 1,027,520	\$ 1,272,164	\$ 3,350,701
Restricted Cash	13,369,099	13,996,657	13,092,454	13,500,260	14,421,727
Due from Other Funds	627,636	494,227	978,426	1,979,843	295,582
State and Federal Aid Receivable	865,662	1,191,056	858,754	878,121	878,929
Due from Other Governments	26,673	174,601	90,610	27,518	19,183
Other Receivables	29,515	34,041	15,851	13,400	7,004
Prepaid Expenditures	<u>9,905</u>	<u>16,114</u>	<u>35,733</u>	<u>58,198</u>	<u>30,071</u>
TOTAL ASSETS	<u>\$ 16,838,919</u>	<u>\$ 17,564,420</u>	<u>\$ 16,099,348</u>	<u>\$ 17,729,504</u>	<u>\$ 19,003,197</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 33,869	\$ 64,758	\$ 80,814	\$ 51,837	\$ 86,185
Accrued Liabilities	316,275	327,488	337,486	360,072	453,285
Due to Other Funds	-	-	6,476	-	262,057
Due to Other Governments	42,399	42,399	45,709	9,043	21,821
Due to Retirement System	<u>1,169,961</u>	<u>1,216,501</u>	<u>1,294,918</u>	<u>1,254,214</u>	<u>1,355,875</u>
TOTAL LIABILITIES	<u>1,562,504</u>	<u>1,651,146</u>	<u>1,765,403</u>	<u>1,675,166</u>	<u>2,179,223</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 9,905	\$ 16,114	\$ 35,733	\$ 58,198	\$ 30,071
Restricted	13,369,099	13,996,657	13,092,454	13,500,260	14,421,727
Assigned	965,534	925,512	612,059	1,331,908	1,253,869
Unassigned	<u>931,877</u>	<u>974,991</u>	<u>593,699</u>	<u>1,163,972</u>	<u>1,118,307</u>
TOTAL FUND EQUITY	<u>15,276,415</u>	<u>15,913,274</u>	<u>14,333,945</u>	<u>16,054,338</u>	<u>16,823,974</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 16,838,919</u>	<u>\$ 17,564,420</u>	<u>\$ 16,099,348</u>	<u>\$ 17,729,504</u>	<u>\$ 19,003,197</u>

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

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>REVENUES</u>					
Real Property Taxes	\$ 3,994,692	\$ 4,103,788	\$ 4,350,725	\$ 4,459,955	\$ 4,605,658
Other Tax Items	2,318,970	1,864,041	1,886,364	1,871,724	1,853,590
Charges for Services	94,103	145,399	137,349	124,929	89,678
Use of Money & Property	23,963	50,573	622,220	863,932	771,747
Sale of Property and					
Compensation for Loss	11,685	5,683	9,686	26,907	16,565
Miscellaneous	404,640	143,623	228,208	293,050	324,705
Interfund Revenues	-	-	-	-	11,949
Revenues from State Sources	19,144,412	20,019,396	20,347,567	22,729,390	22,816,980
Revenues from Federal Sources	478,013	165,437	23,210	11,733	14,240
Total Revenues	<u>\$ 26,470,478</u>	<u>\$ 26,497,940</u>	<u>\$ 27,605,329</u>	<u>\$ 30,381,620</u>	<u>\$ 30,505,112</u>
Other Sources:					
Interfund Transfers	<u>-</u>	<u>97</u>	<u>7,784</u>	<u>-</u>	<u>-</u>
Total Revenues and Other Sources	<u>\$ 26,470,478</u>	<u>\$ 26,498,037</u>	<u>\$ 27,613,113</u>	<u>\$ 30,381,620</u>	<u>\$ 30,505,112</u>
<u>EXPENDITURES</u>					
General Support	\$ 2,867,010	\$ 2,937,184	\$ 3,055,198	\$ 3,714,932	\$ 3,515,003
Instruction	13,335,197	12,719,807	13,440,683	14,250,748	15,075,723
Pupil Transportation	891,288	1,016,937	994,223	985,543	1,221,252
Community Services	51,130	-	-	-	-
Employee Benefits	5,872,431	5,681,661	5,849,222	6,013,787	6,225,706
Debt Service	3,339,800	3,382,288	3,475,853	3,564,227	3,293,765
Total Expenditures	<u>\$ 26,356,856</u>	<u>\$ 25,737,877</u>	<u>\$ 26,815,179</u>	<u>\$ 28,529,237</u>	<u>\$ 29,331,449</u>
Other Uses:					
Interfund Transfers	<u>36,361</u>	<u>123,301</u>	<u>2,377,263</u>	<u>131,990</u>	<u>404,027</u>
Total Expenditures and Other Uses	<u>\$ 26,393,217</u>	<u>\$ 25,861,178</u>	<u>\$ 29,192,442</u>	<u>\$ 28,661,227</u>	<u>\$ 29,735,476</u>
Excess (Deficit) Revenues Over Expenditures	<u>77,261</u>	<u>636,859</u>	<u>(1,579,329)</u>	<u>1,720,393</u>	<u>769,636</u>
<u>FUND BALANCE</u>					
Fund Balance - Beginning of Year	15,199,154	15,276,415	15,913,274	14,333,945	16,054,338
Prior Period Adjustments (net)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance - End of Year	<u>\$ 15,276,415</u>	<u>\$ 15,913,274</u>	<u>\$ 14,333,945</u>	<u>\$ 16,054,338</u>	<u>\$ 16,823,974</u>

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

GENERAL FUND

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

Fiscal Years Ending June 30:	2025			2026	2027
	Adopted Budget	Modified Budget	Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 4,989,086	\$ 4,605,818	\$ 4,605,658	\$ 5,138,260	\$ 5,343,277
Other Tax Items	1,468,127	1,851,395	1,853,590	1,272,907	1,277,093
Charges for Services	55,500	55,500	89,678	-	-
Use of Money & Property	98,780	98,780	771,747	-	-
Sale of Property and Compensation for Loss	-	-	16,565	-	-
Miscellaneous	124,125	182,156	324,705	302,755	524,674
Interfund Revenues	-	-	11,949	-	-
Revenues from State Sources	22,772,867	22,772,867	22,816,980	23,411,611	23,353,080
Revenues from Federal Sources	10,000	10,000	14,240	-	-
Total Revenues	<u>\$ 29,518,485</u>	<u>\$ 29,576,516</u>	<u>\$ 30,505,112</u>	<u>\$ 30,125,533</u>	<u>\$ 30,498,124</u>
Other Sources:					
Prior Year's Surplus	\$ 700,000	\$ 700,000	\$ -	\$ -	\$ -
Prior Year's Encumbrances	631,908	631,908	-	-	-
Appropriated Reserves	500,000	583,027	-	-	-
Interfund Transfers	-	-	-	1,300,000	1,575,000
Total Revenues and Other Sources	<u>\$ 31,350,393</u>	<u># \$ 31,491,451</u>	<u># \$ 30,505,112</u>	<u># \$ 31,425,533</u>	<u>\$ 32,073,124</u>
EXPENDITURES					
General Support	\$ 3,847,770	\$ 4,049,990	\$ 3,515,003	\$ 3,836,878	\$ 3,981,444
Instruction	15,945,438	15,867,637	15,075,723	16,149,149	16,318,854
Pupil Transportation	1,430,457	1,430,459	1,221,252	1,158,299	1,229,534
Community Services	4,000	4,000	-	-	80,000
Employee Benefits	6,699,739	6,423,543	6,225,706	7,009,231	7,653,290
Debt Service	3,262,989	3,293,765	3,293,765	2,419,559	2,635,002
Total Expenditures	<u>\$ 31,190,393</u>	<u>\$ 31,069,394</u>	<u>\$ 29,331,449</u>	<u>\$ 30,573,116</u>	<u>\$ 31,898,124</u>
Other Uses:					
Interfund Transfers	160,000	422,057	404,027	852,417	175,000
Total Expenditures and Other Uses	<u>\$ 31,350,393</u>	<u>\$ 31,491,451</u>	<u>\$ 29,735,476</u>	<u>\$ 31,425,533</u>	<u>\$ 32,073,124</u>
Excess (Deficit) Revenues Over Expenditures	<u>-</u>	<u>-</u>	<u>769,636</u>	<u>-</u>	<u>-</u>
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	16,054,338	-	-
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 16,823,974</u>	<u>\$ -</u>	<u>\$ -</u>

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

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2027	\$ 1,546,000	\$ 1,030,613	\$ 2,576,613
2028	1,725,000	773,144	2,498,144
2029	1,730,000	693,581	2,423,581
2030	1,710,000	613,204	2,323,204
2031	1,700,000	532,875	2,232,875
2032	1,515,000	455,750	1,970,750
2033	795,000	380,000	1,175,000
2034	835,000	340,250	1,175,250
2035	875,000	298,500	1,173,500
2036	920,000	254,750	1,174,750
2037	965,000	208,750	1,173,750
2038	1,020,000	160,500	1,180,500
2039	1,065,000	109,500	1,174,500
2040	1,125,000	56,250	1,181,250
TOTALS	\$ 17,526,000	\$ 5,907,666	\$ 23,433,666

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2017B - DASNY Capital Project			2026A - DASNY Capital Project		
	Principal	Interest	Total	Principal	Interest	Total
2028	\$ 590,000	\$ 201,250	\$ 791,250	\$ 435,000	\$ 741,417	\$ 1,176,417
2029	620,000	171,750	791,750	625,000	552,250	1,177,250
2030	655,000	140,750	795,750	655,000	521,000	1,176,000
2031	685,000	108,000	793,000	685,000	488,250	1,173,250
2032	720,000	73,750	793,750	720,000	454,000	1,174,000
2033	755,000	37,750	792,750	760,000	418,000	1,178,000
2034	-	-	-	795,000	380,000	1,175,000
2035	-	-	-	835,000	340,250	1,175,250
2036	-	-	-	875,000	298,500	1,173,500
2037	-	-	-	920,000	254,750	1,174,750
2038	-	-	-	965,000	208,750	1,173,750
2039	-	-	-	1,020,000	160,500	1,180,500
2040	-	-	-	1,065,000	109,500	1,174,500
2041	-	-	-	1,125,000	56,250	1,181,250
TOTALS	\$ 4,025,000	\$ 733,250	\$ 4,758,250	\$ 11,480,000	\$ 4,983,417	\$ 16,463,417
Fiscal Year Ending June 30th	2021 Purchase of Buses			2022 Purchase of Buses		
	Principal	Interest	Total	Principal	Interest	Total
2027	\$ 80,000	\$ 1,350	\$ 81,350	\$ 75,000	\$ 4,211	\$ 79,211
2028	-	-	-	80,000	1,468	81,468
TOTALS	\$ 80,000	\$ 1,350	\$ 81,350	\$ 155,000	\$ 5,679	\$ 160,679
Fiscal Year Ending June 30th	2023 Purchase of Buses			2024 Purchase of Buses		
	Principal	Interest	Total	Principal	Interest	Total
2027	\$ 90,000	\$ 9,591	\$ 99,591	\$ 75,000	\$ 12,063	\$ 87,063
2028	90,000	5,838	95,838	80,000	9,000	89,000
2029	95,000	1,981	96,981	85,000	5,658	90,658
2030	-	-	-	90,000	1,958	91,958
TOTALS	\$ 275,000	\$ 17,410	\$ 292,410	\$ 330,000	\$ 28,678	\$ 358,678
Fiscal Year Ending June 30th	2025 Purchase of Buses			2026 Purchase of Buses		
	Principal	Interest	Total	Principal	Interest	Total
2027	\$ 86,000	\$ 27,340	\$ 113,340	\$ -	\$ -	\$ -
2028	95,000	14,500	109,500	115,000	34,291	149,291
2029	100,000	10,600	110,600	135,000	18,338	153,338
2030	105,000	6,500	111,500	140,000	13,593	153,593
2031	110,000	2,200	112,200	145,000	8,496	153,496
2032	-	-	-	150,000	2,925	152,925
TOTALS	\$ 496,000	\$ 61,140	\$ 557,140	\$ 685,000	\$ 77,642	\$ 762,642

LOWVILLE CENTRAL SCHOOL DISTRICT

ACTUAL MONTHLY CASH FLOW

(General Fund)

2025-2026 CASH FLOW	2025 2026 Estimated												12 MONTH TOTAL
	September	October	November	December	January	February	March	April	May	June	July	August	
Beginning Balance:	\$2,118,309	\$7,203,074	\$7,999,243	\$5,678,023	\$4,688,589	\$4,831,177	\$5,165,359	\$9,284,120	\$7,999,673	\$6,959,795	\$2,127,754	\$1,464,683	\$2,118,309
Receipts:													
Property Taxes	4,777,279	-	-	-	-	-	-	-	-	-	-	-	4,777,279
STAR Revenues	360,981	-	-	-	-	-	-	-	-	-	-	-	360,981
State Aid	2,308,235	(300,913)	148,366	1,546,821	2,584,489	2,068,695	5,603,354	1,155,014	1,963,097	175,881		2,478,333	19,731,372
Medicaid	-	713	2,053	-	2,682	1,153	1,647	2,823	-	(3,833)	-	-	7,238
BOCES Aid	-	-	-	-	-	390,609	-	-	-	-	468,730	-	859,339
PILOT	-	4,291	-	-	-	259,717	1,009,282	-	-	379,954	-	-	1,653,245
FEMA & Flood Insurance	-	-	-	-	-	-	-	-	-	-	-	-	0
State Emergency Aid	-	-	-	-	-	-	-	-	-	-	220,600	-	220,600
Miscellaneous Receipts	34,835	34,835	34,835	34,835	34,835	34,835	34,835	34,835	34,835	34,835	51,867	51,649	451,870
Interest	9,560	9,560	9,560	9,560	9,560	9,560	9,560	9,560	9,560	9,560	9,560	9,560	114,720
RAN & Bond Issue	-	4,580,000	-	-	-	-	-	-	-	-	-	-	4,580,000
Total Receipts	\$7,490,891	\$4,328,487	\$194,814	\$1,591,216	\$2,631,566	\$2,764,570	\$6,658,679	\$1,202,232	\$2,007,492	\$596,397	\$750,757	\$2,539,542	\$32,756,644
Total Available Cash	\$9,609,200	\$11,531,561	\$8,194,057	\$7,269,239	\$7,320,155	\$7,595,747	\$11,824,038	\$10,486,353	\$10,007,165	\$7,556,192	\$2,878,511	\$4,004,224	\$34,874,953
Disbursements:													
Payroll and Fica/Med	1,191,295	1,810,051	1,322,057	1,207,695	1,211,673	1,206,399	1,298,303	1,185,838	1,790,326	2,781,240	296,180	293,299	15,594,356
Health/Dental Insurance	418,003	437,678	432,804	429,832	446,109	431,924	431,425	434,688	427,530	430,855	510,011	506,192	5,337,051
Accounts Payable	475,792	475,792	475,792	475,792	475,792	475,792	475,792	475,792	475,792	475,792	475,792	475,792	5,709,504
BOCES	321,035	553,797	285,382	352,582	339,715	316,273	334,397	390,362	353,723	365,757	131,845	(5,247)	3,739,621
Debt Service	-	-	-	-	15,689	-	-	-	-	-	-	437,830	453,519
BAN Principal	-	-	-	-	-	-	-	-	-	265,000	-	-	265,000
BAN Interest	-	-	-	-	-	-	-	-	-	430,044	-	-	430,044
RAN Principal & Interest	-	255,000	-	-	-	-	-	-	-	-	-	-	255,000
Bond Principal	-	-	-	-	-	-	-	-	-	565,000	-	-	565,000
Bond Interest	-	-	-	114,750	-	-	-	-	-	114,750	-	-	229,500
Total Disbursements	\$2,406,125	\$3,532,318	\$2,516,035	\$2,580,650	\$2,488,978	\$2,430,388	\$2,539,917	\$2,486,680	\$3,047,371	\$5,428,438	\$1,413,828	\$1,707,866	\$32,578,594
Ending Balance:	\$7,203,074	\$7,999,243	\$5,678,023	\$4,688,589	\$4,831,177	\$5,165,359	\$9,284,120	\$7,999,673	\$6,959,795	\$2,127,754	\$1,464,683	\$2,296,358	\$2,296,358

LOWVILLE CENTRAL SCHOOL DISTRICT

ESTIMATED MONTHLY CASH FLOW

(General Fund)

2026-2027 CASH FLOW	2026												12 MONTH TOTAL
	September	October	November	December	January	February	March	April	May	June	July	August	
Beginning Balance:	\$2,296,358	\$8,475,403	\$3,019,423	\$769,273	\$(349,692)	\$21,183	\$584,313	\$5,402,542	\$4,235,445	\$3,937,764	\$(914,489)	\$(2,063,559)	\$2,296,358
Receipts:													
Property Taxes	4,983,516	-	-	-	-	-	-	-	-	-	-	-	4,983,516
STAR Revenues	359,762	-	-	-	-	-	-	-	-	-	-	-	359,762
State Aid	2,483,430	-	159,627	1,664,225	2,780,652	2,225,709	6,028,649	1,242,680	2,112,096	189,230	-	2,666,438	21,552,735
Medicaid	800	800	800	800	800	800	800	800	800	800	-	-	8,000
BOCES Aid	762,113	-	-	-	-	450,000	-	-	-	540,000	-	-	1,752,113
PILOT	-	4,000	-	-	-	77,735	1,199,358	-	-	-	-	-	1,281,093
FEMA & Flood Insurance	-	-	-	70,854	-	487,961	-	-	-	44,033	-	2,035,297	2,638,145
State Emergency Aid	-	-	-	11,809	-	81,327	-	-	-	7,339	-	339,216	439,691
Miscellaneous Receipts	31,698	31,698	31,698	31,698	31,698	31,698	31,698	31,698	31,698	31,698	-	-	316,980
Interest	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	9,500	114,000
RAN & Bond Issue	-	2,400,000	-	-	-	-	-	-	-	-	-	-	2,400,000
Total Receipts	\$8,630,819	\$2,445,998	\$201,625	\$1,788,886	\$2,822,650	\$3,364,730	\$7,270,005	\$1,284,678	\$2,154,094	\$822,600	\$9,500	\$5,050,451	\$35,846,036
Total Available Cash	\$10,927,178	\$10,921,401	\$3,221,048	\$2,558,158	\$2,472,958	\$3,385,913	\$7,854,317	\$6,687,220	\$6,389,539	\$4,760,364	\$(904,989)	\$2,986,893	\$38,142,394
Disbursements:													
Payroll and Fica/Med	1,312,997	2,000,000	1,312,997	1,312,997	1,312,997	1,312,997	1,312,997	1,312,997	1,312,997	3,000,000	326,000	326,000	16,155,976
Health/Dental Insurance	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000	520,000	598,000	598,000	6,396,000
Accounts Payable	234,570	234,570	234,570	234,570	234,570	234,570	234,570	234,570	234,570	234,570	234,570	234,570	2,814,840
BOCES	384,208	384,208	384,208	384,208	384,208	384,208	384,208	384,208	384,208	384,208	-	-	3,842,080
Debt Service	-	-	-	-	-	349,825	-	-	-	-	-	-	349,825
BAN Principal	-	-	-	-	-	-	-	-	-	-	-	-	0
BAN Interest	-	-	-	-	-	-	-	-	-	-	-	-	0
RAN Principal & Interest	-	4,763,200	-	-	-	-	-	-	-	-	-	-	4,763,200
Bond Principal	-	-	-	-	-	-	-	-	-	1,080,000	-	-	1,080,000
Bond Interest	-	-	-	456,075	-	-	-	-	-	456,075	-	-	912,150
Total Disbursements	\$2,451,775	\$7,901,978	\$2,451,775	\$2,907,850	\$2,451,775	\$2,801,600	\$2,451,775	\$2,451,775	\$2,451,775	\$5,674,853	\$1,158,570	\$1,158,570	\$36,314,071
Ending Balance:	\$8,475,403	\$3,019,423	\$769,273	\$(349,692)	\$21,183	\$584,313	\$5,402,542	\$4,235,445	\$3,937,764	\$(914,489)	\$(2,063,559)	\$1,828,323	\$1,828,323

Note: The District is anticipating receiving additional building aid from the state in September 2027.

MATERIAL EVENT NOTICES

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

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

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

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

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

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

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

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

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

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

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**LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT
LEWIS COUNTY, NEW YORK**

**FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION**

JUNE 30, 2025

Such Financial Report and opinions were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

LOWVILLE ACADEMY AND
CENTRAL SCHOOL DISTRICT

FINANCIAL STATEMENTS

June 30, 2025

Table of Contents

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

INDEPENDENT AUDITOR’S REPORT	1
MANAGEMENT'S DISCUSSION AND ANALYSIS	5
AUDITED BASIC FINANCIAL STATEMENTS	19
STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES	19
STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION -GOVERNMENTAL ACTIVITIES	20
BALANCE SHEET - GOVERNMENTAL FUNDS	21
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION	22
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS	24
RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES	25
STATEMENT OF FIDUCIARY NET POSITION	27
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION	28
NOTES TO AUDITED BASIC FINANCIAL STATEMENTS	29
REQUIRED SUPPLEMENTARY INFORMATION	86
SCHEDULE OF CHANGES IN THE DISTRICT’S TOTAL OPEB LIABILITY AND RELATED RATIOS	86
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND	88
SCHEDULE OF DISTRICT’S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN	90
SCHEDULE OF DISTRICT’S CONTRIBUTIONS - NYSLRS PENSION PLAN	91

SUPPLEMENTARY INFORMATION _____	92
SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE REAL PROPERTY TAX LIMIT – GENERAL FUND _____	92
SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES _____	93
COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS _____	94
COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – NON-MAJOR GOVERNMENTAL FUNDS _____	96
NET INVESTMENT IN CAPITAL ASSETS _____	98
INDEPENDENT AUDITOR’S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH <i>GOVERNMENT AUDITING STANDARDS</i> __	99
EXTRA CLASSROOM ACTIVITIES FUND _____	101
INDEPENDENT AUDITOR’S REPORT ON EXTRA CLASSROOM ACTIVITIES FUND ____	102
EXTRA CLASSROOM ACTIVITIES FUND – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS _____	104
EXTRA CLASSROOM ACTIVITIES FUND – NOTE TO FINANCIAL STATEMENT _____	106

INDEPENDENT AUDITOR'S REPORT

BOARD OF EDUCATION LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lowville Academy and Central School District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis (pages 5-18), Schedule of Changes in the District's Total OPEB Liability and Related Ratios (page 86), Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget (Non-GAAP Basis) and Actual – General Fund (pages 88-89), Schedule of District's Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan (page 90), and Schedule of District's Contributions – NYSLRS Pension Plan (page 91), be presented to supplement the basic financial statements. Such information is the responsibility of management, and although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

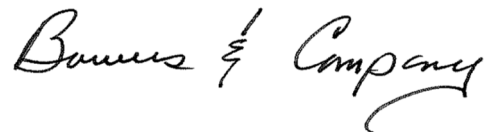
Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Lowville Academy and Central School District's basic financial statements. The Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 92-98), are presented for purposes of additional analysis and are 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 basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America.

In our opinion, the Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund – Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures, and Changes in Fund Balances – Non-Major Governmental Funds, and Net Investment in Capital Assets (pages 92-98), are fairly stated in all material respects in relation to the basic 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 October 14, 2025 on our consideration of the Lowville Academy and Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Lowville Academy and Central School District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Lowville Academy and Central School District's internal control over financial reporting and compliance.

A handwritten signature in cursive script that reads "Banner & Company". The signature is written in dark ink and is positioned to the right of the date and location text.

Watertown, New York
October 14, 2025

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

INTRODUCTION

This section of Lowville Academy and Central School District's annual financial report features a discussion and analysis of financial performance during the fiscal year ended June 30, 2025. Please read it in conjunction with the financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

- The District's General Fund total fund balance increased from \$16.1 million to \$16.8 million mostly due to an increase in Real Property Taxes and State Aid of approximately \$233.3 thousand.
- Net position in the district-wide statements overall remained consistent year over year with a decrease of \$2,099,682.
- The District continued to offer all programs without reducing services and made improvements to the existing instructional programs to increase the quality of education the students receive.
- For the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. While this change did not materially impact the financial statement reporting for the District, the implementation changes the method of recognition and measurement of compensated absences.

OVERVIEW OF FINANCIAL STATEMENTS

This annual report consists of three parts: management's discussion and analysis (this section), the basic financial statements, and required supplementary information. The basic financial statements include two kinds of statements that present different views of the District:

- The first two are *entity-wide financial statements* that provide both short-term and long-term information about the District's overall financial status.
- The remaining statements are *fund financial statements* that focus on individual parts of the District, reporting the operations in more detail than the entity-wide statements.
- The *governmental fund statements* tell how basic services such as instruction and support functions were financed in the short term as well as what remains for future spending.

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

OVERVIEW OF FINANCIAL STATEMENTS - Continued

- *Fiduciary funds* statements provide information about the financial relationships in which the District acts solely as a trustee or agent for the benefit of others, including the employees of the district.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the District's budget for the year. Table A-1 shows how the various parts of this annual report are arranged and related to one another.

Table A-1: Organization of the District's Annual Financial Report

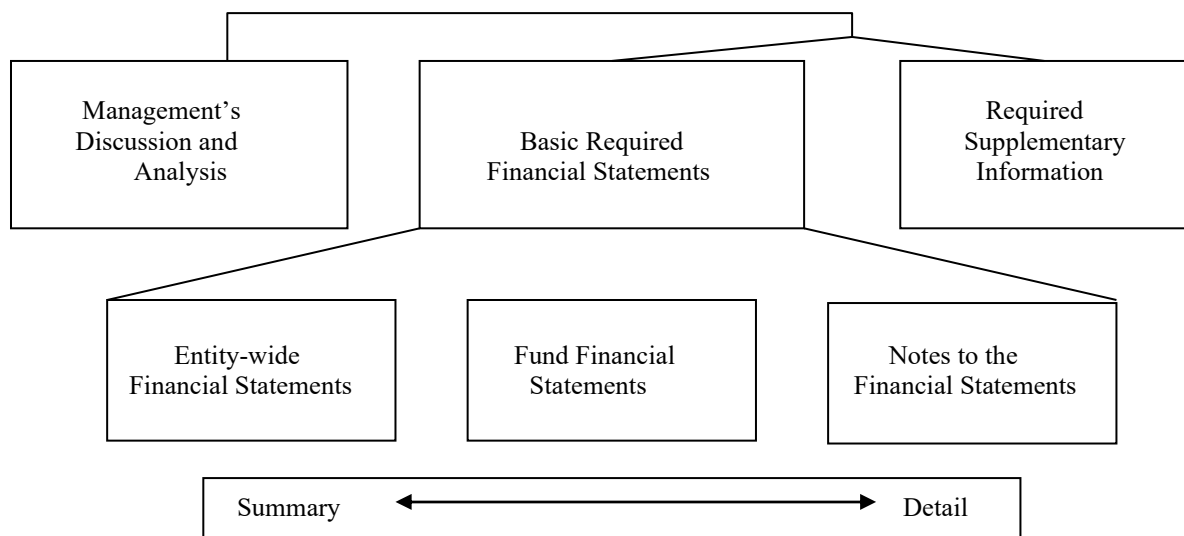


Table A-2: Summarizes the major features of the District's financial statements, including the portion of the District's activities they cover and the types of information they contain. The remainder of the overview section of management's discussion and analysis highlights the structure and contents of each of the statements.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

OVERVIEW OF FINANCIAL STATEMENTS - Continued

Table A-2: Major Features of the Entity-Wide and Fund Financial Statements

Table A-2	6/30/2025		
		Fund Financial Statements	
	District-Wide	Governmental Funds	Fiduciary Funds
Scope	Entire entity (except Fiduciary funds)	The activities of the School District that are not fiduciary, such as instruction, special education and building maintenance	Instances in which the School District acts as a trustee or acts as an agent for resources that belong to others but does not have administrative control, such as property taxes collected on behalf of other governments or scholarships in a trust
Required Financial Statements	1. Statement of Net Position	3. Balance Sheet	5. Statement of Fiduciary Net Position
	2. Statement of Activities	4. Statement of Revenues, Expenditures, and Changes in Fund Balance	6. Statement of Changes in Fiduciary Net Position
Accounting Basis and Measurement Focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of Asset / Liability Information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can
Type of Inflow / Outflow Information	All revenues and expenses during year: regardless of when cash is received or paid.	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	Additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

District-wide statements report information about the District as a whole using accounting methods similar to those used by private-sector companies. The Statement of Net Position includes all District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources. All current year revenues and expenses are accounted for in the Statement of Activities regardless of when cash is received or paid.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

OVERVIEW OF FINANCIAL STATEMENTS - Continued

District-Wide Statements – Continued

The two district-wide statements report the District's *net position* and how they have changed. Net position, the difference between the assets and deferred inflows of resources less liabilities and deferred inflows of resources, is one way to measure the financial health or position of the District.

- Over time, increases and decreases in net position is an indicator of whether the financial position is improving or deteriorating, respectively.
- For assessment of the overall health of the District, additional non-financial factors such as changes in the District's property tax base and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differs from the governmental fund balances, because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (money) are expended to purchase or build said assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. The principal and interest payments are both considered expenditures when paid. Depreciation is not calculated if it does not provide or reduce current financial resources. Finally, capital assets and long-term debt are both accounted for in account groups and do not affect the fund balances.

Government-wide statements are reported utilizing an economic resources measurement focus and full accrual basis of accounting that involves the following steps to format the Statement of Net Position:

- Capitalize current outlays for capital assets;
 - Report long-term debt as a liability;
 - Depreciate capital assets and intangible lease asset and allocate the depreciation and amortization to the proper program/activities;
 - Calculate revenue and expense using the economic resources measurement focus and the accrual basis of accounting; and
 - Allocate Net Position balances as follows:
 - *Net Investments in Capital Assets* - net capital assets reduced by outstanding balances of related debt obligations from such net capital assets;
 - *Restricted Net Position* - has constraints placed on the use by external sources (creditors, grantors, contributors, or laws or regulations of governments) or imposed by law through constitutional provisions, or enabling legislation; and
 - *Unrestricted Net Position* - reports the balance of net position that does not meet any of the above restrictions.
-

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FUND FINANCIAL STATEMENTS

The fund financial statements provide more detailed information about the District's funds. Funds are accounting devices that the District uses to keep track of specific revenue sources and spending on particular programs. The funds have been established in accordance with the laws of the State of New York.

The District has two kinds of funds:

- *Governmental funds:* Most of the basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets that can readily be converted to cash flow in and out and (2) the balances left at year-end that are available for spending. Consequently, the governmental fund statements provide a detailed short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the programs of the District. Because this information does not encompass the additional long-term focus of the entity-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. In summary, the governmental fund statements focus primarily on the sources, uses and balances of current financial resources and often has a budgetary orientation. Included are the General Fund, Special Revenue Funds, Debt Service Funds, Capital Project Funds and Permanent Funds. Required statements are the Balance Sheet and the Statement of Revenues, Expenditures, and Changes in Fund Balances.
- *Fiduciary funds:* The District is the trustee or *fiduciary* for assets that are being held for individuals, private organizations, or other governments that are not held in a trust, such as property taxes collected on behalf of other governments. The District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The District excludes these activities from the entity-wide financial statements, because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net position and changes in net position. This report is developed using the economic resources measurement focus and the accrual basis of accounting. Required statements are the Statement of Fiduciary Net Position and the Statement of Changes in Fiduciary Net Position.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE

The District's net position remained unchanged from 2024 to 2025 as detailed in Tables A-3 and A-4.

Table A-3: Condensed Statement of Net Position-Governmental Activities (In Millions)

	Fiscal Year 2024	Fiscal Year 2025	Percent Change
Assets			
Current and Other Assets	\$ 17.8	\$ 29.6	66.3%
Capital Assets	43.6	50.0	14.7%
Total Assets	<u>\$ 61.4</u>	<u>\$ 79.6</u>	<u>29.6%</u>
Deferred Outflows of Resources			
Other Postemployment Benefits	\$ 12.3	\$ 9.4	-23.6%
Pensions	5.9	4.9	-16.9%
Total Deferred Outflows of Resources	<u>\$ 18.2</u>	<u>\$ 14.3</u>	<u>-21.4%</u>
Liabilities			
Current Liabilities	\$ 6.6	\$ 22.3	237.9%
Long-Term Liabilities	63.9	67.1	5.0%
Total Liabilities	<u>\$ 70.5</u>	<u>\$ 89.4</u>	<u>26.8%</u>
Deferred Inflows of Resources			
Other Postemployment Benefits	\$ 18.3	\$ 14.8	-19.1%
Pensions	1.1	2.1	90.9%
Total Deferred Inflows of Resources	<u>\$ 19.4</u>	<u>\$ 16.9</u>	<u>-12.9%</u>
Net Position			
Net Investment in Capital Assets	\$ 34.7	\$ 27.4	-21.0%
Restricted	14.5	15.2	4.8%
Unrestricted (Deficit)	(59.5)	(55.0)	7.6%
Total Net Position	<u>\$ (10.3)</u>	<u>\$ (12.4)</u>	<u>-20.4%</u>

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE - Continued

Net Position may serve over time as a useful indicator of a government's financial position. In the case of the School District, liabilities and deferred inflows of resources exceeded assets and deferred outflows of resources by \$12.4 million at the close of the most recent fiscal year. This represents \$2.1 million decrease in the statement of net position for the year. The overall unrestricted deficit is largely due to the District's other postemployment benefit ("OPEB") liability. As of June 30, 2025, the OPEB liability was \$58.0 million compared to \$55.0 million reported at the close of the prior fiscal year. The overall consistency of net position year over year is due to the changes in deferrals for GASB 68 and GASB 75 were offset by equivalent payments on the District's long term debt obligations.

In addition to assets, the *statement of net position* reports a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. Included in deferred outflows of resources in the current year is \$4.9 million related to the District's participation in the NYS TRS and ERS pension systems and \$9.4 million related to the District's OPEB Plan.

In addition to liabilities, the *statement of net position* or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. Included in deferred inflows of resources in the current year is \$2.1 million related to the District's participation in the NYS TRS and ERS pension systems, and \$14.8 million related to the District's OPEB Plan.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A**WHOLE - Continued**

Changes in Net Position

The District's fiscal year 2025 revenues totaled \$39.1 million (See Table A-4). Property taxes (including payments in lieu of taxes) and state formula aid accounted for most of the District's revenue by contributing approximately 17 cents and 58 cents, respectively, of every dollar raised (See Table A-5). The remainder came from fees charged for services, operating grants, and other miscellaneous sources.

The total cost of all programs and services totaled \$41.2 million for fiscal year 2025. These expenses (approximately 98 percent) are predominantly related to general support, instruction, school food service, and caring for and transporting students (See Table A-6). The District's debt service interest accounts for 2 percent of total costs.

Table A-4: Changes in Net Position from Operating Results Governmental Activities Only (In Millions)

	Fiscal Year 2024	Fiscal Year 2025	Percent Change
Revenues			
Program Revenues			
Charges for Services	\$ 0.3	\$ 0.2	-33.3%
Operating and Capital Grants	3.3	6.6	100.0%
General Revenues			
Property Taxes	6.3	6.5	3.2%
State Formula Aid	22.7	22.8	0.4%
Investment Earnings	1.0	1.2	20.0%
Other	0.9	1.8	100.0%
Total Revenues	<u>\$ 34.5</u>	<u>\$ 39.1</u>	<u>13.3%</u>
Expenses			
General Support	\$ 7.1	\$ 12.8	80.3%
Instruction	24.1	24.6	2.1%
Pupil Transportation	1.9	1.8	-5.3%
Debt Service	0.2	0.8	300.0%
School Food Service Program	1.2	1.2	0.0%
Total Expenses	<u>\$ 34.5</u>	<u>\$ 41.2</u>	<u>19.4%</u>
Change in Net Position	<u>\$ -</u>	<u>\$ (2.1)</u>	<u>-100.0%</u>

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A WHOLE - Continued

Changes in Net Position – Continued

Table A-5:

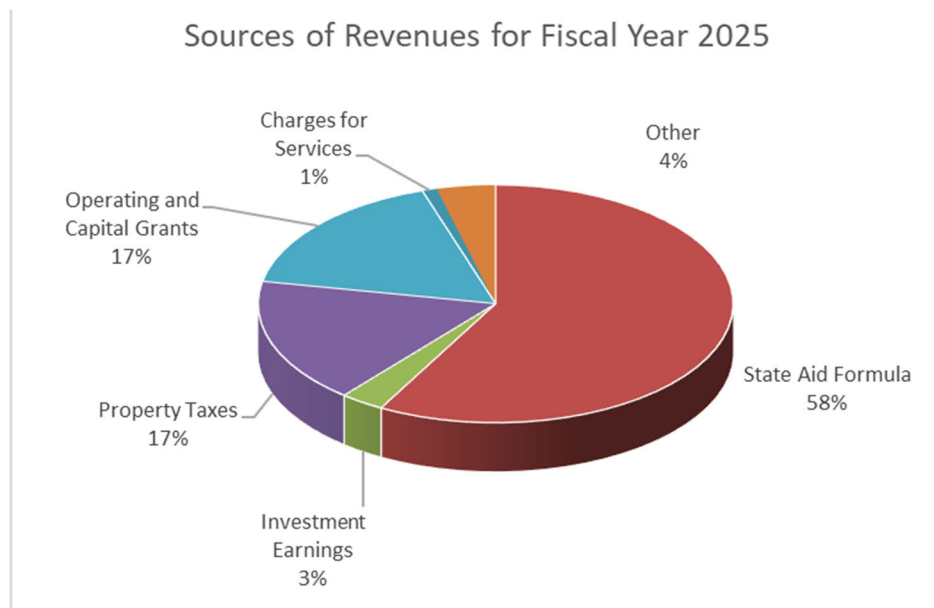
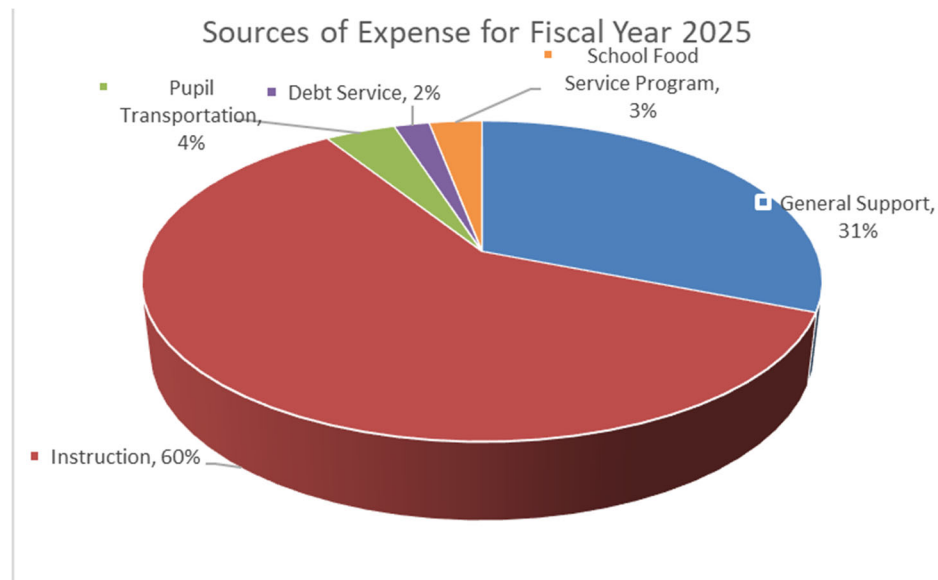


Table A-6:



LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

**FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT AS A
WHOLE - Continued**

Governmental Activities

Revenues for the District's governmental activities totaled \$39.1 million while total expenses equaled \$41.2 million.

Table A-7 presents the cost of five major District activities. The table also shows each activity's net cost (total cost less fees generated by the activities and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the District's taxpayers by each of these functions.

Table A-7: Net Cost of Governmental Activities (In millions) for Fiscal Year 2025

Category	Total Cost	Net Cost
General Support	\$ 12.8	\$ 8.8
Instruction	24.6	23.0
Pupil Transportation	1.8	1.8
Debt Service	0.8	0.8
School Food Service	1.2	(0.1)
Total	<u>\$ 41.2</u>	<u>\$ 34.3</u>

- The cost of all governmental activities this year was \$41.2 million (Statement of Activities Expense column).
- The users of the District's programs (\$0.2 million) financed some of the cost (Statement of Activities Charges For Services and Sales column).
- The Federal and State governments subsidized certain programs with grants and contributions (\$2.6 million- Statement of Activities Operating Grants columns) and provided emergency aid in the protection, restoration, and repair of District assets following severe weather events (\$4.0 million- Statement of Activities Capital Grants columns).
- Most of the District's net costs (\$34.3 million) were financed by District taxpayers and State and Federal aid (Statement of Activities Net (Expenses) Revenue and Changes in Net Position column).

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FINANCIAL ANALYSIS OF THE DISTRICT'S FUNDS

Variances between years for the governmental fund financial statements are not the same as variances between years for the District-wide financial statements. The District's governmental funds are presented on the **current financial resources measurement focus** and the **modified accrual basis of accounting**. Based on this presentation, governmental funds do not include long-term debt liabilities for the funds' projects and capital assets purchased by the funds. Governmental funds will include the proceeds received from the issuance of debt, the current payment for capital assets, and the current payments for debt.

Budgetary Highlights

Over the course of the year, the District revised the budget several times. These budget amendments fall into three categories:

- Changes made to account for significant events.
- Increases in appropriations to prevent budget overruns.
- Appropriating reserves for specific unbudgeted expenses.

Significant variances between budget and actual are as follows:

Revenues

- Increase in use of money and property (\$.67 million) – higher interest rates than typically obtained in the past on all District bank accounts.

Expenditures

- The District overestimated \$0.42 million in the area of Teaching - Regular Instruction and Special Schools, \$0.13 million for Programs for Students with Disabilities, and \$0.20 million in Employee Benefits directly related to a conservative budgeting approach and shifting spending with the federal grants.
- The District overestimated general support expenses by \$0.36 million and transportation expenses by \$0.21 million mostly due to conservative budgeting approach, as well as an increase in central services budget authorized to mitigate flooding damage and shifting some spending with the federal grants.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

By the end of fiscal year 2025, the District had invested \$92.6 million in a broad range of capital assets, including land, improvements, buildings, machinery and equipment, and vehicles.

Table A-8: Capital Assets (In millions)

Category	Fiscal Year 2024	Fiscal Year 2025	Percent Change
Land & Improvements	\$ 14.8	\$ 21.4	44.7%
Buildings	60.6	60.8	0.4%
Equipment & Furniture	9.7	10.2	4.9%
Intangible Lease Asset	0.2	0.2	4.5%
Total	\$ 85.3	\$ 92.6	8.6%

Long-Term Debt

At year-end, the District had \$67.1 million in general obligation and other long-term debt outstanding. More detailed information about the District's long-term liabilities is presented in the Notes to the Financial Statements.

Table A-9: Outstanding Long-Term Debt (In millions)

Category	Fiscal Year 2025
General Obligation Bonds	\$ 6.5
Other General Obligation Liabilities	60.6
Total	\$ 67.1

Governmental Accounting Standards Board (GASB) Statement Number 75, *Accounting and Financial Reporting for Other Postemployment Benefits* which the District adopted in 2018 requires the District to recognize the cost of future benefits rather than on a pay-as-you-go method. For Lowville, that analysis is limited to the provision of health care benefits into retirement. The cumulative net obligation at year end is \$58.0 million. A complete discussion of the application of GASB Statement 75 can be found in Note 12.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

FACTORS BEARING ON THE DISTRICT'S FUTURE

At the time these financial statements were prepared and audited, the District was aware of the following circumstances that could significantly affect its financial status in the future.

- The District experienced two significant disasters due to flash flooding in the summer of 2024, causing millions of dollars of damage throughout areas of the school campus. While FEMA funding is expected to offset a large portion of the costs for remediation and repairs, this funding has not yet been obligated. The District also anticipates receiving state building aid to help cover a portion of this emergency capital project. To meet immediate cash flow needs, the District secured borrowing through a Revenue Anticipation Note in the 2024–2025 fiscal year. The District will incur interest costs related to this borrowing and may be responsible for a small local share of the expenses not covered by federal or state aid. The fiscal impact on the District will ultimately depend on the amounts received from FEMA and state building aid, and any remaining balance will require use of district funds or future budget adjustments.
- The discontinuation of federal financial support for New York State public schools would have a profound impact on school districts' financial stability in the future. Federal funding accounts for a significant share of total education revenue, particularly through programs like Title I, which supports schools with high numbers of low-income students, and funding for students with disabilities. Loss of these resources would force school districts to rely more heavily on state and local funding, likely resulting in cuts to academic programs, student services, extracurricular offerings, and professional development for educators. The removal of federal aid could especially widen disparities across districts, disproportionately harming high-need communities and challenging the ability to provide equitable, high-quality education for all students.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS

June 30, 2025

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide citizens, taxpayers, customers, and investors and creditors with a general overview of the finances of the District and to demonstrate our accountability with the money we receive. If you have any questions about this report or need additional financial information, contact:

Lowville Academy and Central School District
Attn: School Business Manager
7668 N. State Street
Lowville, NY 13367
315-376-9100

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

AUDITED BASIC FINANCIAL STATEMENTS

STATEMENT OF NET POSITION – GOVERNMENTAL ACTIVITIES

June 30, 2025

ASSETS	
Cash and Cash Equivalents	
Unrestricted	\$ 3,856,388
Restricted	18,734,732
Receivables, Net of Allowances	
State and Federal Aid	5,299,801
Due From Other Governments	19,183
Other	7,155
Inventories	42,761
Prepaid Expenditures	30,071
Net Pension Asset - Proportionate Share	1,634,736
Capital Assets, Net	50,003,917
TOTAL ASSETS	\$ 79,628,744
DEFERRED OUTFLOWS OF RESOURCES	
Other Postemployment Benefits	\$ 9,423,263
Pensions	4,902,683
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 14,325,946
LIABILITIES	
Payables	
Accounts Payable	\$ 551,396
Accrued Liabilities	455,085
Due to Other Governments	21,932
Accrued Interest on Bonds, RAN and BAN Payable	770,705
Due to Teachers' Retirement System	1,219,497
Due to Employees' Retirement System	152,637
Retainage Payable	451,901
Unearned Credits	
Unearned Revenues - Other	9,398
Notes Payable	
Bond Anticipation Notes	12,650,000
Revenue Anticipation Notes	6,000,000
Long-Term Liabilities	
Due and Payable Within One Year	
Bonds Payable, Net of Unamortized Premium	1,229,530
Lease Liability	836
Due and Payable After One Year	
Bonds Payable, Net of Unamortized Premium	5,301,984
Lease Liability	45,425
Compensated Absences Payable	1,044,472
Other Postemployment Benefits Payable	58,024,360
Net Pension Liability - Proportionate Share	1,462,944
TOTAL LIABILITIES	\$ 89,392,102
DEFERRED INFLOWS OF RESOURCES	
Other Postemployment Benefits	\$ 14,848,528
Pensions	2,129,145
TOTAL DEFERRED INFLOWS OF RESOURCES	\$ 16,977,673
NET POSITION	
Net Investment in Capital Assets	\$ 27,360,585
Restricted	
Energy System Tax Stabilization Reserve	12,747,326
Other Legal Restrictions	2,487,002
Unrestricted (Deficit)	(55,009,998)
TOTAL NET POSITION	\$ (12,415,085)

See notes to audited basic financial statements.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGES IN NET POSITION -GOVERNMENTAL ACTIVITIES

Year Ended June 30, 2025

	Program Revenues				Net (Expense)
		Charges for	Operating	Capital	Revenue and
	Expenses	Services	Grants and	Grants	Changes in
FUNCTIONS/PROGRAMS			Contributions		Net Position
General Support	\$ 12,799,552	\$ -	\$ -	\$ 4,037,436	\$ (8,762,116)
Instruction	24,548,531	89,678	1,415,344	-	(23,043,509)
Pupil Transportation	1,773,936	-	-	-	(1,773,936)
Debt Service - Interest	849,933	-	-	-	(849,933)
School Food Service Program	1,200,502	138,954	1,137,515	-	75,967
Total Functions and Programs	\$ 41,172,454	\$ 228,632	\$ 2,552,859	\$ 4,037,436	(34,353,527)
GENERAL REVENUES					
Real Property Taxes					4,605,658
Other Tax Items					1,853,590
Use of Money and Property					1,160,564
Sale of Property and Compensation for Loss					1,177,724
Loss on Disposal of Capital Assets					(120,904)
State Sources					22,816,980
Medicaid Reimbursement					14,240
Miscellaneous					745,993
Total General Revenues					32,253,845
Change in Net Position					(2,099,682)
Net Position - Beginning of Year					(10,315,403)
Net Position - End of Year					\$ (12,415,085)

See notes to audited basic financial statements.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

BALANCE SHEET - GOVERNMENTAL FUNDS

June 30, 2025

	General	Capital Project Flood Remediation	Capital Project District- Wide	Total Non-Major Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents					
Unrestricted	\$ 3,350,701	\$ -	\$ -	\$ 505,687	\$ 3,856,388
Restricted	14,421,727	823,126	3,043,467	446,412	18,734,732
Receivables					
Due From Other Funds	295,582	262,057	-	399,918	957,557
State and Federal Aid	878,929	4,486,040	-	383,436	5,748,405
Due From Other Governments	19,183	-	-	-	19,183
Other	7,004	-	-	151	7,155
Inventories	-	-	-	42,761	42,761
Prepaid Expenditures	30,071	-	-	-	30,071
TOTAL ASSETS	\$ 19,003,197	\$ 5,571,223	\$ 3,043,467	\$ 1,778,365	\$ 29,396,252
LIABILITIES					
Payables					
Accounts Payable	\$ 86,185	\$ -	\$ 460,610	\$ 4,601	\$ 551,396
Accrued Liabilities	453,285	-	-	1,800	455,085
Due to Other Funds	262,057	-	369,639	325,861	957,557
Due to Other Governments	21,821	-	-	111	21,932
Due to Teachers' Retirement System	1,219,497	-	-	-	1,219,497
Due to Employees' Retirement System	136,378	-	-	16,259	152,637
Notes Payable					
Bond Anticipation Notes	-	-	12,650,000	-	12,650,000
Revenue Anticipation Notes	-	6,000,000	-	-	6,000,000
Unearned Credits					
Unearned Revenues	-	-	-	9,398	9,398
Total Liabilities	2,179,223	6,000,000	13,480,249	358,030	22,017,502
DEFERRED INFLOWS OF RESOURCES					
Deferred State & Federal Aid	-	4,486,040	-	-	4,486,040
Total Deferred Inflows of Resources	-	4,486,040	-	-	4,486,040
FUND BALANCES (Deficits)					
Nonspendable	30,071	-	-	42,761	72,832
Restricted	14,421,727	-	-	812,601	15,234,328
Assigned	1,253,869	-	-	564,973	1,818,842
Unassigned	1,118,307	(4,914,817)	(10,436,782)	-	(14,233,292)
Total Fund Balances (Deficits)	16,823,974	(4,914,817)	(10,436,782)	1,420,335	2,892,710
TOTAL LIABILITIES AND FUND BALANCES (Deficits)	\$ 19,003,197	\$ 5,571,223	\$ 3,043,467	\$ 1,778,365	\$ 29,396,252

See notes to audited basic financial statements.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION**

June 30, 2025

Total Fund Balance - Governmental Funds	\$ 2,892,710
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Proportionate share of long-term asset and liability associated with participation in state retirement systems are not current financial resources or obligations and are not reported in the fund statements.

Net Pension Asset - Proportionate Share - TRS	\$ 1,634,736	
Net Pension Liability - Proportionate Share - ERS	<u>(1,462,944)</u>	171,792

Deferred inflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Pensions	\$ 2,129,145	
Other Postemployment Benefits	<u>14,848,528</u>	(16,977,673)

Deferred outflows of resources are not available to pay for current-period expenditures and, therefore, are not reported in the fund statements consist of:

Pensions	\$ 4,902,683	
Other Postemployment Benefits	<u>9,423,263</u>	14,325,946

Capital assets used in governmental activities are not financial resources and therefore are not reported as assets in governmental funds:

The Cost of Capital Assets is	\$92,627,973	
Accumulated Depreciation and Amortization is	<u>(42,624,056)</u>	50,003,917

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available", whereas, the Statement of Activities reports revenues when earned. Therefore, deferred inflows of resources are not reported on the Statement of Net Position. Revenue represents FEMA and State Disaster Grants relative to the Emergency Flood Project. Additionally, the District has applied an allowance for uncollectable balances for the aid receivables to account for potential variances in actual receipts:

Deferred from State and Federal Aid	\$ 4,486,040	
Allowance for Uncollectible Receivables	<u>(448,604)</u>	4,037,436

See notes to audited basic financial statements.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION - Continued**

June 30, 2025

Long-term liabilities, including retainage payable, bonds payable and compensated absences, are not due in the current period and, therefore, are not reported as liabilities in the fund statements. Long-term liabilities, at year end, consist of:

Bonds Payable	\$ 5,810,000	
Accrued Interest on Bonds, RAN and BAN Payable	770,705	
Lease Liability	46,261	
Retainage Payable	451,901	
Compensated Absences Payable	1,044,472	
Other Postemployment Benefits Payable	58,024,360	
Premium on Bonds Payable	<u>721,514</u>	<u>(66,869,213)</u>
Total Net Position - Governmental Activities		<u><u>\$ (12,415,085)</u></u>

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS

Year Ended June 30, 2025

	General	Capital Project Flood Remediation	Capital Project District- Wide	Total Non-Major Funds	Total Governmental Funds
REVENUES					
Real Property Taxes	\$ 4,605,658	\$ -	\$ -	\$ -	\$ 4,605,658
Other Tax Items	1,853,590	-	-	-	1,853,590
Charges for Services	89,678	-	-	-	89,678
Use of Money and Property	771,747	36,406	-	267,776	1,075,929
Sale of Property and Compensation for Loss	16,565	1,176,229	-	-	1,192,794
State Sources	22,816,980	-	-	783,861	23,600,841
Medicaid Reimbursement	14,240	-	-	-	14,240
Federal Sources	-	-	-	1,672,640	1,672,640
Surplus Food	-	-	-	80,411	80,411
Sales - School Food Service	-	-	-	138,954	138,954
Interfund Revenues	11,949	-	-	-	11,949
Miscellaneous	324,705	-	-	437,235	761,940
Total Revenues	<u>30,505,112</u>	<u>1,212,635</u>	<u>-</u>	<u>3,380,877</u>	<u>35,098,624</u>
EXPENDITURES					
General Support	3,515,003	-	-	-	3,515,003
Instruction	15,075,723	-	-	1,165,042	16,240,765
Pupil Transportation	1,221,252	-	-	27,128	1,248,380
Employee Benefits	6,225,706	-	-	398,751	6,624,457
Debt Service:					
Principal	2,895,415	-	-	-	2,895,415
Interest	398,350	-	-	-	398,350
Food Service Program:					
General Support	-	-	-	452,943	452,943
Cost of Sales	-	-	-	559,651	559,651
Other Expenditures	-	-	-	465,466	465,466
Capital Outlay	-	6,409,564	7,356,723	920,275	14,686,562
Total Expenditures	<u>29,331,449</u>	<u>6,409,564</u>	<u>7,356,723</u>	<u>3,989,256</u>	<u>47,086,992</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>1,173,663</u>	<u>(5,196,929)</u>	<u>(7,356,723)</u>	<u>(608,379)</u>	<u>(11,988,368)</u>
OTHER FINANCING SOURCES AND (USES)					
Premium on Obligations	-	20,055	-	64,580	84,635
Proceeds from Debt	-	-	-	395,000	395,000
Operating Transfers In	-	262,057	-	141,970	404,027
Operating Transfers (Out)	(404,027)	-	-	-	(404,027)
Total Other Financing Sources and (Uses)	<u>(404,027)</u>	<u>282,112</u>	<u>-</u>	<u>601,550</u>	<u>479,635</u>
Net Change in Fund Balances (Deficits)	769,636	(4,914,817)	(7,356,723)	(6,829)	(11,508,733)
Fund Balances (Deficits) - Beginning of Year	16,054,338	-	(3,080,059)	1,427,164	14,401,443
Fund Balances (Deficits) - End of Year	<u>\$ 16,823,974</u>	<u>\$ (4,914,817)</u>	<u>\$ (10,436,782)</u>	<u>\$ 1,420,335</u>	<u>\$ 2,892,710</u>

See notes to audited basic financial statements.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES**

Year Ended June 30, 2025

Net Change in Fund Balances - Total Governmental Funds \$ (11,508,733)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Net Position, assets including intangible lease assets with an initial, individual cost of more than \$5,000 are capitalized and in the Statement of Activities the cost is allocated over their estimated useful lives and reported as depreciation and amortization expense. This is the amount by which capital outlays (net of retainage payable) exceeded depreciation and amortization expense and loss on disposals in the current period.

Capital Outlays	\$ 8,907,262	
Loss on Disposals	(120,904)	
Depreciation and Amortization Expense	<u>(2,864,454)</u>	5,921,904

Repayment of debt principal is an expenditure in the governmental funds, but the payment reduces long-term liabilities in the Statement of Net Position. This is the amount of debt and lease repayments made in the current period. 2,895,415

Proceeds of long-term debt and lease obligations are recorded as an other financing source for governmental funds but are not recorded in the Statement of Activities. This is the amount of proceeds from long-term debt received in the current year. (395,000)

Interest on long-term debt in the Statement of Activities differs from the amount reported in the governmental funds because interest is recorded as an expenditure in the funds when it is paid, and thus requires the use of current financial resources. In the Statement of Activities, however, interest expense is recognized as the interest accrues, regardless of when it is paid. The interest reported in the Statement of Activities is increased by the increase in accrued interest on bonds less amortization of premium on bond issue. (451,583)

Governmental funds report revenues only when they are considered "available", whereas the Statement of Activities report revenues when earned. Long-term revenue differences relating to deferred state and federal aid revenue is reported as revenue in the Statement of Activities and Deferred Inflows in the governmental funds, and therefore not reported as revenue in the governmental funds. Additionally, the District has applied an allowance for uncollectible balances for the aid receivables to account for potential variances in actual receipts:

State Sources - Disaster Grants	\$ 504,933	
Federal Sources - Disaster Grants	<u>3,532,503</u>	4,037,436

See notes to audited basic financial statements.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

**RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES TO THE STATEMENT OF
ACTIVITIES - Continued**

Year Ended June 30, 2025

In the Statement of Activities, certain operating expenses -- compensated absences (vacations and certain sick pay), special termination benefits (early retirement) -- are measured by the amount earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid).

(437,150)

On the Statement of Activities, the actual and projected long term expenditures for postemployment benefits and related deferred outflows/inflows are reported, whereas, on the governmental funds only the actual expenditures are recorded for postemployment benefits.

(2,434,881)

Decreases in proportionate share of net pension asset (liability) and related deferred outflows/inflows reported in Statement of Activities do not provide for or require the use of current financial resources and therefore are not reported as revenues or expenditures in the governmental funds.

Teachers' Retirement System	\$	141,548	
Employees' Retirement System		<u>131,362</u>	<u>272,910</u>
Change in Net Position of Governmental Activities			<u><u>\$ (2,099,682)</u></u>

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

June 30, 2025

	Custodial
ASSETS	
Cash and Cash Equivalents	
Restricted	\$ -
Total Assets	<u>\$ -</u>
LIABILITIES	
Other Liabilities	\$ -
Total Liabilities	<u>-</u>
NET POSITION	
Restricted	<u>\$ -</u>

See notes to audited basic financial statements.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

Year Ended June 30, 2025

	Custodial
ADDITIONS	
Taxes Collected for Other Governments (Library Levy)	<u>\$ 180,000</u>
Total Additions	<u>180,000</u>
DEDUCTIONS	
Payment of Tax to Other Governments (Library Levy)	<u>180,000</u>
Total Deductions	<u>180,000</u>
Change in Net Position	-
Net Position - Beginning of Year	<u>-</u>
Net Position - End of Year	<u><u>\$ -</u></u>

See notes to audited basic financial statements.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The financial statements of Lowville Academy and Central School District (the District) have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. Significant accounting principles and policies used by the District are described below:

Reporting Entity

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

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

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

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Reporting Entity – Continued

Extra Classroom Activities Fund

The Extra Classroom Activities Fund of the District represent the funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activities Fund is independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extra Classroom Activities Fund can be found at the District's business office. The District accounts for assets held as an agent for various student organizations in a miscellaneous special revenue fund.

Joint Venture

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

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

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

During the year, the District was billed \$3,368,226 for BOCES administrative and program costs.

The District's share of BOCES aid amounted to \$1,547,130. This represents state aid distributions of \$1,397,903 and 2024 fund balance returned to schools of \$149,227.

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

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation

District-Wide Statements

The *Statement of Net Position* and the *Statement of Activities* present financial information about the overall District's governmental activities, except for fiduciary activities. Eliminations have been made to minimize the double-counting of internal transactions. Governmental activities are generally financed through taxes, state and federal aid, intergovernmental revenues, and other exchange and non-exchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Employee benefits, are allocated to functional areas in proportion to the payroll expenditures for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

Fund Statements

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

Governmental funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through governmental funds. The emphasis of governmental fund financial statements is on major funds as defined by GASB, each displayed in a separate column. The District reports the following governmental funds:

General Fund: This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

Special Revenue Funds: These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition, extra classroom activities fund which the District has administrative involvement or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties.

Special Aid Fund: Used to account for proceeds received from state and federal grants that are restricted for specific educational programs.

School Food Service Fund: Used to account for child nutrition activities whose funds are restricted as to use.

Extra Classroom Activities Fund: Used to account for funds operated by and for the students of the District. The Board exercises general oversight of these funds. The extra classroom activities fund are independent of the District with respect to its financial transactions and the designation of student management.

Scholarships and Awards Fund: Used to account for proceeds received from various individuals and organizations that are restricted for specific scholarship and award programs not under specific trust arrangements.

Capital Projects Funds: These funds are used to account for the financial resources used for acquisition, construction, or major repair of, or the right-to-use capital facilities and other capital and intangible assets. For these funds, each capital project is assessed to determine whether it is a major or non-major fund. Those capital projects that are determined to be major are reported in separate columns in the financial statements. Those that are determined to be non-major are reported in the supplemental schedules either separately or in the aggregate.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund is used to account for the proceeds from the sale of capital assets up to the balance of the related bonds outstanding.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Basis of Presentation – Continued

The District reports the following fiduciary funds:

Fiduciary Funds: Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District, and are not available to be used.

The District's fiduciary fund is as follows:

Custodial Funds: These funds are strictly custodial in nature and do not involve the measurement of results of operations. These funds are used to account for real property taxes collected on behalf of other governments and disbursed to these governments.

Measurement Focus and Basis of Accounting

Measurement focus describes what type of information is reported and is either the economic resources measurement focus or the current financial resources measurement focus. The economic resources measurement focus reports all assets, liabilities, and deferred resources related to a given activity, as well as transactions of the period that affect net position. For example, all assets, whether financial (e.g., cash and receivables) or capital (e.g. property and equipment) and liabilities (including long-term debt and obligations) are reported. The current financial resources measurement focus reports more narrowly on assets, liabilities, and deferred resources that are relevant to near-term liquidity, along with net changes resulting from transactions of the period. Consequently, capital assets and the unmature portion of long-term debt and other certain other liabilities the District would not expect to liquidate currently with expendable available resources (e.g. compensated absences for employees still in active service) would not be reported.

Basis of accounting describes when changes are recognized and is either the accrual basis of accounting or the modified accrual basis of accounting. The accrual basis of accounting recognizes changes in net position when the underlying event occurs, regardless of the timing of related cash flows. The modified accrual basis of accounting recognizes changes only at the point they affect near-term liquidity.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Measurement Focus and Basis of Accounting– Continued

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

The governmental fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 90 days after the end of the fiscal year as it matches the liquidation of related obligations.

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

Real Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, 2024 and became a lien on August 12, 2024. Taxes are collected during the period September 1, 2024 to October 31, 2024.

Uncollected real property taxes are subsequently enforced by the County of Lewis, in which the District is located. The County pays an amount representing uncollected real property taxes transmitted to the County for enforcement to the District no later than the following April 1.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Restricted Resources

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

Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditures and revenues to provide financing or other services. This includes the transfer of unrestricted general fund revenues to finance various programs that the District must account for in other funds in accordance with budgetary authorizations.

In the District-wide 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 the fiduciary fund.

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

Refer to Note 10 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Estimates

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities and deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, pension costs, OPEB, workers' compensation liabilities, potential contingent liabilities, useful lives of capital assets, intangible lease assets, and intangible subscription assets.

Cash and Cash Equivalents

The District's cash and cash equivalents consist of cash on hand, demand deposits, and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

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

Certain cash balances are restricted by various legal or contractual obligations, such as legal reserves or debt agreements.

Receivables

Receivables are shown gross, with uncollectible amounts recognized under the direct write-off method within the Balance Sheet for governmental funds. An allowance for uncollectible accounts has been included for state and federal aid receivables of \$448,604 within the Statement of Net Position to account for potential write-off of significant aid receivables. The allowance for uncollectible accounts is based on management's assessment of the collectability of specific accounts, the aging of receivables, historical experience, and other currently available evidence.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Inventories and Prepaid Items

Inventories of food in the School Food Service Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food donated by the U.S. Department of Agriculture, at the Government's assigned value, which approximates market. Purchases of inventory items in other funds are recorded as expenditures at the time of purchase and are considered immaterial in amount.

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

A portion of fund balance in the amount of these non-liquid assets (inventories and prepaid items) has been identified as not available for other subsequent expenditures.

Other Assets

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

Capital Assets and Intangible Lease Assets

Capital assets are reported at actual cost or estimated historical cost, based on appraisals conducted by independent third-party professionals. Donated assets are reported at estimated fair market value at the time received.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Land and Construction in Process are not depreciated.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Capital Assets and Intangible Lease Assets – Continued

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods, and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and Improvements	\$ 5,000	SL	10-40 Years
Site Improvements	5,000	SL	10-20 Years
Furniture and Equipment	5,000	SL	4-20 Years

The District does not possess any infrastructure.

Intangible lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, plus ancillary charges necessary to place the lease into service. A capitalization threshold of \$5,000 is used for lease acquisitions that are prepaid and have no corresponding lease liability. Intangible lease assets are amortized over the lease term (3-5 years) consistent with the decrease in the related lease liability or using the straight-line method if there is no corresponding lease liability.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has three items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The second item is related to OPEB reporting in the District-wide Statement of Net Position. This represents the effect of the net change in the actual and expected experience and the changes of assumptions or other inputs. The third item is the District's contributions to the New York State Teachers' and Employees' pension systems and to the Other Postemployment Benefit (OPEB) plan subsequent to the measurement date.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Deferred Outflows and Inflows of Resources - Continued

In addition to liabilities, the Statement of Net Position or Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets or fund balance that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has three items that qualify for reporting in this category. The first item arises only under a modified accrual basis of accounting and is recorded as deferred federal and state grants in the governmental fund balance sheet. The second item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension liability (TRS and ERS system) and difference during the measurement periods between the District's contributions and its proportionate share of total contributions to the pension systems not included in pension expense. The third item is related to OPEB reported in the Districtwide Statement of Net Position. This represents the effect of the net changes of assumptions or other inputs.

Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized.

Employee Benefits – Compensated Absences

Compensated Absences

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

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

Vacation eligibility and accumulation is specified in collective bargaining agreements and in individual employment contracts. Some earned benefits may be forfeited if not taken within varying time periods. Employees are compensated for unused accumulated vacation leave through paid time off or cash payment upon retirement, termination, or death.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Employee Benefits – Compensated Absences- Continued

Certain collectively bargained agreements require these payments to be paid in the form of non-elective contributions into the employers' section 403(b) plan.

In the District-Wide financial statements, the District recognizes a liability for compensated absences, including vacation and sick leave, when employees have earned the right to leave and it is more likely than not that the leave will be used for time off or otherwise paid in cash, or settled through other means. The liability is measured at the employee's rate of pay at the reporting date and/or rates specified in negotiated labor contracts and in individual employment contracts, including salary-related payments such as social security and Medicare taxes.

In the fund statements, a liability is reported only for payments due for unused compensated absences for those employees that have obligated themselves to separate from service with the District by June 30th.

Other Benefits

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

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

The District provides individual or family health insurance coverage for active employees pursuant to collective bargaining agreements and individual employment contracts.

In addition to providing these benefits, the District provides individual, family, or surviving spouse postemployment health insurance coverage to eligible retired employees. Collective bargaining agreements and individual employment contracts determine if District employees are eligible for these benefits if they reach normal retirement age while working for the District. Healthcare benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure in the governmental funds as the liabilities for premiums mature (come due for payment). In the District-Wide statements, the cost of postemployment health insurance coverage is recognized on the economic resources measurement focus and the accrual basis of accounting in accordance with the criteria set forth by GASB.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Short-Term Debt

The District may issue Revenue Anticipation Notes (RAN) and Tax Anticipation Notes (TAN), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

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

The District may issue Bond Anticipation Notes (BAN), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. BANs that are replaced with long-term financing or renewed subsequent to the year-end but before the issuance of the financial statements are treated as long-term liabilities, as these notes will not require the use of working capital during that period. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

Accrued Liabilities and Long-Term Obligations

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

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

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications

District-Wide Statements

In the district-wide statements there are three classes of net position:

Net Investment in Capital Assets – consists of net capital assets (cost less accumulated depreciation) and intangible lease assets (present value of future payments remaining on the term less accumulated amortization) reduced by outstanding balances of related debt obligations from the acquisition, construction, improvements of, and the right-to-use these assets, net of any unexpended proceeds.

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

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

Fund Statements

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

Nonspendable - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Food Service Fund of \$42,761 and prepaid items in the General Fund of \$30,071.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications – Continued

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

Capital Reserve

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

Employee Benefit Accrued Liability

According to General Municipal Law §6-p, expenditures made from the employee benefit accrued liability reserve fund must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund.

Unemployment Insurance

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

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications - Continued**Scholarships and Awards Fund**

According to constraints placed on the use of resources established by various scholarship and award programs, must be used for the specific purpose outlined in the program. These monies are accounted for in the Scholarships and Awards Fund.

Extra Classroom Activities Fund

According to the regulations of the Commissioner of Education (8 NYCRR Part 172), the Board of Education of the District is required to make the rules and regulations for the establishment, conduct, operation, and maintenance of extra classroom activities and for the safeguarding, accounting and audit of all moneys received. According to the regulations of the Board of Education, the monies represent the funds of the students of the District and must be used by the student organizations of the District. These monies are accounted for the Extra Classroom Activities Fund.

Retirement Contributions

According to General Municipal Law §6-r, all expenditures made from the retirement contributions reserve fund must be used for financing retirement contributions to the New York State and Local Employees' Retirement System. This reserve is established by Board resolution and is funded by budgetary appropriation and such other reserves and funds that may be legally appropriated. This reserve must be accounted for separately and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board. This reserve is accounted for in the General Fund.

Effective April 1, 2019, a Board may adopt a resolution establishing a sub-fund for contributions to New York State Teachers' Retirement System. During a fiscal year, the Board may authorize payment into the sub-fund of up to 2% of the total covered salaries paid during the preceding fiscal year, with the total amount funded not to exceed 10% of the total covered salaries during the preceding fiscal year. The sub-fund is separately administered, but must comply with all the existing provisions of General Municipal Law §6-r. This reserve is accounted for in the General Fund.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications - Continued**Energy System Tax Stabilization Reserve**

In September 2016, a bill was signed into law by the Governor of New York State authorizing Lowville Academy and Central School District to establish a tax stabilization reserve. The creation of the reserve required authorization by a majority of the voters establishing the purpose and maximum allowable balance to be held. The voters approved the creation of the reserve on May 16, 2017. The purpose of the reserve is to lessen or prevent increases in the District's real property tax levy resulting from decreases in revenue due to changes in or termination of the payments in lieu of taxes receivable by the District. This reserve is accounted for in the General Fund.

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement. This reserve is accounted for in the Debt Service Fund.

Capital Project Funds

According to constraints placed on the use of resources established by approved capital projects, must be used for the specific purpose outlined in the approved proposition. These monies are accounted for in the Capital Projects Fund.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications - Continued

Restricted fund balance includes the following at June 30, 2025:

General Fund	
Capital Reserve	\$ 421,372
Reserve for Employee Benefits and Accrued Liabilities	491,331
Unemployment Insurance Reserve	124,431
Reserve for State and Local Retirement System Contributions	195,821
Reserve for Teachers' Retirement System Contributions	441,446
Energy System Tax Stabilization Reserve	12,747,326
Debt Service Fund	399,918
Extra Classroom Activities Fund	145,253
Scholarships and Awards Fund	267,430
Total Restricted Funds	\$ 15,234,328

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

Assigned - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund. Assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year. All encumbrances of the General Fund are classified as Assigned Fund Balance in the General Fund. Encumbrances reported in the General Fund amounted to \$253,869, classified as followings \$174,834 for general support and \$79,035 for instruction costs. Appropriated fund balance in the General Fund amounted to \$1,000,000. Any remaining fund balance in other funds is considered assigned. The School Food Service Fund also reported assigned fund balance of \$564,973.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Equity Classifications - Continued

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

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds, excluding the reserve for tax reduction, a school district can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year, encumbrances and amounts reserved for insurance recoveries are also excluded from the 4% limitation.

Order of Use of Fund Balance

In circumstances where an expenditure is incurred for a purpose for which amounts are available in multiple fund balance classifications (e.g., expenditures related to reserves) the expenditure is to be spent first from the restricted fund balance to the extent appropriated by either budget vote or board approved budget revision and then from the unrestricted fund balance. Expenditures incurred in the unrestricted fund balances shall be applied first to the assigned fund balance to the extent that there is an assignment and then to the unassigned fund balance.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES – Continued

Implementation of New Accounting Standards

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

GASB has issued Statement No. 101, *Compensated Absences*, effective for the year ended June 30, 2025. This statement requires that liabilities for compensated absences be recognized for leave that has not been used and leave that has not been used, but not yet paid in cash or settled through noncash means. This liability would include leave that has not been used if the leave is attributable to services already rendered, the leave accumulates, and the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

GASB has issued Statement No. 102, *Certain Risk Disclosures*, effective for the year ended June 30, 2025. This statement's objective is to provide users of governmental financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints.

Future Changes in Accounting Standards

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

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

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUND STATEMENTS AND DISTRICT-WIDE
STATEMENTS**

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

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

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the current financial resources focus of the governmental fund Balance Sheet, as applied to the reporting of capital assets and deferred outflows of resources, and long-term assets and liabilities, and deferred inflows of resources.

Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities

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

1. Long-Term Revenue and Expense Differences:

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

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

**NOTE 2 - EXPLANATION OF CERTAIN DIFFERENCES
BETWEEN FUND STATEMENTS AND DISTRICT-WIDE
STATEMENTS**

**Statement of Revenues, Expenditures and Changes in Fund Balances vs. Statement of Activities
- Continued**

2. Capital Related Differences:

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

3. Long-Term Debt Transaction Differences:

Long-term debt transaction differences occur because the issuance of long-term debt provides current financial resources to governmental funds, but is recorded as a liability in the Statement of Net Position. In addition, both interest and principal payments are recorded as expenditures in the fund statements when due and payable, whereas interest expense is recorded in the Statement of Activities as it accrues, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

4. Pension Differences:

Pension differences occur as a result of recognizing pension costs using the current financial resources measurement focus and the modified accrual basis of accounting, whereby an expenditure is recognized based on the contractually required contribution as calculated by the plan, versus the economic resources measurement focus and the accrual basis of accounting, whereby an expense is recognized related to the District's proportionate share of the collective pension expense of the plan.

5. OPEB Differences:

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

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 3 – CHANGES IN ACCOUNTING PRINCIPLES

For the fiscal year ended June 30, 2025, the District implemented GASB Statement No. 101, *Compensated Absences*. The implementation of the statement establishes a unified model for the recognition and measurement of compensated absences.

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental fund for which legal (appropriated) budgets are adopted:

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

Appropriations are adopted at the program line item level.

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations authorized for the year may be increased by the amount of encumbrances carried forward from the prior year. 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 can be funded by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law) and appropriations of fund balances. These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. The following supplemental appropriation occurred during the year: board approved transfers related to flooding mitigation expenses to the Capital Fund, as well as \$83,027 for use of the employee benefit accrued liability reserves and adjustments for donations received of \$58,031 within the General Fund.

Budgets are adopted annually on a basis consistent with GAAP.

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

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 4 - STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY - Continued

Budgets- Continued

Special Revenue Funds have not been included in the comparison because they do not have a legally authorized (appropriated) budget.

Encumbrances

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

Other

The Capital Project Fund – District Wide had a deficit fund balance of \$10,436,782. These balances will be funded when the District obtains permanent financing at the closure of the project.

The Capital Project Fund – Flooding had a deficit fund balance of \$4,914,817. These balances will be funded when the District transfers monies from the General Fund and receives federal and state aid sources receivable.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 5 - CASH AND CASH EQUIVALENTS - CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE, AND FOREIGN CURRENCY RISKS

Cash

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

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	<u>\$ -</u>
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	<u>\$ 15,178,333</u>

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year-end includes \$14,421,727 restricted for various fund balance reserves in the General Fund, \$823,126 restricted for Capital Projects–Flooding, \$3,043,467 Capital Projects–District Wide Fund, \$30,279 Capital Projects–Buses, \$145,253 restricted in the Extra Classroom Activities Fund, and \$270,880 restricted in the Scholarships and Awards Fund within the governmental funds.

Deposits are valued at cost or cost plus interest and are categorized as either (1) insured, or for which the securities are held by the District's agent in the District's name, (2) collateralized, and for which the securities are held by the pledging financial institution's trust department or agent in the District's name, or (3) uncollateralized. At June 30, 2025 all deposits were fully insured and collateralized by the District's agent, but not in the District's name.

The District follows an investment and deposit policy, the overall objective of which is to adequately safeguard the principal amount of funds invested or deposited; conformance with Federal, State and other legal requirements; and provide sufficient liquidity of invested funds in order to meet obligations as they become due. Oversight of investment activity is the responsibility of the Business Administrator of the District.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

**NOTE 5 - CASH AND CASH EQUIVALENTS - CUSTODIAL
CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE,
AND FOREIGN CURRENCY RISKS - Continued**

Cash - Continued

The District does not typically purchase investments for a long enough duration to cause it to believe that it is exposed to any material interest rate risk.

The District does not typically purchase investments denominated in a foreign currency and is not exposed to foreign currency risk.

Investment Pool – NYCLASS

The District participates in a multi-municipal cooperative investment pool agreement pursuant to New York State General Municipal Law Article 5-G, §119-O, whereby it holds a portion of the investments in cooperation with other participants. The amounts held represent the cost of the investment pool shares and are considered to approximate net asset value. At June 30, 2025, the District held \$6,062,664 in the General Fund, \$152,209 in the School Food Service Fund, \$270,084 in the Scholarships and Awards Fund, and \$30,279 in the Capital Fund – Buses, in the investments consisting of various investments in securities issued by the United States and its agencies, which are included in unrestricted and restricted cash and cash equivalents.

Total investments of the cooperative as of year-end are \$14,108,902,633, which consisted of \$578,204,196 in collateralized bank deposits, \$3,819,691,492 in repurchase agreements, \$8,250,852,544 in U.S. Treasury Bills, and \$1,460,154,401 in U.S. Treasury Notes. The U.S. Treasuries within the NYCLASS portfolio are backed by the full faith and credit of the United States Government and therefore do not require collateral. New York State Municipal Bonds within the portfolio are backed by the full faith and credit of the State of New York and therefore do not require collateral. The other permissible investment security types are collateralized in accordance with NYS GML Section 10 and the NYCLASS Investment Policy. Repurchase agreements (repos) are collateralized 102% by either U.S. Treasuries and/or U.S. Agencies. Bank deposits also require full collateral; currently NYCLASS Collateralized Bank Deposits are being collateralized by Federal Home Loan Bank (FHLB) Letters of Credit (LOC).

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 6 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS

In accordance with the provisions of GASB Statement No 87, *Leases*, the District has recognized an intangible lease asset for agreements whereby the District obtains the right to the present service capacity of an underlying asset and the right to determine the nature and manner of an underlying asset's use for a period of one year or greater. The District has entered into such lease agreements for various items and other equipment.

Capital asset balances and activity were as follows:

Governmental Activities	Beginning Balance	Additions	Retirements / Reclassifications	Ending Balance
Capital Assets That Are Not Depreciated:				
Land	\$ 1,161,955	\$ -	\$ -	\$ 1,161,955
Construction-in-Progress	5,126,718	7,908,625	(1,741,558)	11,293,785
Total Nondepreciable Assets	6,288,673	7,908,625	(1,741,558)	12,455,740
Other Capital Assets:				
Buildings and Improvements	60,568,074	19,178	236,944	60,824,196
Site Improvements	8,490,025	-	477,114	8,967,139
Furniture and Equipment	9,701,804	1,585,145	(1,115,098)	10,171,851
Intangible Lease Assets	209,047	-	-	209,047
Total Other Capital Assets	78,968,950	1,604,323	(401,040)	80,172,233
Less: Accumulated Depreciation				
Buildings and Improvements	29,082,143	1,537,962	-	30,620,105
Site Improvements	6,002,323	393,245	(975,602)	5,419,966
Furniture and Equipment	6,418,675	894,191	(892,307)	6,420,559
Less: Accumulated Amortization				
Intangible Lease Assets	124,370	39,056	-	163,426
Total Accumulated Depreciation and Amortization	41,627,511	2,864,454	(1,867,909)	42,624,056
Total Other Capital Assets, Net	37,341,439	(1,260,131)	1,466,869	37,548,177
Capital Assets, Net	\$ 43,630,112	\$ 6,648,494	\$ (274,689)	\$ 50,003,917

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 6 - CAPITAL ASSETS AND INTANGIBLE LEASE ASSETS**- Continued**

Depreciation and Amortization expense was charged to governmental functions as follows:

General Support	\$ 2,144,637
Instruction	349,905
Pupil Transportation	350,922
School Food Service Program	18,990
Total Depreciation and Amortization Expense	<u>\$ 2,864,454</u>

NOTE 7 - SHORT-TERM DEBT

Transactions in short-term debt for the year are summarized below:

	<u>Maturity</u>	<u>Interest Rate</u>	<u>Beginning Balance</u>	<u>Issued</u>	<u>Redeemed</u>	<u>Ending Balance</u>
BAN	7/10/2025	4.50%	\$ -	\$ 12,650,000	\$ -	\$ 12,650,000
RAN	10/8/2025	4.25%	-	6,000,000	-	6,000,000
			<u>\$ -</u>	<u>\$ 18,650,000</u>	<u>\$ -</u>	<u>\$ 18,650,000</u>

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

Plus: Interest Accrued in the Current Year	<u>\$ 739,490</u>
Total Interest on Short-Term Debt	<u>\$ 739,490</u>

The BAN was issued as temporary financing for a district wide capital project until serial bonds are issued and the RAN was issued pending receipt of State and Federal Aid related to the emergency capital project due to flood damages caused by severe weather.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM DEBT OBLIGATIONS

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

In the fund financial statements, governmental funds recognize bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Further, the unmatured principal of general long-term debt does not require current appropriation and expenditure of governmental fund financial resources.

Serial Bonds

The School District borrows money in order to acquire land or equipment, construct buildings, or make improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets. These long-term liabilities are full faith and credit debt of the local government. The provisions will be in the General Fund's future budgets for capital indebtedness.

Long-term liability balances and activity are as follows:

Governmental Activities	Beginning Balance	Additions	Reductions	Ending Balance	Amount Due Within One Year
Bonds and Notes Payable					
General Obligation Debt					
Serial Bonds	\$ 8,282,000	\$ 395,000	\$ 2,867,000	\$ 5,810,000	\$ 945,000
Premium on Bonds	1,006,046	-	284,532	721,514	284,530
Total Bonds & Notes Payable	9,288,046	395,000	3,151,532	6,531,514	1,229,530
Other Liabilities					
Compensated Absences Payable	607,322	437,150	-	1,044,472	-
Other Postemployment Benefits Payable	55,038,857	2,985,503	-	58,024,360	-
Net Pension Liability - Proportionate Share	2,064,032	-	601,088	1,462,944	-
Lease Liability	74,676	-	28,415	46,261	836
Total Other Liabilities	57,784,887	3,422,653	629,503	60,578,037	836
Total Governmental Activities	\$ 67,072,933	\$ 3,817,653	\$ 3,781,035	\$ 67,109,551	\$ 1,230,366

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM DEBT OBLIGATIONS – Continued

The General Fund has typically been used to liquidate long-term liabilities such as compensated absences and postemployment benefits.

Existing serial and statutory bond obligations as of June 30, 2025 are as follows:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
2017 Serial Bonds	06/08/17	06/15/32	3.00 - 5.00%	\$ 4,590,000
2020 Serial Bonds	08/25/20	08/15/25	1.19%	75,000
2022 Serial Bonds	08/18/21	08/15/26	1-1.125%	160,000
2023 Serial Bonds	09/01/22	08/15/27	2.25-3.67%	230,000
2024 Serial Bonds	08/15/23	08/15/28	4.17%	360,000
2025 Serial Bonds	08/15/24	08/15/29	3.60%	395,000
				<u>\$ 5,810,000</u>

The following is a summary of debt service requirements for the year-end June 30:

	Principal	Interest	Total
2026	\$ 945,000	\$ 251,260	\$ 1,196,260
2027	910,000	215,502	1,125,502
2028	870,000	179,056	1,049,056
2029	835,000	142,731	977,731
2030	775,000	109,957	884,957
2031-2032	<u>1,475,000</u>	<u>111,500</u>	<u>1,586,500</u>
Total	<u>\$ 5,810,000</u>	<u>\$ 1,010,006</u>	<u>\$ 6,820,006</u>

Advanced Refunding

In prior years, the District defeased certain general obligation bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2025, the amount of outstanding defeased bonds totaled approximately \$25,000.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 8 - LONG-TERM DEBT OBLIGATIONS – Continued

Lease Liabilities

The District enters into agreements to lease information technology equipment and Fair Grounds property. Leases with a lease term greater than twelve months are recorded at the present value of the future minimum lease payments as of the date of their inception.

Existing lease obligations:

Description	Issue Date	Final Maturity	Interest Rate (%)	Balance
Fairgrounds Property - Fair Board	7/1/2000	10/31/2063	2.00%	\$ 46,261

The following is a summary of debt service requirements for lease liabilities at year-end June 30:

	Principal	Interest	Total
2026	\$ 836	\$ 914	\$ 1,750
2027	852	898	1,750
2028	867	883	1,750
2029	887	863	1,750
2029	904	845	1,749
Thereafter	41,915	15,224	57,139
Total	<u>\$ 46,261</u>	<u>\$ 19,627</u>	<u>\$ 65,888</u>

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

Interest Paid	\$ 398,350
Less: Interest Accrued in the Prior Year	(34,590)
Plus: Interest Accrued in the Current Year	31,215
Less: Amortization of Bond Premium	(284,532)
Total Interest on Long-Term Debt	<u>\$ 110,443</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (ERS) and the New York State Teachers' Retirement System (TRS). These are cost-sharing multiple employer public employee defined benefit retirement systems. The Systems provide retirement, disability, withdrawal and death benefits to plan members and beneficiaries related to years of service and final average salary.

Teachers' Retirement System (TRS) Plan Description

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

Employees' Retirement System (ERS) Plan Description

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

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

TRS Benefits Provided

Benefits

The benefits provided to members of the System are established by New York State law and may be amended only by the Legislature with the Governor's approval. Benefit provisions vary depending on date of membership and are subdivided into the following six classes:

Tier 1

Members who last joined prior to July 1, 1973 are covered by the provisions of Article 11 of the Education Law.

Tier 2

Members who last joined on or after July 1, 1973 and prior to July 27, 1976 are covered by the provisions of Article 11 of the Education Law and Article 11 of the Retirement and Social Security Law (RSSL).

Tier 3

Members who last joined on or after July 27, 1976 and prior to September 1, 1983 are covered by the provisions of Article 14 and Article 15 of the RSSL.

Tier 4

Members who last joined on or after September 1, 1983 and prior to January 1, 2010 are covered by the provisions of Article 15 of the RSSL.

Tier 5

Members who joined on or after January 1, 2010 and prior to April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

Tier 6

Members who joined on or after April 1, 2012 are covered by the provisions of Article 15 of the RSSL.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

TRS Benefits Provided - Continued

Service Retirements

Tier 1 members are eligible, beginning at age 55, for a service retirement allowance of approximately 2% per year of credited service times final average salary.

Under Article 19 of the RSSL, eligible Tier 1 and 2 members can receive additional service credit of one-twelfth of a year for each year of retirement credit as of the date of retirement or death up to a maximum of 2 additional years.

Tiers 2 through 5 are eligible for the same but with the following limitations: (1) Tiers 2 through 4 members receive an unreduced benefit for retirement at age 62 or retirement at ages 55 through 61 with 30 years of service or reduced benefit for retirement at ages 55 through 61 with less than 30 years of service. (2) Tier 5 members receive an unreduced benefit for retirement at age 62 or retirement at ages 57 through 61 with 30 years of service. They receive a reduced benefit for retirement at age 55 and 56 regardless of service credit, or ages 57 through 61 with less than 30 years of service.

Tier 6 members are eligible for a service retirement allowance of 1.75% per year of credited service for the first 20 years of service plus 2% per year for years of service in excess of 20 years times final average salary. Tier 6 members receive an unreduced benefit for retirement at age 63. They receive a reduced benefit at ages 55-62 regardless of service credit.

Vested Benefits

Retirement benefits for Tiers 1-6 are now vested after 5 years of credited service. Prior to April 9, 2022, Tier 5 and 6 members had to attain 10 years of state service credit to be vested. Benefits are payable at age 55 or greater with the limitations previously noted for service retirements.

Disability Retirement

Members are eligible for disability retirement benefits after 10 years of credited New York State Service.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

TRS Benefits Provided - Continued

Death Benefits

Death benefits are paid to the beneficiary of active members who die in service and certain retirees. For active members, the benefit is based on final salary, age and the number of years of credited service. For retired members, it is also based on the number of years in retirement.

Prior and Military Service

After 2 years of membership, members of all tiers may claim and receive credit for prior New York State public or teaching service. Only Tier 1 and 2 members may, under certain conditions, claim out-of-state service. Certain members may also claim military service credit prior to or interrupting membership.

Tier Reinstatement

In accordance with Chapter 640 of the Laws of 1998, any active member who had a prior membership may elect to be reinstated to their original date and Tier of membership.

Permanent Cost-of-Living Adjustment (COLA)

Section 532-a of the Education Law provides a permanent cost-of-living benefit to both current and future retired members. This benefit will be paid commencing September of each year to retired members who have attained age 62 and have been retired for 5 years or attained age 55 and have been retired for 10 years. Disability retirees must have been retired for 5 years, regardless of age, to be eligible. The annual COLA percentage is equal to 50% of the increase in the consumer price index, not to exceed 3% nor be lower than 1%. It is applied to the first eighteen thousand dollars of maximum annual benefit. The applicable percentage payable beginning September 2022 and 2021 is 3.0% and 1.4%, respectively. Members who retired prior to July 1, 1970 are eligible for a minimum benefit of seventeen thousand five hundred dollars for 35 years of credited full-time New York State service. Certain members who retire pursuant to the provisions of Article 14 of the RSSL are eligible for automatic cost-of-living supplementation based on the increase in the consumer price index with a maximum per annum increase of 3%.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

ERS Benefits Provided

Benefits

The System provides retirement benefits as well as death and disability benefits.

Tiers 1 and 2

Eligibility: Tier 1 members, with the exception of those retiring under special retirement plans, must be at least age 55 to be eligible to collect a retirement benefit. There is no minimum service requirement for Tier 1 members. Tier 2 members, with the exception of those retiring under special retirement plans, must have five years of service and be at least age 55 to be eligible to collect a retirement benefit. The age at which full benefits may be collected for Tier 1 is 55, and the full benefit age for Tier 2 is 62.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If the member retires with 20 or more years of service, the benefit is 2 percent of final average salary for each year of service. Tier 2 members with five or more years of service can retire as early as age 55 with reduced benefits. Tier 2 members age 55 or older with 30 or more years of service can retire with no reduction in benefits. As a result of Article 19 of the RSSL, Tier 1 and Tier 2 members who worked continuously from April 1, 1999 through October 1, 2000 received an additional month of service credit for each year of credited service they have at retirement, up to a maximum of 24 additional months.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 1 members who joined on or after June 17, 1971, each year's compensation used in the final average salary calculation is limited to no more than 20 percent greater than the previous year. For Tier 2 members, each year of final average salary is limited to no more than 20 percent of the average of the previous 2 years.

Tiers 3, 4, and 5

Eligibility: Tier 3, 4 and 5 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 3, 4 and 5 is 62.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

ERS Benefits Provided - Continued

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with between 20 and 30 years of service, the benefit is 2 percent of final average salary for each year of service. If a member retires with more than 30 years of service, an additional benefit of 1.5 percent of final average salary is applied for each year of service over 30 years. Tier 3 and 4 members with five or more years of service and Tier 5 members with 5 or more years of service can retire as early as age 55 with reduced benefits. Tier 3 and 4 members age 55 or older with 30 or more years of service can retire with no reduction in benefits.

Final average salary is the average of the wages earned in the 3 highest consecutive years of employment. For Tier 3, 4 and 5 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous two years.

Tier 6

Eligibility: Tier 6 members, with the exception of those retiring under special retirement plans, must have 5 years of service and be at least age 55 to be eligible to collect a retirement benefit. The full benefit age for Tier 6 is 63 for ERS members.

Benefit Calculation: Generally, the benefit is 1.67 percent of final average salary for each year of service if the member retires with less than 20 years. If a member retires with 20 years of service, the benefit is 1.75 percent of final average salary for each year of service. If a member retires with more than 20 years of service, an additional benefit of 2 percent of final average salary is applied for each year of service over 20 years. Tier 6 members with 10 or more years of service can retire as early as age 55 with reduced benefits.

Final average salary is the average of the wages earned in the 5 highest consecutive years of employment. For Tier 6 members, each year's compensation used in the final average salary calculation is limited to no more than 10 percent greater than the average of the previous 4 years.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

ERS Benefits Provided - Continued

Vested Benefits

All Members are vested when they reach 5 years of service credit.

Disability Retirement Benefits

Disability retirement benefits are available to ERS members unable to perform their job duties because of permanent physical or mental incapacity. There are three general types of disability benefits: ordinary, performance of duty, and accidental disability benefits. Eligibility, benefit amounts, and other rules such as any offset of other benefits depend on a member's tier, years of service, and plan.

Ordinary Death Benefits

Death benefits are payable upon the death, before retirement, of a member who meets eligibility requirements as set forth by law. The first \$50,000 of an ordinary death benefit is paid in the form of group term life insurance. The benefit is generally three times the member's annual salary. For most members, there is also a reduced post-retirement ordinary death benefit available.

Post-Retirement Benefit Increases

A cost-of-living adjustment is provided annually to: (i) all retirees who have attained age 62 and have been retired for five years; (ii) all retirees who have attained age 55 and have been retired for 10 years; (iii) all disability retirees, regardless of age, who have been retired for five years; (iv) ERS recipients of an accidental death benefit, regardless of age, who have been receiving such benefit for five years and (v) the spouse of a deceased retiree receiving a lifetime benefit under an option elected by the retiree at retirement. An eligible spouse is entitled to one-half the cost-of-living adjustment amount that would have been paid to the retiree when the retiree would have met the eligibility criteria. This cost-of-living adjustment is a percentage of the annual retirement benefit of the eligible retiree as computed on a base benefit amount not to exceed \$18,000 of the annual retirement benefit. The cost-of-living percentage shall be 50 percent of the annual Consumer Price Index as published by the U.S. Bureau of Labor but cannot be less than 1 percent or exceed 3 percent.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

Funding Policies

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3 percent of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions for the ERS' fiscal year ended March 31. The District paid 100% of the required contributions as billed by the TRS and ERS for the current year and each of the two preceding years. (The District chose to prepay the required contributions by December 15, 2024 and received an overall discount of \$3,356).

Required contributions for the current and two preceding years were:

	NYSTRS	NYSERS
2024 - 2025	\$ 1,021,039	\$ 466,479
2023 - 2024	1,082,202	432,323
2022 - 2023	1,033,047	381,570

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

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

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

	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,462,944)	\$ 1,634,736
District's Portion (%) of the Plan's Total Net Pension Asset (Liability)	0.0085324%	0.054791%
Change in Proportion (%) Since the Prior Measurement Date	-0.0010630%	-0.002153%

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

Pension Assets, Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

For the year ended June 30, 2025, the District's recognized pension expense (credit) of (\$141,548) for TRS and (\$131,362) for ERS. At June 30, 2025, the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>		<u>Deferred Inflows of Resources</u>	
	<u>ERS</u>	<u>TRS</u>	<u>ERS</u>	<u>TRS</u>
Differences Between Expected and Actual Experience	\$ 363,113	\$ 1,760,311	\$ 17,128	\$ -
Changes of Assumptions	61,353	977,904	-	164,493
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	114,779	-	-	1,816,331
Changes in Proportion and Differences Between the District's Contributions and Proportionate Share of Contributions	145,955	235,393	119,293	11,900
District's Contributions Subsequent to the Measurement Date	<u>152,637</u>	<u>1,091,238</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 837,837</u>	<u>\$ 4,064,846</u>	<u>\$ 136,421</u>	<u>\$ 1,992,724</u>

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension asset (liability) in the year ended June 30, 2026, if applicable. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense for the year ended as follows:

	ERS	TRS
2026	\$ 281,915	\$ (783,860)
2027	393,014	2,044,893
2028	(127,438)	(282,566)
2029	1,288	(328,060)
2030	-	238,996
Thereafter	-	91,481

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

Actuarial Assumptions

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

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
Actuarial Valuation Date	April 1, 2024	June 30, 2023
Interest Rate	5.9%	6.95%
Salary Scale	4.3%	1.3%
Decrement Tables	April 1, 2015 - March 31, 2020 System's Experience	July 1, 2015 - June 30, 2020 System's Experience
Inflation Rate	2.9%	2.4%

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

For ERS, the actuarial assumptions were based on the results of an actuarial experience study for the period April 1, 2015 – March 31, 2020. For TRS, the assumptions were computed by the TRS' Office of the Actuary and adopted by the TRS' Retirement Board in October 2021. The actuarial assumptions are based upon recent TRS member experience. Detailed assumption information may be found in the TRS' annual Actuarial Valuation Report.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

Actuarial Assumptions - Continued

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

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

Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized as follows:

	ERS	TRS
Measurement Date	March 31, 2025	June 30, 2024
Asset Type		
Domestic Equity	3.54%	6.60%
International Equity	6.57%	7.40%
Private Equity	7.25%	10.00%
Global Equity		6.90%
Real Estate	4.95%	6.30%
Opportunistic/Absolute Return Strategies Portfolio	5.25%	
Credit	5.40%	
Real Assets	5.55%	
Fixed Income	2.00%	
Cash	0.25%	0.50%
Private Debt		5.90%
Real Estate Debt		3.90%
Domestic Fixes Income Securities		2.60%
Global Bonds		2.50%
High-Yield Bonds		4.80%

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

Discount Rate

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

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

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

	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
ERS			
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (4,233,945)	\$ (1,462,944)	\$ 850,843
	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
TRS			
Employer's Proportionate Share of the Net Pension Asset (Liability)	\$ (7,550,942)	\$ 1,634,736	\$ 9,360,138

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 9 - PENSION PLANS - Continued

Pension Plan Fiduciary Net Position

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

	(In Thousands)		
	ERS	TRS	Total
Measurement Date	March 31, 2025	June 30, 2024	
Employer's Total Pension Asset (Liability)	\$ (247,600,239)	\$ (142,837,827)	\$ (390,438,066)
Plan Net Position	230,454,512	145,821,435	376,275,947
Employer's Net Pension Asset (Liability)	<u>\$ (17,145,727)</u>	<u>\$ 2,983,608</u>	<u>\$ (14,162,119)</u>
Ratio of Plan Net Position to the			
Employer's Total Pension Asset (Liability)	93.08%	102.09%	

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2025 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2025 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2025 amounted to \$152,637. Employee contributions are remitted monthly.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2025 are paid to the System in September, October and November 2025 through a state aid intercept. Accrued retirement contributions as of June 30, 2025 represent employee and employer contributions for the fiscal year ended June 30, 2025 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2025 amounted to \$1,219,497.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 10 - INTERFUND TRANSACTIONS - GOVERNMENTAL FUNDS

Interfund balances at June 30, 2025 are as follows:

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General	\$ 295,582	\$ 262,057	\$ -	\$ 404,027
Capital Project Fund - Flooding	262,057	-	262,057	-
Capital Projects Fund - District-Wide	-	369,639	-	-
Special Aid	-	295,582	41,970	-
School Food Service	-	-	-	-
Capital Projects Fund - Mini-Renovation	-	-	100,000	-
Capital Project Fund - Buses	-	30,279	-	-
Debt Service	399,918	-	-	-
Total Governmental Funds	<u>\$ 957,557</u>	<u>\$ 957,557</u>	<u>\$ 404,027</u>	<u>\$ 404,027</u>

The District typically loans resources between funds for the purpose of mitigating the effects of cash flow issues. The General Fund advanced funds to the Special Aid Fund to provide temporary cash until New York State has reimbursed the grant programs. Transfers are made to the various Capital Projects Funds for funding of projects. Unexpended funds from a capital project are transferred to the debt service fund upon completion.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 11 – FUND BALANCE EQUITY

The following is a summary of the Governmental Funds fund balances (deficits) of the District at year ended June 30, 2025:

Fund Balances (Deficits)	General	Capital Project Flooding	Capital Project District-Wide	Total Non-Major Funds	Total Governmental Funds
Nonspendable					
Prepaid Expenditures	\$ 30,071	\$ -	\$ -	\$ -	\$ 30,071
Inventory	-	-	-	42,761	42,761
Restricted					
Capital Reserve	421,372	-	-	-	421,372
Reserve for Employee Benefits and Accrued Liabilities	491,331	-	-	-	491,331
Unemployment Insurance Reserve	124,431	-	-	-	124,431
Reserve for State and Local Retirement System Contributions	195,821	-	-	-	195,821
Reserve for Teachers' Retirement System Contributions	441,446	-	-	-	441,446
Energy System Tax Stabilization	12,747,326	-	-	-	12,747,326
Debt Service	-	-	-	399,918	399,918
Extra Classroom Activities	-	-	-	145,253	145,253
Scholarships and Awards	-	-	-	267,430	267,430
Assigned					
Designated for Next Fiscal Year	1,000,000	-	-	-	1,000,000
School Food Service	-	-	-	564,973	564,973
General Support	174,834	-	-	-	174,834
Instruction	79,035	-	-	-	79,035
Unassigned					
General Fund	1,118,307	-	-	-	1,118,307
Capital Projects	-	(4,914,817)	(10,436,782)	-	(15,351,599)
Total Governmental Fund Balances (Deficits)	<u>\$ 16,823,974</u>	<u>\$ (4,914,817)</u>	<u>\$ (10,436,782)</u>	<u>\$ 1,420,335</u>	<u>\$ 2,892,710</u>

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE) BENEFITS

General Information about the OPEB Plan

Plan Description – The District’s defined benefit OPEB plan, provides OPEB for all permanent full-time employees of the District. The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District’s Board, subject to applicable collective bargaining and employment agreements, and Board of Education policy. The plan does not issue a separate financial report since there are no assets legally segregated for the sole purpose of paying benefits under the Plan. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

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

Employees Covered by Benefit Terms – At June 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	154
Inactive employees entitled to but not yet receiving benefit payments	-
Active employees	<u>226</u>
Total Covered Employees	<u><u>380</u></u>

The District participates in the Jefferson-Lewis Et. Al. Employees’ Healthcare Insurance Plan (the Plan). The Plan allows eligible District employees and spouses to continue health coverage upon retirement. The Plan does issue a publicly available financial report.

Plan Eligibility:

- Administrators hired before July 1, 2021 must be at least age 55 with 6 years of service and those hired after must be at least age 55 with 10 years of service.
- Teachers hired before January 1, 2012 must be age 55 with 10 years of service and those hired after January 1, 2012 must be age 55 with 15 years of service.
- Non-instructional employees hired before July 1, 2006 must be age 55 with 5 years of service and those hired after July 1, 2006 must be age 55 with 15 years of service.
- Confidential/Management employees hired before must be age 55 with 10 years of service and those hired after must be at least age 55 with 15 years of service.
- Superintendent must be age 55 with 20 years of service.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

General Information about the OPEB Plan – Continued

Plan Eligibility:

- Administrative service credit may include up to 5 years of full-time service at the District or elsewhere. Administrators and teachers must also be eligible to retire under New York State Retirement System (TRS).

Duration of Coverage:

- Retiree benefits continues for the life of the retiree. Spousal benefits continue for the life of the spouse.

Surviving Spouse Coverage:

- Surviving spouses are permitted to continue coverage after the death of the retiree but are responsible for paying 65% of the plan premium.

Retiree Contributions:

- Teachers, Confidential/Management, and Support Staff retired after July 1, 2008 with single contracts pay 35% of the plan premium. These retirees with dual or family contracts pay 65% of the plan premium less single premium.
- Superintendents with single contracts pay 10% of the plan premium. Superintendents with dual or family contracts pay 50% of the plan premium less single premium.
- Administrators and Business Managers contributions vary based on years of service as follows:
 - 6 years of service: 50% of single premium; 65% of family premium less single premium.
 - 7-14 years of service: 30% of single premium; 50% of family premium less single premium.
 - 15-19 years of service: 20% of single premium; 50% of family premium less single premium.
 - 20 or more years of service: 15% of single premium; 50% of family premium less single premium.
 - 25 or more years of service: 5% or 10% of single premium; 50% of family premium less single premium.

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE)

BENEFITS - Continued

General Information about the OPEB Plan – Continued

Retiree Contributions:

- Administrators and Business Managers with 25+ years of service will be required to contribute 5% of the single premium if they were hired prior to July 1, 2011 or 10% of the single premium if they were hired on or after July 1, 2011. In addition, the 5 years of service of full-time teaching service that may be applied toward service must have been completed only at the District.
- All other retirees with single contracts pay 45% of the plan premium. These retirees with dual or family contracts pay 65% of the plan premium less single premium.

Medicare Part B Premiums:

- Medicare Part B premiums are reimbursed by the District for both retirees and spouses at 100% for Administrators, Confidential/Management, Superintendent, Support Staff (retired before 7/1/15), and Teachers (for spouses of Teachers, must have been retired before 7/1/2012 or else spouses pay 5% of premiums). Support staff retired on or after 7/1/15 are required to pay 5% of Medicare Part B premiums. Surviving spouses are required to pay 100% of premiums.

Medical Benefits:

- Retiree healthcare benefits are provided through the Provider Choice POS Plan and the Traditional Plan.
 - The Traditional Plan is a self-insured indemnity plan offered through Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES with benefits administered by UMR.
 - The Provider Choice POS Plan is a self-insured POS plan offered through Jefferson-Lewis-Hamilton-Herkimer-Oneida BOCES with benefits administered by UMR.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2025, the District recognized \$1,260,474 for its share of insurance premiums for currently enrolled retirees.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS - Continued**

Total OPEB Liability

The District has obtained an actuarial valuation report as of June 30, 2025 which indicates that the total liability for other postemployment benefits is \$58,024,360 which is reflected in the Statement of Net Position. The OPEB liability was measured as of June 30, 2024 and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Assumptions and Other Inputs – The total OPEB liability in the July 1, 2024 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Methods and Assumptions

Measurement Date	06/30/24
Rate of Compensation Increase	3.09%
Discount Rate	4.09%
Health Care Cost Trend Rate Assumed for Next Fiscal Year	7.00%
Rate to Which the Cost Trend Rate is Assumed to Decline (the Ultimate Trend Rate)	4.50%
Actuarial Cost Methods	Entry Age Normal
Amortization Method	Level Percentage
Amortized Period (in Years)	7.7

The discount rate was based on using an average of two 20-year municipal bond indices (e.g. S&P Municipal Bond 20 Year High Grade Rate Index and Fidelity GA AA 20 Years) as of June 30, 2024.

Mortality rates were based on the Society of Actuaries Pub-2010 Public Retirement Plans Healthy Male and Female Total Dataset Headcount-Weighted Mortality tables based on Employee and Healthy Annuitant Tables for both pre and post retirement projected with mortality improvement using the most current Society of Actuaries Mortality Improvement Scale MP-2021.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS - Continued**

Total OPEB Liability - Continued

The actuarial assumptions used in the July 1, 2024 valuation were based on the results of an actuarial experience study for the period July 1, 2022 – June 30, 2023. Benefit obligations are projected to the measurement date using roll forward techniques by assuming no actuarial gains or losses in the interim, except for those assumption changes necessary to reflect the assumptions as of the measurement date.

Changes in the Total OPEB Liability

Balance at June 30, 2024	\$ 55,038,857
Changes for the Year	
Service Cost	1,223,555
Interest	2,220,139
Changes of Assumptions or Other Inputs	1,055,279
Contributions from Employer	<u>(1,513,470)</u>
Net Changes	<u>2,985,503</u>
Balance at June 30, 2025	<u><u>\$ 58,024,360</u></u>

Changes of assumption and other inputs reflect a change in the discount rate from 4.00 percent as of June 30, 2023 to 4.09 percent as of June 30, 2024.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS - Continued**

Changes in the Total OPEB Liability - Continued

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.09 percent) or 1 percentage point higher (5.09 percent) than the current discount rate:

	1% Decrease 3.09%	Discount Rate 4.09%	1% Increase 5.09%
Total OPEB Liability	<u>\$ 69,532,330</u>	<u>\$ 58,024,360</u>	<u>\$ 49,148,879</u>

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rates – The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1 percentage point lower (trend decreasing to 3.5 percent) or 1 percentage point higher (trend decreasing to 5.5 percent) than the current healthcare cost trend rate:

	1% Decrease (Trend Less 1% Decreasing to 3.50%)	Healthcare Cost Trend Rates (Trend Decreasing to 4.50%)	1% Increase (Trend Plus 1% Decreasing to 5.50%)
Total OPEB Liability	<u>\$ 48,621,149</u>	<u>\$ 58,024,360</u>	<u>\$ 70,425,981</u>

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 12 - POSTEMPLOYMENT (HEALTH INSURANCE)**BENEFITS - Continued**

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

For the year ended June 30, 2025, the District recognized OPEB expense of \$2,434,881. At June 30, 2025, the District reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Experience	\$ 798,914	\$ -
Changes of Assumptions or Other Inputs	6,997,507	14,848,528
Benefit Payments Subsequent to the Measurement Date	<u>1,626,842</u>	<u>-</u>
	<u>\$ 9,423,263</u>	<u>\$ 14,848,528</u>

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

Fiscal Year Ending June 30,

2026	\$ 572,122
2027	(434,511)
2028	(2,048,773)
2029	(2,839,021)
2030	(2,297,528)
Thereafter	<u>(4,396)</u>
	<u>\$ (7,052,107)</u>

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 13 - RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks did not exceed commercial insurance coverage for the year ended June 30, 2025.

Pooled Non-Risk-Retained

The District participates in the Jefferson-Lewis Et. Al. School Employees' Healthcare Plan, a non-risk-retained public entity risk pool for its employee health and accident insurance coverage. The pool is operated for the benefit of sixteen individual governmental units located within the pool's geographic area and is considered a self-sustaining risk pool that will provide coverage for its members up to \$750,000 per insured event. The pool obtains independent coverage for insured events in excess of the \$750,000 limit and the District has essentially transferred all related risk to the pool.

The District participates in the Black River Valley School Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims is \$0.

NOTE 14 - CONTINGENCIES AND COMMITMENTS

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

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 15 – DONOR-RESTRICTED ENDOWMENTS

The District administers endowment funds, which are restricted by the donor for various scholarships.

Donor-restricted endowments are reported at fair value.

The District authorizes expenditures from donor-restricted endowments in compliance with the wishes expressed by the donor, which varies among the unique endowments administered by the District.

NOTE 16 – TAX ABATEMENTS

The District receives revenue through a number of Payment in Lieu of Taxes (PILOT) agreements with various local businesses, housing developments and a large windmill farm. The PILOT agreements were granted by either the Lewis County Industrial Development Agency or approved directly by the municipalities where the properties are located. The purpose of the agreements is to provide real property tax abatement for value added by construction or renovations. The largest PILOT, a 15-year agreement with Flat Rock Windpower LLC began in 2006. The agreement stated Maple Ridge would operate 195 wind turbines and receive Empire Zone tax credits to assist in paying a PILOT to the local governments. However, in December of 2018 this PILOT Agreement was renegotiated and replaced by a new 14-year Agreement to continue and extend the period of transition payments to help create a more gradual shift to a lower level of payment more closely reflecting reduced Project value. Due to the renegotiated PILOT agreement, Flat Rock Windpower LLC is currently paying more than they would be in taxes based upon their assessed value. As the agreement progresses, the payments will level off and the abatement will resume. For the fiscal year ended June 30, 2025, the District's portion of pilot payments was \$1,459,627.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NOTES TO AUDITED BASIC FINANCIAL STATEMENTS

June 30, 2025

NOTE 16 – TAX ABATEMENTS - Continued

For the fiscal year ended June 30, 2025, the District abated the following taxes:

Owner	End Date	Total Value of Project w/o PILOT	Amt of Project Taxed	2025 % Abated	Abated Total	Appr. Tax Rate	Appr. Taxes Foregone
Brookside Redevelopment	2027	9,900,000	5,023,096	49%	4,876,904	6.491783	\$ 31,660
The Nature Conservancy- Martinsburg	2033	214,600	87,745	59%	126,855	6.167342	782
The Nature Conservancy- Montague	2033	1,996,576	111,656	94%	1,884,920	8.168466	15,397
The Nature Conservancy- West Turin	2033	154,700	4,572	97%	150,128	9.063682	1,361
Lowville Heights Association	2036	754,900	342,525	55%	412,375	6.491783	2,677
Castorland Housing	Indefinite	1,116,900	365,987	67%	750,913	7.567294	5,682
Flat Rock Windpower- Harrisburg	2031	26,166,400	31,636,818	-21%	(5,470,418)	8.333951	(45,590)
Flat Rock Windpower- Lowville	2031	8,349,930	12,960,406	-55%	(4,610,476)	6.491783	(29,930)
Flat Rock Windpower- Martinsburg	2031	59,086,600	96,536,317	-63%	(37,449,717)	6.167342	(230,965)
Flat Rock Windpower- Watson	2031	666,514	822,189	-23%	(155,675)	8.168411	(1,271)
Copenhagen Wind Farm	2039	17,400,000	5,285,365	70%	12,114,635	7.567294	91,675
Roaring Brook Wind Farm	2051	55,852,251	38,263,810	31%	17,588,441	6.167342	108,474
Waters Rd N, LLC	2048	2,577,800	1,572,274	39%	1,005,526	6.491783	6,528
Waters Rd S, LLC	2048	796,400	619,158	22%	177,242	6.491783	1,150
Number Three Wind Farm- Harrisburg	2052	3,645,200	4,803,256	-32%	(1,158,056)	8.333951	(9,651)
Number Three Wind Farm- Lowville	2052	10,624,780	17,973,030	-69%	(7,348,250)	6.491783	(47,703)
GSPP 9557 E Rd S, LLC	2052	1,089,866	523,287	52%	566,579	7.567294	4,287
GSPP 9605 E Rd N, LLC	2052	1,500,000	523,287	65%	976,713	7.567294	7,391
Flat Rock Solar Fund	2048	4,099,646	1,764,355	57%	2,335,291	6.167342	14,402
Martinsburg CSG LLC	2049	2,100,000	806,257	62%	1,293,743	6.167342	7,979
Total Taxes Foregone							<u>\$ (65,665)</u>

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGES IN THE DISTRICT'S TOTAL OPEB LIABILITY AND RELATED RATIOS

LAST EIGHT FISCAL YEARS

Ended June 30, 2025

Total OPEB Liability	2025	2024	2023	2022	2021	2020	2019	2018
Service Cost	\$ 1,223,555	\$ 1,220,297	\$ 1,275,300	\$ 2,417,812	\$ 2,070,571	\$ 1,410,906	\$ 1,279,220	\$ 1,510,693
Interest	2,220,139	2,186,716	2,760,749	1,367,768	1,309,213	1,479,283	1,317,607	1,157,599
Difference between Expected and Actual Experience	-	-	-	-	-	-	10,012,111	-
Changes in Assumptions or Other Inputs	1,055,279	(2,367,698)	(21,247,848)	5,252,010	9,538,963	4,696,243	(437,367)	(4,494,975)
Benefit Payments	-	-	-	-	-	-	(626,233)	(522,169)
Contributions from Employer	(1,513,470)	(1,336,700)	(1,362,770)	(1,140,480)	(1,122,625)	(959,530)	-	-
Net Change in Total OPEB Liability	2,985,503	(297,385)	(18,574,569)	7,897,110	11,796,122	6,626,902	11,545,338	(2,348,852)
Total OPEB Liability - Beginning	55,038,857	55,336,242	73,910,811	66,013,701	54,217,579	47,590,677	36,045,339	38,394,191
Total OPEB Liability - Ending	\$ 58,024,360	\$ 55,038,857	\$ 55,336,242	\$ 73,910,811	\$ 66,013,701	\$ 54,217,579	\$ 47,590,677	\$ 36,045,339
Covered Payroll	\$ 13,118,214	\$ 13,111,830	\$ 13,111,830	\$ 12,673,464	\$ 12,673,464	\$ 13,383,410	\$ 13,383,410	\$ 12,946,813
Total OPEB Liability as a Percentage of Covered Payroll	442.32%	419.76%	422.03%	583.19%	520.88%	405.11%	355.59%	278.41%

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

See paragraph on supplementary schedules included in independent auditor's report.

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**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET (NON-GAAP BASIS) AND ACTUAL - GENERAL FUND**
Year Ended June 30, 2025

	Original Budget	Final Budget
REVENUES		
Local Sources		
Real Property Taxes	\$ 4,989,086	\$ 4,605,818
Other Tax Items	1,468,127	1,851,395
Charges for Services	55,500	55,500
Use of Money and Property	98,780	98,780
Sale of Property and Compensation for Loss	-	-
Interfund Revenues	-	-
Miscellaneous	124,125	182,156
Total Local Sources	<u>6,735,618</u>	<u>6,793,649</u>
State Sources	22,772,867	22,772,867
Medicaid Reimbursement	10,000	10,000
Total Revenues	<u>29,518,485</u>	<u>29,576,516</u>
APPROPRIATED FUND BALANCE		
Prior Year's Surplus	700,000	700,000
Prior Year's Encumbrances	631,908	631,908
Appropriated Reserves	500,000	583,027
Total Revenues and Appropriated Fund Balance	<u>\$ 31,350,393</u>	<u>\$ 31,491,451</u>
EXPENDITURES		
General Support		
Board of Education	\$ 66,510	\$ 66,653
Central Administration	241,719	244,647
Finance	455,634	463,817
Staff	108,245	129,090
Central Services	2,516,029	2,684,480
Special Items	459,633	461,303
Total General Support	<u>3,847,770</u>	<u>4,049,990</u>
Instruction		
Instruction, Administration and Improvement	1,093,439	1,166,226
Teaching - Regular School	7,899,765	8,059,878
Programs for Children with Handicapping Conditions	3,205,684	2,863,034
Occupational Education	1,154,104	1,154,104
Teaching - Special School	185,502	203,479
Instructional Media	945,796	900,926
Pupil Services	1,461,148	1,519,990
Total Instruction	<u>15,945,438</u>	<u>15,867,637</u>
Pupil Transportation	1,430,457	1,430,459
Community Service	4,000	4,000
Employee Benefits	6,699,739	6,423,543
Debt Service	3,262,989	3,293,765
Total Expenditures	<u>31,190,393</u>	<u>31,069,394</u>
OTHER FINANCING USES		
Operating Transfers to Other Funds	160,000	422,057
Total Expenditures and Other Financing Uses	<u>\$ 31,350,393</u>	<u>\$ 31,491,451</u>
Net Change in Fund Balance		
Fund Balances - Beginning of Year		
Fund Balances - End of Year		

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

Actual	Final Budget Variance With Actual
\$ 4,605,658	\$ (160)
1,853,590	2,195
89,678	34,178
771,747	672,967
16,565	16,565
11,949	11,949
324,705	142,549
<u>7,673,892</u>	<u>880,243</u>
22,816,980	44,113
14,240	4,240
<u>\$ 30,505,112</u>	<u>\$ 928,596</u>

	Year-End Encumbrances	Final Budget Variance With Actual and Encumbrances
\$ 25,031	\$ 8	\$ 41,614
239,818	-	4,829
446,225	85	17,507
110,934	-	18,156
2,244,454	174,741	265,285
448,541	-	12,762
<u>3,515,003</u>	<u>174,834</u>	<u>360,153</u>
1,120,752	6,000	39,474
7,608,893	31,818	419,167
2,729,089	3,999	129,946
1,124,527	95	29,482
181,827	-	21,652
858,750	-	42,176
1,451,885	37,123	30,982
<u>15,075,723</u>	<u>79,035</u>	<u>712,879</u>
1,221,252	-	209,207
-	-	4,000
6,225,706	-	197,837
3,293,765	-	-
<u>29,331,449</u>	<u>253,869</u>	<u>1,484,076</u>
404,027	-	18,030
<u>29,735,476</u>	<u>\$ 253,869</u>	<u>\$ 1,502,106</u>
769,636		
<u>16,054,338</u>		
<u>\$ 16,823,974</u>		

Note to Required Supplementary Information Budget Basis of Accounting: Budgets are adopted on the modified accrual basis of accounting consistent with accounting principles generally accepted in the United States of America.

See paragraph on supplementary schedules included in independent auditor's report.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

**SCHEDULE OF DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION ASSET (LIABILITY) - NYSLRS PENSION PLAN
LAST TEN FISCAL YEARS**

Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Teachers' Retirement System (TRS)										
District's Proportion of the Net Pension Asset (Liability)	0.054791%	0.056944%	0.059504%	0.060749%	0.060808%	0.060114%	0.061737%	0.061944%	0.061536%	0.061856%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ 1,634,736	\$ (651,201)	\$ (1,141,818)	\$ 10,527,229	\$ (1,680,293)	\$ 1,561,757	\$ 1,116,371	\$ 470,833	\$ (659,080)	\$ 6,424,915
District's Covered Payroll	\$ 10,463,948	\$ 10,518,826	\$ 10,567,765	\$ 10,316,144	\$ 10,326,167	\$ 10,035,982	\$ 10,089,141	\$ 9,865,787	\$ 9,498,279	\$ 9,299,714
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	15.62%	6.19%	10.80%	102.05%	16.27%	15.56%	11.07%	4.77%	6.94%	69.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	102.09%	99.17%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%
Employees' Retirement System (ERS)										
District's Proportion of the Net Pension Asset (Liability)	0.0085324%	0.0095954%	0.0098372%	0.0087926%	0.0089638%	0.0094234%	0.0094541%	0.0090474%	0.0091450%	0.0092815%
District's Proportionate Share of the Net Pension Asset (Liability)	\$ (1,462,944)	\$ (1,412,831)	\$ (2,109,495)	\$ 718,759	\$ (8,926)	\$ (2,495,369)	\$ (669,850)	\$ (291,999)	\$ (859,287)	\$ (1,489,700)
District's Covered Payroll	\$ 3,158,122	\$ 3,348,437	\$ 3,298,098	\$ 2,980,150	\$ 3,044,846	\$ 2,968,994	\$ 2,880,439	\$ 2,802,483	\$ 2,783,825	\$ 2,708,050
District's Proportionate Share of the Net Pension Asset (Liability) as a Percentage of its Covered Payroll	46.32%	42.19%	63.96%	24.12%	0.29%	84.05%	23.26%	10.42%	30.87%	55.01%
Plan Fiduciary Net Position as a Percentage of the Total Pension Asset (Liability)	93.08%	93.88%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%

See paragraph on supplementary schedules included in independent auditor's report.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

SCHEDULE OF DISTRICT'S CONTRIBUTIONS - NYSLRS PENSION PLAN

LAST TEN FISCAL YEARS

Ended June 30, 2025

	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Teachers' Retirement System (TRS)										
Contractually Required Contribution	\$ 1,021,039	\$ 1,082,202	\$ 1,033,047	\$ 982,644	\$ 914,447	\$ 1,065,605	\$ 985,517	\$ 1,150,438	\$ 1,259,127	\$ 1,628,831
Contributions in Relation to the Contractually Required Contribution	1,021,039	1,082,202	1,033,047	982,644	914,447	1,065,605	985,517	1,150,438	1,259,127	1,628,831
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 10,463,948	\$ 10,518,826	\$ 10,567,765	\$ 10,316,144	\$ 10,326,167	\$ 10,035,982	\$ 10,089,141	\$ 9,865,787	\$ 9,498,279	\$ 9,299,714
Contributions as a Percentage of Covered Payroll	9.76%	10.29%	9.78%	9.53%	8.86%	10.62%	9.77%	11.66%	13.26%	17.51%
Employees' Retirement System (ERS)										
Contractually Required Contribution	\$ 466,479	\$ 432,323	\$ 381,570	\$ 480,334	\$ 436,659	\$ 423,007	\$ 415,651	\$ 420,775	\$ 426,588	\$ 495,663
Contributions in Relation to the Contractually Required Contribution	466,479	432,323	381,570	480,334	436,659	423,007	415,651	420,775	426,588	495,663
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 3,158,122	\$ 3,348,437	\$ 3,298,098	\$ 2,980,150	\$ 3,044,846	\$ 2,968,994	\$ 2,880,439	\$ 2,802,483	\$ 2,783,825	\$ 2,708,050
Contributions as a Percentage of Covered Payroll	14.77%	12.91%	11.57%	16.12%	14.34%	14.25%	14.43%	15.01%	15.32%	18.30%

See paragraph on supplementary schedules included in independent auditor's report.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

**SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET AND THE
REAL PROPERTY TAX LIMIT – GENERAL FUND**

June 30, 2025

CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET

Adopted Budget	\$ 30,718,485
Add: Prior Year's Encumbrances	<u>631,908</u>
Original Budget	31,350,393
Budget Revisions	<u>141,058</u>
Final Budget	<u><u>\$ 31,491,451</u></u>

SECTION 1318 OF REAL PROPERTY TAX LAW CALCULATION

2025-2026 Voter Approved Expenditure Budget	<u><u>\$ 31,425,533</u></u>
Maximum Allowed 4% of 2025-2026 Budget	<u><u>\$ 1,257,021</u></u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	
Unrestricted Fund Balance:	
Assigned Fund Balance	\$ 1,253,869
Unassigned Fund Balance	<u>1,118,307</u>
Total Unrestricted Fund Balance	<u>2,372,176</u>
Less:	
Appropriated Fund Balance	1,000,000
Encumbrances Included in Assigned Fund Balance	<u>253,869</u>
Total Adjustments	<u>1,253,869</u>
General Fund Balance Subject to Section 1318 of Real Property Tax Law	<u><u>\$ 1,118,307</u></u>
Actual Percentage	<u><u>3.56%</u></u>

See paragraph on supplementary schedules included in independent auditor's report.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

SCHEDULE OF CAPITAL PROJECTS FUND - PROJECT EXPENDITURES AND FINANCING RESOURCES

Year Ended June 30, 2025

Project Title	Expenditures					Methods of Financing					Fund Balance (Deficits) 6/30/2025
	Original Appropriation	Revised Appropriation	Prior Year	Current Year	Total	Unexpended Balance	Proceeds Of Obligations	Local Sources	Transfer to Debt Service/ General Fund	Total	
District-Wide Project	\$ 14,900,000	\$ 14,900,000	\$ 5,330,059	\$ 7,356,723	\$12,686,782	\$ 2,213,218	\$ -	\$ 2,250,000	\$ -	\$ 2,250,000	\$ (10,436,782)
Flood Remediation	6,470,086	6,409,564	-	6,409,564	6,409,564	-	20,055	1,474,692	-	1,494,747	(4,914,817)
Mini-Renovation Project	100,000	100,000	-	100,000	100,000	-	-	100,000	-	100,000	-
Buses 24-25	395,000	395,000	-	395,000	395,000	-	395,000	-	-	395,000	-
Buses 23-24	432,000	432,000	3,335	425,275	428,610	3,390	432,000	-	(3,390)	428,610	-
Totals	<u>\$ 22,297,086</u>	<u>\$ 22,236,564</u>	<u>\$ 5,333,394</u>	<u>\$14,686,562</u>	<u>\$20,019,956</u>	<u>\$ 2,216,608</u>	<u>\$ 847,055</u>	<u>\$ 3,824,692</u>	<u>\$ (3,390)</u>	<u>\$ 4,668,357</u>	<u>\$ (15,351,599)</u>

See paragraph on supplementary schedules included in independent auditor's report.

COMBINED BALANCE SHEET – NON-MAJOR GOVERNMENTAL FUNDS

June 30, 2025

	School Food Service	Special Aid	Debt Service	Extra Classroom Activities
ASSETS				
Cash and Cash Equivalents				
Unrestricted	\$ 500,981	\$ 4,706	\$ -	\$ -
Restricted	-	-	-	145,253
Receivables				
Due From Other Funds	-	-	399,918	-
State and Federal Aid	92,560	290,876	-	-
Other	151	-	-	-
Inventories	42,761	-	-	-
TOTAL ASSETS	\$ 636,453	\$ 295,582	\$ 399,918	\$ 145,253
LIABILITIES				
Payables				
Accounts Payable	\$ 1,151	\$ -	\$ -	\$ -
Accrued Liabilities	1,800	-	-	-
Due to Other Funds	-	295,582	-	-
Due to Other Governments	111	-	-	-
Due to Employees' Retirement System	16,259	-	-	-
Unearned Revenues	9,398	-	-	-
Total Liabilities	28,719	295,582	-	-
FUND BALANCES				
Nonspendable	42,761	-	-	-
Restricted	-	-	399,918	145,253
Assigned	564,973	-	-	-
Total Fund Balances	607,734	-	399,918	145,253
TOTAL LIABILITIES AND FUND BALANCES	\$ 636,453	\$ 295,582	\$ 399,918	\$ 145,253

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

Scholarships and Awards	Capital - Mini-Renovation	Capital - Buses	Total Non-Major Funds
\$ -	\$ -	\$ -	\$ 505,687
270,880	-	30,279	446,412
-	-	-	399,918
-	-	-	383,436
-	-	-	151
-	-	-	42,761
<u>\$ 270,880</u>	<u>\$ -</u>	<u>\$ 30,279</u>	<u>\$ 1,778,365</u>
\$ 3,450	\$ -	\$ -	\$ 4,601
-	-	-	1,800
-	-	30,279	325,861
-	-	-	111
-	-	-	16,259
-	-	-	9,398
<u>3,450</u>	<u>-</u>	<u>30,279</u>	<u>358,030</u>
-	-	-	42,761
267,430	-	-	812,601
-	-	-	564,973
<u>267,430</u>	<u>-</u>	<u>-</u>	<u>1,420,335</u>
<u>\$ 270,880</u>	<u>\$ -</u>	<u>\$ 30,279</u>	<u>\$ 1,778,365</u>

See paragraph on supplementary schedules included in independent auditor's report.

**COMBINED STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES – NON-MAJOR GOVERNMENTAL FUNDS**

Year Ended June 30, 2025

	School Food Service	Special Aid	Debt Service	Extra Classroom Activities
REVENUES				
Use of Money and Property	\$ 18,331	\$ -	\$ 235,503	\$ -
State Sources	401,295	382,566	-	-
Federal Sources	655,809	1,016,831	-	-
Surplus Food	80,411	-	-	-
Sales - School Food Service	138,954	-	-	-
Miscellaneous	-	15,947	-	221,178
Total Revenues	<u>1,294,800</u>	<u>1,415,344</u>	<u>235,503</u>	<u>221,178</u>
EXPENDITURES				
General Support	-	-	-	-
Instruction	-	1,165,042	-	-
Pupil Transportation	-	27,128	-	-
Employee Benefits	133,607	265,144	-	-
Food Service Program:				
General Support	452,943	-	-	-
Cost of Sales	559,651	-	-	-
Other Expenditures	-	-	-	204,735
Capital Outlay	-	-	-	-
Total Expenditures	<u>1,146,201</u>	<u>1,457,314</u>	<u>-</u>	<u>204,735</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>148,599</u>	<u>(41,970)</u>	<u>235,503</u>	<u>16,443</u>
OTHER FINANCING SOURCES AND (USES)				
Premium on Obligations	-	-	64,580	-
Proceeds from Debt	-	-	-	-
Operating Transfers In	-	41,970	-	-
Total Other Financing Sources And (Uses)	<u>-</u>	<u>41,970</u>	<u>64,580</u>	<u>-</u>
Net Change in Fund Balances	148,599	-	300,083	16,443
Fund Balances - Beginning of Year	459,135	-	99,835	128,810
Fund Balances - End of Year	<u>\$ 607,734</u>	<u>\$ -</u>	<u>\$ 399,918</u>	<u>\$ 145,253</u>

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

Scholarships and Awards	Capital - Mini - Renovation	Capital - Buses	Total Non-Major Funds
\$ 13,942	\$ -	\$ -	\$ 267,776
-	-	-	783,861
-	-	-	1,672,640
-	-	-	80,411
-	-	-	138,954
200,110	-	-	437,235
<u>214,052</u>	<u>-</u>	<u>-</u>	<u>3,380,877</u>
-	-	-	-
-	-	-	1,165,042
-	-	-	27,128
-	-	-	398,751
-	-	-	452,943
-	-	-	559,651
260,731	-	-	465,466
-	100,000	820,275	920,275
<u>260,731</u>	<u>100,000</u>	<u>820,275</u>	<u>3,989,256</u>
<u>(46,679)</u>	<u>(100,000)</u>	<u>(820,275)</u>	<u>(608,379)</u>
-	-	-	64,580
-	-	395,000	395,000
-	100,000	-	141,970
<u>-</u>	<u>100,000</u>	<u>395,000</u>	<u>601,550</u>
(46,679)	-	(425,275)	(6,829)
314,109	-	425,275	1,427,164
<u>\$ 267,430</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,420,335</u>

See paragraph on supplementary schedules included in independent auditor's report.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

NET INVESTMENT IN CAPITAL ASSETS

Year Ended June 30, 2025

Capital Assets, Net		\$ 50,003,917
Deduct:		
Bond Anticipation Notes	\$ 12,650,000	
Less: Unspent BAN Proceeds	(1,761,317)	
Revenue Anticipation Notes	6,000,000	
Less: Unspent RAN Proceeds	(823,126)	
Premium on Bonds Payable	721,514	
Short-Term Portion of Bonds Payable	945,000	
Long-Term Portion of Bonds Payable	4,865,000	
Short-Term Portion of Lease Liability	836	
Long-Term Portion of Lease Liability	45,425	22,643,332
Net Investment in Capital Assets		\$ 27,360,585

See paragraph on supplementary schedules included in independent auditor's report.

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

**BOARD OF EDUCATION
LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT**

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Lowville Academy and Central School District, as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the Lowville Academy and Central School District's basic financial statements, and have issued our report thereon dated on October 14, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered Lowville Academy and Central School District's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Lowville Academy and Central School District's internal control. Accordingly, we do not express an opinion of the effectiveness of Lowville Academy and Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is 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.

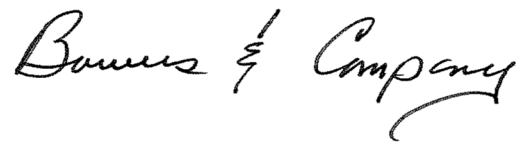
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

Report on Compliance and Other Matters

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

Purpose of this Report

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

A handwritten signature in black ink that reads "Banner & Company". The script is cursive and fluid, with the ampersand being a simple loop.

Watertown, New York
October 14, 2025

EXTRA CLASSROOM ACTIVITIES FUND

INDEPENDENT AUDITOR'S REPORT ON EXTRA CLASSROOM ACTIVITIES FUND

BOARD OF EDUCATION LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

Opinion

We have audited the accompanying statement of cash receipts and disbursements of the Extra Classroom Activities Fund of Lowville Academy and Central School District for the year ended June 30, 2025, and the related note to the financial statement.

In our opinion, the financial statement referred to in the first paragraph presents fairly, in all material respects, the statement of cash receipts and disbursements of the Extra Classroom Activities Fund of Lowville Academy and Central School District for the year ended June 30, 2025, in accordance with the cash basis of accounting described in Note 1.

Basis for Opinion

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Lowville Academy and Central School District, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Emphasis of Matter – Basis of Accounting

We draw attention to Note 1 of the financial statement, which describes the basis of accounting. This financial statement is prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of this financial statement in accordance with the cash basis of accounting described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statement in the circumstances. Management is also responsible 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.

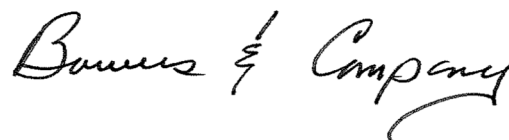
Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance auditing standards generally accepted in the United States of America and Appendix E of the Minimum Program for Audit of Financial Records of New York State School Districts, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statement, 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 statement.
- 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 Lowville Academy and Central School District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Lowville Academy and Central School District's ability to continue as a going concern for a reasonable period of time.

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

A handwritten signature in black ink that reads "Banner & Company". The signature is written in a cursive, flowing style.

Watertown, New York
October 14, 2025

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITIES FUND – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS

Year Ended June 30, 2025

	Cash Balances 7/1/2024	Cash Receipts	Cash Disbursements	Transfers In(Out)	Cash Balances 6/30/2025
Class of:					
2023	\$ 999	\$ -	\$ 999	\$ -	\$ -
2024	8,650	14	-	-	8,664
2025	7,242	24,888	28,492	(1,200)	2,438
2026	6,990	6,671	3,400	(400)	9,861
2027	5,089	7,764	3,872	(400)	8,581
2028	-	1,899	200	656	2,355
Art Club	2,392	12,255	11,266	(280)	3,101
Band	4,165	300	-	-	4,465
Business Club	1,994	1,442	1,598	(50)	1,788
Drama Club	2,663	2,272	2,281	-	2,654
Earth Club	-	357	267	-	90
Elementary Student Council	990	64	-	-	1,054
Elementary Yearbook	6,721	1,357	919	-	7,159
Family, Career and Community Leaders of America	3,344	1,253	815	-	3,782
Fit 4 Fun	566	-	-	-	566
FFA - National Convention	7,269	39,806	42,195	2,000	6,880
French Club	7,125	11,416	9,713	(50)	8,778
Future Farmers of America	6,863	47,301	43,986	(2,305)	7,873
Future Teachers of America	1,009	400	85	(50)	1,274
Grade 6 Activity Funds	252	-	252	-	-
High School Media & Prod. Club	485	-	-	(485)	-
High School Musical	9,189	10,051	12,588	-	6,652
LACS Backpack Club	1,149	7,558	7,204	-	1,503
Library Club	1,834	-	-	-	1,834
Lowacadian	3,258	3,774	2,327	3,160	7,865
Middle School Musical	9,310	3,318	1,578	-	11,050
Sub-Total	<u>\$ 99,548</u>	<u>\$ 184,160</u>	<u>\$ 174,037</u>	<u>\$ 596</u>	<u>\$ 110,267</u>

See note to financial statement.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITIES FUND – STATEMENT OF CASH RECEIPTS AND DISBURSEMENTS - CONTINUED

Year Ended June 30, 2025

	Cash Balances 7/1/2024	Cash Receipts	Cash Disbursements	Transfers In(Out)	Cash Balances 6/30/2025
Balance Forward	\$ 99,548	\$ 184,160	\$ 174,037	\$ 596	\$ 110,267
Middle School Student Council	9,493	6,765	3,586	(1,000)	11,672
Middle School Yearbook	172	1,015	1,144	-	43
Mobile Maple Lab	363	1,922	542	75	1,818
National Honor Society	1,129	1,369	1,430	(50)	1,018
Red Raider & Co.	507	1	-	-	508
Schoolwide Enrichment	2,470			-	2,470
Select Chorus	1,933	2,572	2,150	-	2,355
Spanish Club	2,682	5,992	5,639	(50)	2,985
Sr. High School Student Council	2,212	2,913	3,191	1,559	3,493
Super Stage	2,664	2,788	1,835	-	3,617
Technology Club	177	750	1,165	790	552
The Book Brigade	1,935	6,027	5,437	-	2,525
Trap Shooting	523	-	216	-	307
Whiz Quiz	800	550	876	-	474
Youth Activity Club	1,684	1,316	284	(1,920)	796
New York Sales Tax	518	3,038	3,203	-	353
Total	\$ 128,810	\$ 221,178	\$ 204,735	\$ -	\$ 145,253

See note to financial statement.

LOWVILLE ACADEMY AND CENTRAL SCHOOL DISTRICT

EXTRA CLASSROOM ACTIVITIES FUND – NOTE TO FINANCIAL STATEMENT

June 30, 2025

NOTE 1 – SIGNIFICANT ACCOUNTING POLICIES

The Extra Classroom Activities Fund of Lowville Academy and Central School District represent funds of the students of the School District. The Board of Education exercises general oversight of these funds. The Extra Classroom Activities Fund are independent of the School District with respect to its financial transactions and the designation of student management.

The accounts of the Extra Classroom Activities Fund of Lowville Academy and Central School District are maintained on a cash basis and the statement of cash receipts and disbursements reflects only cash received and disbursed. Therefore, receivables and payables, inventories, long-lived assets and accrued income and expenses, which would be recognized under generally accepted accounting principles and, which may be material in amount, are not recognized in the accompanying financial statement.

October 14, 2025

To the President and Members of the
Board of Education of the
Lowville Academy and Central School District

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Lowville Academy and Central School District for the year ended June 30, 2025. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and the Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our letter to you dated June 2, 2025. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by Lowville Academy and Central School District are described in Note 1 to the financial statements. As described in Note 3 to the financial statements, the Lowville Academy and Central School District changed accounting policies related to the estimation the compensated absences liabilities by adopting Statement of Governmental Accounting Standards (GASB Statement) No. 101, *Compensated Absences*, in 2025. We noted no transactions entered into by Lowville Academy and Central School District during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the financial statements were:

Management's estimate of the depreciation and amortization is based on economic useful lives of capital asset classes.

Management's estimate of present value of right to use leased assets, and lease liability is based on the discount rate or implicit interest rate within the agreements in accordance with GASB Statement No. 87, *Leases*.

Management estimates actuarial assumptions that are used to determine pension asset (liabilities) and annual pension cost for the year in accordance with GASB Statement No. 68

Management estimates actuarial assumptions that are used to determine annual postretirement cost for the year in accordance with GASB Statement No. 75.

Management's estimate of whether an allowance for uncollectible accounts was necessary based on an analysis of the collectability of federal and state aid sources. We evaluated the current aid documentation and assumptions used by management to determine the adequacy of the allowance for uncollectible accounts and whether it is reasonable in relation to the financial statements taken as a whole.

Management develops estimates and assumptions based upon historical employee leave data to measure the liability for compensated absences in accordance with GASB Statement No. 101.

We have evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. The attached material misstatements detected as a result of audit procedures were corrected by management.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in the management representation letter dated October 14, 2025.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a “second opinion” on certain situations. If a consultation involves application of an accounting principle to Lowville Academy and Central School District’s financial statements or a determination of the type of auditor’s opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as Lowville Academy and Central School District’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Matters

We applied certain limited procedures to *Management’s Discussion and Analysis, Schedule of Changes in the District’s Total OPEB Liability and Related Ratios , Schedule of Revenues, Expenditures, and Change in Fund Balance- Budget (Non-GAAP Basis) and Actual- General Fund, Schedule of the District’s Proportionate Share of the Net Pension Asset (Liability) – NYSLRS Pension Plan*, and the *Schedule of District’s Contributions- NYSLRS Pension Plan*, which are required supplementary information (RSI) that supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management’s responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the RSI and do not express an opinion or provide any assurance on the RSI.

We were engaged to report *Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit – General Fund, Schedule of Capital Projects Fund- Project Expenditures and Financing Resources, Combined Balance Sheet – Non-Major Governmental Funds, Combined Statement of Revenues, Expenditures and Changes in Fund Balances- Non-Major Governmental Fund*, and *Net Investment in Capital Assets*, which accompany the financial statements but are not RSI. With respect to this supplementary information, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

To the President and Members of the
Board of Education
October 14, 2025
Page 4

Restriction on Use

This information is intended solely for the information and use of Board of Education and management of Lowville Academy and Central School District and is not intended to be, and should not be, used by anyone other than these specified parties.

Very truly yours,

Banner & Company

Material Misstatements Corrected by Management

Government-Wide

Non-Current Governmental Assets

Adjusting Journal Entries JE # 1

To report TRS balances at 6/30/25

K00108	TRS - Pension Asset	1,634,736	
K00159	Total Non-Current Governmental Assets		1,153,246
K00496.0	Deferred Outflow of Resources - TRS		481,490
Total		<u>1,634,736</u>	<u>1,634,736</u>

Adjusting Journal Entries JE # 2

To report OPEB at 6/30/25

K00159	Total Non-Current Governmental Assets	2,900,965	
K00496.1	Deferred Outflow of Resources - OPEB		2,900,965
Total		<u>2,900,965</u>	<u>2,900,965</u>

Adjusting Journal Entries JE # 3

To record current year additions and deletions

K00102	Buildings	256,122	
K00103	Improvements Other Than Buildings	477,114	
K00104	Equipment	470,047	
K00105	Construction in Progress	6,170,402	
K00113	Accumulated Depreciation - Improvements Other Than Buildings	582,357	
K00112	Accumulated Depreciation - Buildings		1,533,480
K00114	Accumulated Depreciation - Equipment		6,366
K00159	Total Non-Current Governmental Assets		6,416,196
Total		<u>7,956,042</u>	<u>7,956,042</u>

Non-Current Governmental Liabilities

Adjusting Journal Entries JE # 1

To report year end bond balances

W00628 Bonds Payable	2,472,000	
W00129 Total Non-Current Governmental Liabilities		2,472,000
Total	<u>2,472,000</u>	<u>2,472,000</u>

Material Misstatements Corrected by Management

Government-Wide - Continued

Non-Current Governmental Liabilities – Continued

Adjusting Journal Entries JE # 2

To report OPEB balances at 6/30/25

W00697.1 Deferred Inflow of Resources - OPEB	3,451,587	
W00129 Total Non-Current Governmental Liabilities		466,084
W00683 OPEB		2,985,503
Total	3,451,587	3,451,587

Adjusting Journal Entries JE # 4

To report year end trs pension balances

W00129 Total Non-Current Governmental Liabilities	1,011,698	
W00638.0 Net Pension Liability - TRS	651,201	
W00697.0 Deferred Inflow of Resources - TRS		1,662,899
Total	1,662,899	1,662,899

Fiduciary Financial Statements

Custodial Trust

Adjusting Journal Entries JE # 1

To report library tax collections

TC1989.400-00-0000 Public Libraries	180,000	
TC01001 Library Tax		180,000
Total	180,000	180,000

Material Misstatements Corrected by Management

Fund Financial Statements

School Lunch Fund

Adjusting Journal Entries JE # 2

To correct May C410 receipts applied to revenue accounts (duplicating federal revenue)

C 3190 STATE AID LUNCH - FEDERAL PORTION	52,566	
C 3190..1 STATE AID BREAKFAST - FEDERAL PORTION	23,621	
C00410 STATE & FEDERAL AID RECEIVABLE-LUNCH		52,566
C00410.1 STATE & FEDERAL AID RECEIVABLE-BRK		23,621
Total	<u>76,187</u>	<u>76,187</u>

Miscellaneous Fund

Adjusting Journal Entries JE # 1

To report the ECA activity 24-25

CM200.EX Cash - Extra Curricular	145,253	
CM2989 Contractual Expenses - Extraclassroom	204,735	
CM2770 Other Income - Extraclassroom		221,178
CM899.1 Restricted Fund Balance - Extraclassroom		128,810
Total	<u>349,988</u>	<u>349,988</u>

FORM OF BOND COUNSEL'S OPINION

October 6, 2026

Lowville Central School District
Lewis County
State of New York

Re: Lowville Central School District, Lewis County, New York
\$2,400,000 Revenue Anticipation Notes, 2026

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of a \$2,400,000 Revenue Anticipation Notes, 2026 (the "Obligation"), of the Lowville Central School District, Lewis County, New York (the "Obligor"), dated October 6, 2026, numbered 1, of the denomination of \$2,400,000, bearing interest at the rate of ____% per annum, payable at maturity, and maturing October 6, 2027.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

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

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligation is not a specific preference item for purposes of the federal individual alternative minimum tax. We observe that interest on the Obligation included in adjusted financial statement income of certain corporations is not excluded from the federal corporate alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

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

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

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP