July 28, 2026

ERRATUM NOTICE

TO THE PRELIMINARY OFFICIAL STATEMENT DATED JULY 28, 2026, FOR

$1,275,000

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL
ONEIDA COUNTY, NEW YORK

$1,275,000 School District (Serial) Bonds, 2026
(the "Bonds")

Dated: August 18, 2026 **Due: August 18, 2027-2031**

The Official Statement for the above-referenced issue, selling via competitive bid on August 4, 2026, is hereby amended with respect to the cover page:

The cover page inadvertently stated "The **Notes** will NOT be designated or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code" rather than the **Bonds**. The cover page has been amended as follows to state "The Bonds will NOT be designated or deemed designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code."

Apart from as provided in this Erratum Notice and the Official Statement for the Bonds is not otherwise amended.

PRELIMINARY OFFICIAL STATEMENT DATED JULY 28, 2026

NEW ISSUE **SERIAL BONDS**

In the opinion of Hodgson Russ LLP, Albany, New York, Bond Counsel, based on existing statutes, regulations, rulings and court decisions, and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "TAX MATTERS" herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). In the further opinion of Bond Counsel, interest on the Bonds is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals. Interest on the Bonds will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. 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 Bonds. See "TAX MATTERS" herein.

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

$1,275,000

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL

ONEIDA COUNTY, NEW YORK

GENERAL OBLIGATIONS

$1,275,000 School District (Serial) Bonds, 2026

(Referred to herein as the "Bonds")

Dated: August 18, 2026 **Due: August 15, 2027-2031**

MATURITIES

Year	Amount	Rate	Yield	CUSIP
2027	$215,000			
2028	250,000			
2029	260,000			
2030	270,000			
2031	280,000			

The Bonds are general obligations of the City School District of the City of Sherrill, Oneida County, New York (the "District"), all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon without limitation as to rate or amount. See "NATURE OF OBLIGATION" herein. The Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption."

The Bonds will be issued as registered bonds and, at the option of the purchaser, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 or integral multiples thereof, except for one necessary odd denomination maturing in 2027. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable August 15, 2027 and semi-annually thereafter on February 15 and August 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein. See "BOOK-ENTRY-ONLY SYSTEM" herein. The District will act as paying agent. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Proposals for the Bonds shall be for not less than $1,275,000 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

The Bonds 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 Hodgson Russ LLP, Bond Counsel, Albany, 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), on or about August 18, 2026.

ELECTRONIC BIDS for the Bonds must be submitted on Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.FiscalAdvisorsAuction.com, on August 4, 2026 by no later than 10:15 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 Bonds pursuant to the terms provided in the respective Notice of Sale for the Bonds.

July __, 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 NOTICES OF EVENTS AS DEFINED IN THE RULE. SEE "APPENDIX D – FORM UNDERTAKING TO PROVIDE NOTICES OF EVENTS" HEREIN.

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL
ONEIDA COUNTY, NEW YORK

SCHOOL DISTRICT OFFICIALS

2026-2027 BOARD OF EDUCATION

JENNA BOICE
President

MARK KINNE
Vice President

STEVEN ADAMS
ALANA BOYLAN
MATTHEW COLE
MELISSA ELIAS
JAMIE JONES
JULIE MCMULLEN
THOMAS MOATS

* * * * * * * * * * *

COREY GRAVES
Superintendent of Schools

PATRICK GOODMAN
Director of Business & Student Support Services

SARAH WHITE
Treasurer & District Data Coordinator

HEATHER MEEHAN
Administration Assistant & District Clerk

FISCAL ADVISORS & MARKETING, INC.
Municipal Advisor

Hodgson Russ LLP ATTORNEYS
Bond Counsel

No person has been authorized by City School District of the City of Sherrill 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 City School District of the City of Sherrill.

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PREPARED WITH THE ASSISTANCE OF

Fiscal Advisors & Marketing, Inc.
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(315) 752-0051
www.fiscaladvisors.com

OFFICIAL STATEMENT

of the

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL
ONEIDA COUNTY, NEW YORK

Relating To

$1,275,000 School District (Serial) Bonds, 2026

This Official Statement, which includes the cover page and appendices, has been prepared by the City School District of the City of Sherrill, Oneida County, New York (the "School District" or "District", "County", and "State", respectively) in connection with the sale by the School District of $1,275,000 School District (Serial) Bonds, 2026 (the "Bonds").

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

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

THE BONDS

Description of the Bonds

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

The Bonds will be dated August 18, 2026 and will mature in the principal amounts as set forth on the cover page of this Official Statement.

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

The Bonds will be issued as fully registered bonds and, when issued, at the option of the purchaser, will be registered in the name of the purchaser or in the name of Cede & Co., as nominee of DTC. If issued in the name of Cede & Co., DTC will act as securities depository for the Bonds. Individual purchases of the Bonds may be made in book-entry form only, in the principal amount of $5,000 and integral multiples thereof. Purchasers will not receive certificates representing their interest in the Bonds. Payment of the principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its Participants for subsequent disbursement to the Beneficial Owners of the Bonds as described herein. (See "*DESCRIPTION OF BOOK-ENTRY-ONLY SYSTEM*" herein.)

The Bonds will be issued as 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 Bonds. 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 issued pursuant to the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law, and the bond resolution duly adopted by the Board of Education on March 23, 2026, authorizing the issuance of $1,275,000 serial bonds for the purchase of diesel school busses and related vehicles.

The proceeds of the Bonds will provide $1,275,000 in new monies for the aforementioned project.

NATURE OF THE OBLIGATION

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

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

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds, if so requested. The Bonds 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 bond certificate will be issued for each bond bearing the same rate of interest and CUSIP number and will be deposited with DTC.

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

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

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

Redemption proceeds, distributions, and dividend payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on 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 Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company.

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

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

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity, except for one necessary odd denomination. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the District upon termination of the book-entry-only system. Interest on the Bonds will be payable on August 15, 2027 and semi-annually thereafter on February 15 and August 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificate of Determination of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

THE SCHOOL DISTRICT

General Information

The District, with a land area of approximately 150 square miles, is located in upstate New York in western Oneida County. The City of Utica is located 10 miles to the east and the City of Syracuse 30 miles to the west. The District comprises all of, or portions of, the Cities of Sherrill, Oneida and Rome, as well as the Towns of Vernon, Verona, Kirkland, Westmoreland and Vienna.

Major highways serving the District include Interstate 90 as well as State highways 365, 5, 26, 31 and 46. Air transportation is available at nearby Oneida County Airport as well as at Syracuse Hancock International Airport.

The District is rural in character with many of its residents employed in and around the Cities of Sherrill, Oneida, Rome and Utica. See “Larger Employers” herein.

Source: District officials.

District Population

The 2024 estimated population of the District is 12,105. (Source: U.S. Census Bureau, 2021-2025 American Community Survey data)

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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 Cities, Towns and the County listed below. The figures set below with respect to such Cities, Towns and County are included for information only. It should not be inferred from the inclusion of such data in the Official Statement that the Cities, Towns or the County are necessarily representative of the District, or vice versa.

	Per Capita Income			Median Family Income		
	2006-2010	2016-2020	2020-2024	2006-2010	2016-2020	2020-2024
Cities of:						
Oneida	$ 23,553	$ 29,279	$ 38,684	$ 58,078	$ 69,576	$ 87,835
Rome	21,989	26,731	33,321	55,630	66,714	80,180
Towns of:						
Kirkland	27,665	36,477	45,283	77,774	108,721	123,775
Vernon	24,579	37,618	45,774	59,563	90,541	100,952
Verona	22,642	30,182	39,979	54,160	80,702	102,039
Vienna	22,896	29,385	39,552	55,508	70,903	90,025
Westmoreland	28,847	34,482	48,457	75,335	81,270	121,163
County of:						
Oneida	23,458	30,678	37,903	58,017	74,796	90,731
State of:						
New York	30,948	40,898	50,712	67,405	71,117	106,873

Source: U.S. Census Bureau; American Community Survey 5-Year Estimates data.

Note: U.S. Census Bureau, 2021-2025 American Community Survey 5-Year Estimates data is not available as of the date of this Official Statement.

Larger Employers

The following is a list of major employers located in and around the District.

Name	Type	Number of Employees
Oneida Indian Nation	Casino & Resort	4,900
Oneida Healthcare Center	Health Care Provider	850
PAR Technology Corporation	Radar Systems Testing	700
Vernon Downs (Mid-State Raceway)	Horse Track/Hotel	450
H.P. Hood	Milk Processing	200

Source: District officials.

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Unemployment Rate Statistics

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

Annual Average

	2019	2020	2021	2022	2023	2024	2025
Oneida County	4.0%	7.7%	5.1%	3.6%	3.5%	3.7%	3.9%
New York State	3.9	9.8	7.1	4.3	4.2	4.2	4.3

2026 Monthly Figures

	Jan	Feb	Mar	Apr	May	Jun	Jul
Oneida County	4.4%	4.7%	4.2%	3.8%	3.9%	4.0%	N/A
New York State	4.7	5.2	4.4	4.2	4.2	4.4	N/A

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

Form of School Government

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

Budgetary Procedures and Recent Budget Votes

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

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

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

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

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). Clarification may be needed to determine whether a Board of Education must adopt a budget that requires the same tax levy amount as used in the prior fiscal year, or whether changes to the levy are permitted for such purposes as the permitted school district exclusions or the tax base growth factor. For a complete discussion of Chapter 97, see "TAX LEVY LIMITATION LAW" herein.

Recent Budget Vote Results

The District's proposed budget for the 2025-26 fiscal year was defeated by the qualified voters on May 20, 2025 by a vote of 612 yes to 574 no. The proposed budget included a total tax levy increase of 5.99%, which exceeded the District's tax levy limit of 4.65% for the 2025-26 fiscal year and therefore required the budget to be approved by sixty percent of the qualified voters present and voting. The District intends to present a revised budget proposal to the qualified voters for a revote on June 17, 2025 which now includes a 4.65% tax levy increase, which is equal to the District's tax levy limit for 2025-26, requiring only a simple majority to pass. If the proposed budget does not pass, the District may be forced to adopt a contingency budget which would cap the District's tax levy at the 2024-25 level.

The budget for the 2026-27 fiscal year was approved by the qualified voters on May 19, 2026 by a vote of 530 yes to 337 no. The adopted budget included a 2.15% tax levy equal to, which was within the District's tax levy limit of 2.15% for the 2026-27 fiscal year.

Investment Policy

Pursuant to the statutes of the State of New York, the 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 District; (6) obligations of a New York public corporation which are made lawful investments by the 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 District moneys held in certain reserve funds established pursuant to law, obligations issued by the 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 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 New York State, (3) obligations of the United States of America, (4) 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, (5) with the approval of the State Comptroller, revenue anticipation notes or tax anticipation notes of other local governments in the State, (6) obligations of a New York public corporation which are made lawful investments by the 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 District moneys held in certain reserve funds established pursuant to law, obligations issued by the District. In the case of obligations of the United States government, the District may purchase such obligations pursuant to a written repurchase agreement that requires the purchased securities to be delivered to a third-party custodian.

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 58.00% 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 that directs the Secretary of Education to take all necessary steps to facilitate the closure of the U.S. Department of Education. The executive order aims to minimize the federal role in education but stops short of completely closing the Department as this would require 60 votes in the U.S. Senate. President Trump also indicated his preference that critical functions, like distributing Individuals with Disabilities Education Act funding, would be the responsibility of other federal agencies. The impact that the executive order will have on the State and school districts in the State is unknown at this time.

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 preliminary building aid ratios, the District expects to receive State building aid of approximately 87.0% 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.

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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 States 2023-24 Budget also provided a $2.6 billion increase in Foundation Aid, fully funding the program for the first time in history. The State's 2023-24 Enacted Budget provided $134 million to increase access to free school meals. An additional $20 million in grant funding 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 each of the below fiscal years comprised of Real Property Taxes and Other Tax Items.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2020-2021	$ 38,504,652	$ 21,680,430	56.31%
2021-2022	38,919,341	22,270,373	57.22
2022-2023	39,816,145	22,826,675	57.33
2023-2024	42,808,318	24,410,609	57.02
2024-2025	44,111,022	24,966,388	60.80
2025-2026 (Budgeted)	48,069,866	26,333,280	54.78
2025-2026 (Unaudited)	46,100,682	24,048,056	52.16
2026-2027 (Budgeted)	46,089,297	26,733,664	58.00

Source: Audited financial statements for the fiscal years ended 2020-21 through 2024-25, unaudited figures for the 2025-26 fiscal years, and adopted budgets for the fiscal years 2025-26 and 2026-27. This table is not audited.

District Facilities

Name	Grades	Capacity	Year(s) Built/Additions
E.A. McAllister Elementary School	Pre-K-6	304	1959, '71, '90
J.D. George Elementary School	Pre-K-6	523	1959, '66, 2000
W.A. Wettel Elementary School	Pre-K-6	343	1959, '71, 2000
Middle School/High School	7-12	1,042	1953, ’59, ’66, ’76, ’90, ’96, 2000, ’06

Source: District officials.

Enrollment Trends

School Year	Actual Enrollment	School Year	Projected Enrollment
2021-2022	1,816	2026-2027	1,830
2022-2023	1,808	2027-2028	1,830
2023-2024	1,830	2028-2029	1,830
2024-2025	1,840	2029-2030	1,830
2025-2026	1,821	2030-2031	1,820

Source: District officials.

Employees

The District employees are represented by various unions as follows:

Number of Employees	Bargaining Unit	Contract Expiration Date
153	VVS Civil Service Employees’ Association	June 30, 2029
173	VVS Teachers’ Association	June 30, 2028
6	VVS Administrators’ Association	June 30, 2027
10	Non-Union Confidential/Supervisors	Annually Reviewed

Source: 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 last five years and budgeted figures for the 2025-2026 and 2026-2027 fiscal years are as follows:

Fiscal Year	ERS	TRS
2020-2021	$ 588,447	$ 1,428,891
2021-2022	576,292	1,506,575
2022-2023	607,880	1,859,259
2023-2024	641,401	1,613,549
2024-2025	740,992	1,565,899
2025-2026 (Budgeted)	966,807	1,644,415
2025-2026 (Unaudited)	835,708	1,553,663
2026-2027 (Budgeted)	1,037,142	1,289,819

Source: District officials.

The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount. The District pre-pays this cost annually. Although permitted by recently enacted laws, the District is not amortizing any pension payments nor does it intend to do so in the foreseeable future.

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 currently does not have early retirement incentive programs.

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 (2020-21 to 2026-27) is shown below:

Fiscal Year	ERS	TRS
2020-21	14.6%	9.53%
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*

* Estimated. Final contribution rate expected to be adopted at the July 29, 2026 TRS Retirement Board meeting.

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 authorized local governments, 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 Rate Pension Contribution Option"). For 2016-17 the stable contribution option rate is 15.1% for ERS and 14.13% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but 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, included a provision that allows school districts in the State to establish a reserve fund for the purpose of funding the cost of TRS contributions, as a sub-fund of retirement contribution reserve funds presently authorized for amounts payable to the ERS by a school district. School districts are permitted to pay into such reserve fund during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed teachers who are members of the TRS paid during the immediately preceding fiscal year. The District has established a TRS 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 Armory Associates LLC to calculate its actuarial valuation under GASB 75. The following outlines the changes to the Total OPEB Liability for the 2023-24 and 2024-25 fiscal years, by source.

Balance ending at June 30:	2023	2024
Changes for the year:	$ 175,173,673	$ 179,517,806
Service cost	5,406,366	5,123,146
Interest	6,312,495	6,651,213
Differences between expected and actual experience	-	(7,327,273)
Changes in assumptions or other inputs	(3,271,021)	(3,305,570)
Changes of benefit terms	418,239	-
Benefit payments	(4,521,946)	(4,831,867)
Net Changes	$ 4,344,133	$ (3,690,351)

Balance ending at June 30:	**2024**	**2025**
	$ 179,517,806	**$ 175,827,455**

Source: Audited financial reports of the District. For additional information see "APPENDIX – E" attached hereto. The above table is not audited.

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.

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.

Actuarial valuation will be required every 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

Financial Statements

The District retains independent Certified Public Accountants. The last audit report covers the period ending June 30, 2025 and is attached hereto as "APPENDIX – E". Certain financial information of the District can be found attached as Appendices to the Official Statement.

The 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 District issues 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.

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

Based on preliminary estimates, the District expects to end the fiscal year ending June 30, 2026 with an unappropriated unreserved fund balance of $1,711,888.

Summary unaudited information for the General Fund for the period ending June 30, 2026 is as follows:

Revenues:	$ 46,100,682
Expenditures:	44,140,204
Excess (Deficit) Revenues Over Expenditures:	$ 1,9604,478
Beginning Fund Balance at June 30, 2025:	$ 9,010,459
Total Projected Fund Balance at June 30, 2026:	$ 10,970,937

General Fund Balance

Since fiscal year 2022, the District has continued to rely on the use of fund balance to balance both prior and current fiscal year budgets to maintain a moderate tax impact for residents. As a result, the District's fund balance position has steadily declined at an incremental pace.

The State Comptroller's Fiscal Stress Monitoring System has designated the District as "susceptible" to fiscal stress as of the 2023-24 fiscal year, as remaining fund balance continues to decline and the gap between annual budget increases and available revenues continues to increase.

The District allocated approximately $3 million in reserves to balance the 2025-26 budget. The Districts fund balance is not projected to decline at the end of the fiscal year 2025-26. This trend is consistent with the Districts five-year plan to rely less on reserves and reduce the reliance on fund balance going forward. The five-year plan is designed to ensure the District's expenditures are more aligned with its revenues in future years.

The District expects to end the 2025-26 fiscal year with an operating surplus of approximately $1,960,478. The District decreased their reliance on fund balance by reducing operating costs and not replacing several positions through attrition.

The District expects to allocate approximately $2.8 million in reserves to balance the 2026-27 budget. The Districts fund balance is not projected to decline at the end of the fiscal year 2026-27. This trend is consistent with the Districts five-year plan to rely less on reserves and reduce the reliance on fund balance going forward. The five-year plan is designed to ensure the District's expenditures are more aligned with its revenues in future years.

New York State Comptroller Reports of Examination

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

There have been no State Comptroller audits of the District published by the State Comptroller's office in the past five years.

As of the date of this Official Statement, there are no recent State Comptroller audits of the District, nor are there any 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 the accuracy of the information therein, nor incorporation herein by reference.

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 classifications and fiscal scores of the District for the past five fiscal years are as follows:

Fiscal Year Ending In	Stress Designation	Fiscal Score
2025	No Designation	20.0
2024	Susceptible [1]	40.0
2023	No Designation	6.7
2022	No Designation	0.0
2021	No Designation	0.0

[1] See also "General Fund Balance" herein.

Additional information regarding the Fiscal Stress Monitoring System can be found by visiting the Fiscal Stress Monitoring System section of the Office of the State Comptroller website.

Source: Website of the Office of the New York State Comptroller. References to website addresses presented herein are for informational purposes only. Unless specified otherwise, such websites and the information or links contained therein are not incorporated into, and are not part of, this Official Statement.

Other Information

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

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Notes as provided in Title 6 of Article 2 of 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 Official Statement does not include the financial data of any political subdivision having power to levy taxes within the District.

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TAX INFORMATION

Taxable Valuations

For Fiscal Year Ending June 30:		2022	2023	2024	2025	2026
City of:	Rome	$ 14,753,637	$ 14,760,827	$ 14,892,743	$ 15,083,634	$ 15,216,558
	Oneida	26,159,325	26,331,658	26,110,125	26,357,437	26,276,732
Towns of:	Kirkland	615,425	609,431	606,653	627,795	621,521
	Vernon	276,029,235	285,995,421	285,181,515	286,582,677	284,360,676
	Verona	164,305,452	165,173,018	168,287,981	165,608,210	165,396,942
	Vienna	2,206,351	2,214,621	2,193,586	2,197,474	2,194,257
	Westmoreland	10,420,190	10,356,753	10,488,315	10,492,055	10,448,736
Total Assessed Valuation		$ 494,489,615	$ 505,441,729	$ 507,760,918	$ 506,949,282	$ 504,515,422
State Equalization Rates						
City of:	Rome	66.09%	61.03%	53.51%	45.38%	45.37%
	Oneida	97.00%	93.00%	83.00%	76.00%	71.00%
Towns of:	Kirkland	57.00%	54.00%	48.50%	43.00%	39.50%
	Vernon	64.50%	61.00%	52.00%	47.50%	47.50%
	Verona	64.00%	63.00%	57.00%	49.00%	48.00%
	Vienna	53.00%	52.00%	47.00%	40.00%	36.00%
	Westmoreland	58.00%	53.00%	43.00%	38.00%	38.00%
Total Full Valuation		$ 757,179,966	$ 808,452,645	$ 933,267,210	$1,043,791,579	$1,048,944,612

Note: As of November 7, 2023, special state equalization ratios are no longer calculated for small city school districts, including the District, according to the New York State Department of Taxation and Finance. See also note to "Debt Statement Summary" herein.

Source: District officials.

Tax Rate Per $1,000 (Assessed)

For Fiscal Year Ending June 30:		2022	2023	2024	2025	2026
City of:	Rome	$ 29.68	$ 31.30	$ 32.16	$ 35.23	$ 36.56
	Oneida	20.22	20.54	20.73	21.04	23.36
Towns of:	Kirkland	34.41	35.38	35.48	37.18	41.99
	Vernon	30.41	31.32	33.09	33.66	35.14
	Verona	30.65	30.32	30.19	32.63	34.55
	Vienna	37.01	36.74	36.61	39.97	46.07
	Westmoreland	33.82	36.04	40.02	42.07	43.65

Source: District officials.

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 from October 1st to October 30th. On or about November 15th, uncollected taxes are returnable to the Counties of Oneida and Madison for collection. The District receives this amount from said County prior to the end of the District's fiscal year, thereby assuring 100% tax collection annually. Tax sales are held annually by the County.

Tax Levy and Tax Collection Record

Fiscal Year Ending June 30:	2022	2023	2024	2025	2026
Total Tax Levy	$ 14,852,590	$ 15,446,694	$ 16,060,745	$ 16,687,114	$ 17,463,280
Amount Uncollected [(1)]	693,500	910,246	1,042,473	863,918	861,876
% Uncollected	4.67%	5.89%	6.49%	5.18%	4.94%

[(1)] The District is made whole on uncollected taxes. See "Tax Collection Procedure" herein.

Source: District officials.

Real Property Tax Revenues

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

Fiscal Year	Total Revenues	Total Real Property Taxes and Tax Items	Percentage of Total Revenues Consisting of Real Property Taxes
2020-2021	$ 38,504,652	$ 15,159,988	39.37%
2021-2022	38,919,341	15,180,545	39.01
2022-2023	39,816,145	15,514,181	38.96
2023-2024	42,808,318	16,160,469	37.75
2024-2025	44,111,022	16,797,795	38.08
2025-2026 (Budgeted)	48,069,866	17,463,280	36.33
2025-2026 (Unaudited)	46,100,682	17,463,280	37.88
2026-2027 (Budgeted)	46,089,297	17,838,528	38.70

Source: Audited financial statements for the fiscal years ended 2020-21 through 2024-25, the unaudited figures for the 2025-26 fiscal year, and the adopted budgets for the 2025-26 and 2026-27 fiscal years. This table is not audited.

Larger Taxpayers – 2025 Assessment Roll for 2025-26 District Tax Roll

Name	Type	Taxable Full Valuation
Vernon Downs (Mid-State Raceway)	Raceway	$ 27,609,196
National Grid	Utility	27,112,715
BBL Verona, LLC	Hotel	11,363,636
H.P. Hood, Inc.	Manufacturing	9,894,253
CSX Transportation	Transportation	9,451,955
EIP Sherrill, LLC	Utility	8,275,862
Meadow View Townhouse	Rental Property	7,173,793
ONX3, LLC	Manufacturing	5,838,851
Time Warner	Utility	4,224,069

The larger taxpayers listed above have a total taxable full valuation of $110,944,330, which represents 10.57% of the tax base of the District.

The District experiences the impact of tax certiorari filings on a regular basis. At this time, the level of tax certiorari filings are within acceptable norms and is not anticipated to have a material impact on the District's finances.

Source: District officials.

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

Municipality	Enhanced Exemption	Basic Exemption	Date Certified
City of Rome	$ 40,150	$ 13,610	10/29/2025
City of Oneida	N/A	N/A	--
Town of Kirkland	31,240	10,590	4/10/2026
Town of Vernon	38,500	13,050	4/10/2026
Town of Verona	38,940	13,200	4/10/2026
Town of Vienna	30,090	10,200	4/10/2026
Town of Westmoreland	31,860	10,800	4/10/2026

$1,813,229 of the District's $17,463,280 school tax levy for 2025-26 is was exempt by the STAR Program. The District received all of such exempt taxes from the State in January 2026.

Approximately $1,813,229 of the District's $17,838,528 school tax levy for 2026-27 is expected to be exempt by the STAR Program. The District expects to receive all of such exempt taxes from the State in January 2027.

Additional Tax Information

Real property located in the District is assessed by the Towns.

Senior citizens' exemptions are offered to those who qualify.

The estimated total annual property tax bill of a $100,000 market value residential property located in the District is approximately $2,500 including State, County, Town, District and Fire District Taxes.

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. 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, applicable to the Notes.

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.

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

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

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

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

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any 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 District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty of the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under "NATURE OF OBLIGATION," the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness, however, the Tax Levy Limit Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increase is limited by the formulas set forth in such law. (See "TAX LEVY LIMITATION LAW" herein).

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board 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.

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

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 District complied with this estoppel procedure in connection with the bond resolution pursuant to which the Notes are being issued. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes, in anticipation of the collection of a specific type of revenue, and budget or deficiency notes when necessary.

Debt Outstanding End of Fiscal Year

Fiscal Years Ending June 30th:	2022	2023	2024	2025	2026
Bonds	$ 1,145,000	$ 18,260,000	$ 17,335,000	$ 17,527,500	$ 16,030,000
Bond Anticipation Notes	21,240,000	0	0	5,770,000	10,300,000
Revenue Anticipation Notes	0	0	5,000,000	5,000,000	5,000,000
Energy Performance Contract [1]	2,118,064	1,971,205	1,819,524	1,662,863	1,501,059
Lease Liabilities [1] [2]	353,797	153,978	0	369,963	251,313
Total Debt Outstanding	$ 27,814,680	$ 24,856,861	$ 20,385,183	$ 30,329,826	$ 33,082,372

[1] Such indebtedness is subject to appropriation but does not involve a pledge of faith and credit of the District, and therefore do not technically constitute indebtedness of the District. Such obligations are, however, counted against the debt limit of the District.

[2] For the fiscal year ended June 30, 2022, the District implemented GASB Statement No. 87 (GASB 87) for accounting and reporting of leases. GASB 87 requires the recognition of certain lease assets and liabilities for leases previously classified as operating leases along with recognition of inflows and outflows of resources, as applicable. GASB 87 does not distinguish operating vs. capital leases. All applicable leases are now considered financing leases. (See "Other Obligations" herein.)

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the District evidenced by bonds and notes as of July 28, 2026.

Type of Indebtedness	Maturity		Amount
Bonds	2026-2036		$ 16,030,000
Bond Anticipation Notes:			
2024 Capital Project	June 24, 2027		10,300,000
Revenue Anticipation Notes:			
Anticipation of 2025-26 State Aid Revenues	June 17, 2027		5,000,000
		Total Indebtedness:	$ 31,330,000

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of July 28, 2026:

Full Valuation of Taxable Real Property			$ 1,048,944,612
Debt Limit 10% thereof			104,894,461
Inclusions:			
Bonds	$ 16,030,000		
Bond Anticipation Notes (BANs):	10,300,000		
Total Inclusions prior to issuance of the Notes	26,330,000		
Less: BANs being redeemed from appropriations	(0)		
Add: New money proceeds of the Bonds	1,275,000		
Total Net Inclusions after issuance of the Bonds		$ 27,605,000	
Exclusions:			
State Building Aid [(1)]	$ 0		
Total Exclusions		$ 0	
Total Net Indebtedness after issuance of the Bonds			$ 27,605,000
Net Debt-Contracting Margin			$ 77,289,461
The percent of debt contracting power exhausted is			26.31%

(1) Pursuant to the Provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing bonded debt. Since the gross indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate. Over the years the building aid ratio has been adjusted based on State legislative changes with an effective date tied to voter authorization dates. Based on preliminary 2026-27 Building Aid Ratios, the School District anticipates State building aid of 87.0% for debt service on SED approved expenditures from July 1, 2004 to the present. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the School District will receive in relation to its capital project indebtedness

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 School District.

Note: The above debt statement summary does not include any outstanding energy performance contract or lease or installment purchase obligations, which are subject to appropriation but do not involve a pledge of faith and credit of the District, and therefore do not technically constitute indebtedness of the District. Such obligations are, however, counted against the debt limit of the District. The District remains within its debt limit after taking into account the outstanding balance of such obligations.

Bonded Debt Service

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

Cash Flow Borrowings

The District had not issued any revenue or tax anticipation notes since June 2003. The District issued a $5,000,000 revenue anticipation note in the 2023-2024 through the 2025-2026 fiscal years.

The following is a history of the School District's cash flow borrowings during the current fiscal year.

Fiscal Year	Amount	Issue Type	Issue Date	Due Date
2023-2024	$5,000,000	RAN	06/20/2024	06/20/2025
2024-2025	$5,000,000	RAN	06/18/2025	06/18/2026
2025-2026	$5,000,000	RAN	06/17/2026	06/17/2027

Capital Project Plans

On March 7, 2024, the qualified voters of the District approved a proposition authorizing the District to undertake a capital improvement project consisting of (i) the renovation, reconstruction and new construction projects to the Vernon Verona Sherrill Middle and High Schools at a maximum estimated cost of $38,900,000 and (ii) the renovation, reconstruction and new construction projects to the Vernon Verona Sherrill Bus Garage at a maximum estimated cost of $2,600,000, and authorizing the issuance of up to $40,50,000 serial bonds and bond anticipation notes and the expenditure of $1,000,000 from the District's fund balance to finance the capital project. To date, the District has issued $6,000,000 bond anticipation notes pursuant to this authorization, of which $5,770,000 are currently outstanding and will mature on June 25, 2026. The District issued $10,300,000 bond anticipation notes that are currently outstanding and maturing June 27, 2027.

On May 19, 2026, the qualified voters of the District approved a proposition authorizing the District to purchase various school buses and related vehicles at a maximum cost of $1,275,000. The proceeds of the Bonds provide $1,275,000 in new monies for the aforementioned purpose.

Other than as described above, the District has no authorized and unissued indebtedness for capital purposes.

Estimated Overlapping Indebtedness

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

Municipality	Status of Debt as of	Gross Indebtedness [1]	District Share	Applicable Indebtedness
County of:				
Oneida	12/31/2024	$ 475,600,014	5.82%	$ 27,679,921
Madison	12/31/2024	42,473,390	0.59%	250,593
Cities of:				
Rome	12/31/2024	98,180,052	1.76%	1,727,969
Oneida	12/31/2024	72,405,618	5.31%	3,844,738
Town of:				
Vernon	12/31/2024	-	82.96%	-
Verona	12/31/2024	26,691,667	66.69%	17,800,673
Kirkland	12/31/2024	4,393,310	0.19%	8,347
Westmoreland	12/31/2024	785,000	4.60%	36,110
Vienna	12/31/2024	1,660,494	0.94%	15,609
			Total:	$ 51,363,960

[1] 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 applicable exclusions, such as water debt, sewer debt, and budgeted appropriations for the municipalities and state building aid for the school districts is not available from source.

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of July 28, 2026:

	Amount	Per Capita [a]	Percentage of Full Value [b]
Net Indebtedness [c]	$ 27,605,000	$ 2,280.46	2.63%
Net Indebtedness Plus Gross Overlapping Indebtedness [d]	78,968,960	6,523.66	7.52

[a] The 2024 estimated population of the District is 12,105. (See "THE SCHOOL DISTRICT – Population" herein.)
[b] The District's full value of taxable real estate for its 2025-26 tax roll $1,048,944,612. (See "TAX INFORMATION – Taxable Valuations" herein.)
[c] See "Debt Statement Summary" for the calculation of Net Indebtedness, herein.
[d] Estimated gross overlapping indebtedness is $51,363,960. (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 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 Notes 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 Notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds 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. The Notes when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the 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 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 District may not be enforced by levy and execution against property owned by the 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. No principal of or interest on District indebtedness is currently past due. To the best knowledge of current District officers, the District has not defaulted on the payment of the principal of and interest on any indebtedness in the past five years.

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 is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the District, in any year, the District may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the District. In some 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. (See also "THE 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 Hodgson Russ LLP, Albany, New York, Bond Counsel, under existing law, interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes, assuming compliance with certain covenants and the accuracy of certain representations. Further, (a) the District or another Person, by failing to comply with the requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof, (b) interest on the Notes is not an "item of tax preference" for purposes of the individual alternative minimum tax imposed by the Code, and (c) interest on the Notes is included in the tax base for purposes of computing the branch profits tax under Section 884 of the Code. In addition, we note that, interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code.

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Notes from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 141, 148 and 149 of the Code and the regulations thereunder (collectively, the "Tax Requirements"). In the opinion of Bond Counsel, the Tax Compliance Certificate establishes requirements and procedures, compliance with which will satisfy the Tax Requirements.

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

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

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

Information Reporting and Backup Withholding. In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest and the proceeds of the sale of a Note before maturity within the United States. Backup withholding may apply to holders of the Note under Section 3406 of the Code. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States Federal income tax provided the required information is furnished to the Internal Revenue Service (the "Service").

Future Legislation. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government.

No representation is made as to the likelihood of such proposals being enacted or, if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes.

Prospective purchasers of the Notes should consult their own tax advisers regarding pending or proposed federal and state tax legislation and court proceedings, and prospective purchasers of the Notes at other than their original issuance at the respective prices set indicated on the cover of this Official Statement should also consult their own tax advisers regarding other tax considerations, such as the consequences of market discount, as to which Bond Counsel expresses no opinion.

New York State Taxes. In the opinion of Bond Counsel, interest on the Notes is exempt, under existing statutes, from New York State and New York City personal income taxes.

Miscellaneous. All quotations from and summaries and explanations of provisions of laws do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

Bond Counsel's engagement with respect to the Notes ends with the issuance of the Notes. Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. Unless separately engaged, Bond Counsel is not obligated to defend the District or the owners of the Notes regarding the tax status of the interest thereon in the event of an audit examination by the IRS.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Hodgson Russ LLP, Bond Counsel, Albany, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon (Subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York), without limitation as to rate or amount, provided, that the enforceability (but not the validity) of the Notes may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights, (a) may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or federal) affecting the enforcement of creditors' rights, and (b) may be subject to the exercise of judicial discretion in appropriate cases, (ii) the District has the power to comply with its covenant included in its arbitrage certificate with respect to the Notes relating to compliance with the Code as it relates to the Notes; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights; and (iii) assuming that the District complies with such covenants interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the individual alternative minimum tax. Moreover, interest on the Notes may be subject to a branch profits tax of up to 30% when owned by certain foreign corporations. Furthermore, interest on the Notes may be subject to a tax at ordinary income rates when owned by "S Corporations" in certain cases. In addition, we note that, interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the Code. 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 will express no opinion regarding other federal income tax consequences arising with respect to the Notes.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the accuracy of the signatures appearing upon such public records, documents and proceedings and such certifications; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the District together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Notes, 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.

LITIGATION

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

The District is also indirectly involved in several Indian Land Claims which have been filed in Oneida County. A summary of the claims and the current status of the litigation is described in the following section entitled "INDIAN LITIGATION AND SETTLEMENT".

INDIAN LITIGATION AND SETTLEMENT

From 1970 until March 2014, Oneida County was involved in extensive litigation against the Oneida Indians. This included land claims brought by three Oneida tribes which were both resolved, the smaller case by payment of $8,360 plus interest made with state funds and the larger one by judgment in the County's favor in 2011. Additionally, in the years 2005-2008, three more suits were commenced between the County and the local Oneida tribe, known as the Oneida Indian Nation of New York (the "Nation"). This litigation included a dispute over taxability of Nation-owned real property, the assessments of those parcels, and the US government's decision to accept some Nation-owned parcels into trust. Settlement of all pending litigation was reached between the County, Madison County, the Nation and New York State in 2013, and became effective upon approval of Federal District Court Judge Kahn on March 4, 2014. There remains no pending litigation between the County and the Oneida Indians. The settlement exempts Nation-owned parcels from property taxes, but, on balance, is expected to provide significant financial benefit to the County. Specifically, its terms are summarized as follows:

Tribal Revenue Sharing with State and Local Governments and Gaming Exclusivity. Under the agreement, the Oneida Nation will receive exclusive rights to casino gaming in a ten-county region of Central New York. In exchange, the Nation will devote 25% of its net gaming revenue from its slot machines to the State of New York. Based on current Oneida gaming revenues, that would be approximately $50 million annually to the State. From the State share there would be distributed to the County, as the host county, 25% of the State's payment annually and, in addition, the County will receive $2.5 million annually for nineteen and one-quarter (19.25) years from the State share to settle back property tax claims. 2015 payments totaled $16,513,746 and $17,853,110 was received in 2016.

Settling Land into Trust. Under the settlement, the Oneida Nation will agree to a permanent cap of approximately 25,000 acres of land which may be taken into trust by the Department of Interior as Nation land. New York State, Oneida County and Madison County withdrew their case challenging land into trust. The Nation expressly waives its rights of sovereignty over any land over the cap amount.

Ending Unfair Competition. The settlement requires the Oneida Nation to impose a Nation sales tax that equals or exceeds the State's and counties' sales, use and occupancy taxes. Under the agreement:

- The Nation sales tax would apply to all cigarettes, motor fuel, and all other sales by Indian retailers to non-Indians.
- The Nation must adhere to minimum pricing standards for cigarette products.
- The Nation must use sales tax revenues only for the same types of governmental programs to which the State and Counties devote their tax revenues.

It should be noted that a separate claim, brought by the Stockbridge-Munsee Tribe of Indians involving a much smaller amount of land in Oneida County was dismissed in 2014. A petition for Certiorari to the United States Supreme Court was denied on March 2, 2015.

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 a Continuing Disclosure Undertaking, descriptions of which are attached hereto as "APPENDIX – D".

Historical Continuing Disclosure Compliance

The District has complied with all previous Undertakings in all material respects pursuant to the Rule within the past five years, however,

The District was 7 days late in filing its Annual Financial Information and Operating Data (AFIOD) for the fiscal year ending June 30, 2022. Such AFIOD was due to be filed to the Electronic Municipal Market Access Website no later than December 27, 2022 (180 days after the fiscal year end) but was not filed until January 3, 2023.

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 Fiscal Advisors are partially contingent on the successful closing of the Notes.

CUSIP IDENTIFICATION NUMBERS

If the Notes are issued in book-entry-only form, 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.

RATINGS

The Bonds are <u>not</u> rated. Subject to the approval of the District, the purchaser(s) of the Bonds may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the District, such rating action may result in a material event notification to be posted to EMMA

The District currently does not have any outstanding ratings with any rating agencies.

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 Bonds.

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.

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

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 District contact information is as follows: Mr. Patrick Goodman, Director of Business & Student Support Services, 5275 Route 31, PO Box 128, Verona, New York 13478, Phone: (315) 829-7487, Fax: (315) 829-4949, Email: pgoodman@vvsschools.org.

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

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL

Dated: July 28, 2026

JENNA BOICE
PRESIDENT OF THE BOARD OF EDUCATION AND
CHIEF FISCAL OFFICER

GENERAL FUND

Balance Sheets

Fiscal Years Ending June 30:	2021	2022	2023	2024	2025
ASSETS					
Unrestricted Cash	$ 3,767,753	$ 4,861,540	$ 4,771,823	$ 16,281,045	$ 11,032,294
Restricted Cash	11,053,364	9,711,844	8,704,410	-	4,000,000
Taxes Receivable	666	671	-	-	-
Due from Other Funds	515,916	685,499	1,018,245	881,522	534,896
State and Federal Aid Receivable	2,079,054	2,121,887	1,207,441	468,236	542,149
Due from Other Governments	-	-	-	1,060,652	1,042,449
Other Receivables	522,608	369,409	301,125	454,970	492,887
Deferred Expenditures	-	-	-	8,506	-
TOTAL ASSETS	$ 17,939,361	$ 17,750,850	$ 16,003,044	$ 19,154,931	$ 17,644,675
LIABILITIES AND FUND EQUITY					
Accounts Payable	$ 176,100	$ 188,562	$ 522,095	$ 437,164	$ 591,730
Accrued Liabilities	407,430	421,958	511,341	600,553	596,422
Due to Other Funds	-	137,939	638	71	414,775
RAN's Payable	-	-	-	5,000,000	5,000,000
Due to Retirement Systems	1,689,428	1,814,545	2,002,457	2,025,444	2,030,289
Deferred Revenue	-	-	-	-	-
TOTAL LIABILITIES	$ 2,272,958	$ 2,563,004	$ 3,036,531	$ 8,063,232	$ 8,633,216
FUND EQUITY					
Nonspendable	$ -	$ -	$ -	$ 8,506	$ -
Restricted	11,053,363	9,711,844	8,704,410	5,212,403	4,000,000
Assigned	3,283,068	4,103,039	4,124,614	5,130,474	3,105,716
Unassigned	1,329,972	1,372,963	137,489	740,316	1,905,743
TOTAL FUND EQUITY	$ 15,666,403	$ 15,187,846	$ 12,966,513	$ 11,091,699	$ 9,011,459
TOTAL LIABILITIES and FUND EQUITY	$ 17,939,361	$ 17,750,850	$ 16,003,044	$ 19,154,931	$ 17,644,675

Source: Audited financial statements of the District. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending June 30:	2021	2022	2023	2024	2025
REVENUES					
Real Property Taxes	$ 12,485,682	$ 12,561,658	$ 13,333,942	$ 14,111,206	$ 14,852,221
Real Property Tax Items	2,674,306	2,618,887	2,180,239	2,049,263	1,945,574
Non-Property Taxes	-	-	-	-	-
Charges for Services	44,214	43,951	49,883	57,289	61,140
Use of Money & Property	168,445	202,591	316,494	770,517	713,331
Sale of Property and Compensation for Loss	75,697	63,225	10,221	10,307	36,978
Miscellaneous	973,072	1,105,320	1,035,985	1,348,892	1,456,628
Revenues from State Sources	21,680,430	22,270,373	22,826,675	24,410,609	24,966,388
Revenues from Federal Sources	402,806	53,336	62,706	50,235	78,762
Total Revenues	$ 38,504,652	$ 38,919,341	$ 39,816,145	$ 42,808,318	$ 44,111,022
Other Sources:					
Interfund Transfers	72,108	718,821	-	-	212,500
Proceeds from Lease Obligaions	-	-	-	-	540,371
Premiums on Obligations	-	-	-	-	7,750
Total Revenues and Other Sources	$ 38,576,760	$ 39,638,162	$ 39,816,145	$ 42,808,318	$ 44,871,643
EXPENDITURES					
General Support	$ 3,556,694	$ 4,001,634	$ 3,926,835	$ 3,897,702	$ 4,228,757
Instruction	19,288,172	20,328,621	21,425,210	22,448,845	23,315,035
Pupil Transportation	1,984,797	2,026,343	2,256,308	2,300,332	2,310,081
Community Services	-	-	-	-	-
Employee Benefits	9,550,819	10,590,949	11,176,054	11,845,577	12,922,554
Debt Service	2,695,081	3,046,051	3,118,241	3,049,273	3,917,430
Total Expenditures	$ 37,075,563	$ 39,993,598	$ 41,902,648	$ 43,541,729	$ 46,693,857
Other Uses:					
Interfund Transfers	132,641	123,121	134,830	1,141,403	258,026
Total Expenditures and Other Uses	$ 37,208,204	$ 40,116,719	$ 42,037,478	$ 44,683,132	$ 46,951,883
Excess (Deficit) Revenues Over Expenditures	1,368,556	(478,557)	(2,221,333)	(1,874,814)	(2,080,240)
FUND BALANCE					
Fund Balance - Beginning of Year	14,297,847	15,666,403	15,187,846	12,966,513	11,091,699
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ 15,666,403	$ 15,187,846	$ 12,966,513	$ 11,091,699	$ 9,011,459

Source: Audited financial statements of the District. This Appendix is not itself audited.

GENERAL FUND

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

Fiscal Years Ending June 30:	2025			2026	2027
	Original Budget	Final Budget	Audited Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	$ 14,740,221	$ 14,740,221	$ 14,852,221	$ 15,628,387	$ 16,025,299
Real Property Tax Items	2,044,797	2,044,797	1,945,574	1,943,979	1,813,229
Non-Property Taxes	-	-	-	-	-
Charges for Services	23,100	23,100	61,140	28,100	28,100
Use of Money & Property	423,494	423,494	713,331	448,494	697,519
Sale of Property and Compensation for Loss	1,500	1,500	36,978	1,500	500
Miscellaneous	613,322	613,322	1,456,628	618,322	760,981
Revenues from State Sources	25,018,732	25,018,732	24,966,388	26,297,569	26,733,669
Revenues from Federal Sources	30,000	30,000	78,762	30,000	30,000
Total Revenues	$ 42,895,166	$ 42,895,166	$ 44,111,022	$ 44,996,351	$ 46,089,297
Other Sources:					
Interfund Transfers	-	-	212,500	-	-
Proceeds from Leases	-	540,371	540,371	-	-
Premiums on Obligations	30,000	30,000	7,750	-	-
Total Revenues and Other Sources	$ 42,925,166	$ 43,465,537	$ 44,871,643	$ 44,996,351	$ 46,089,297
EXPENDITURES					
General Support	$ 4,425,120	$ 4,440,333	$ 4,228,757	$ 4,781,348	$ 4,709,839
Instruction	24,311,843	23,761,163	23,316,035	22,961,684	23,057,181
Pupil Transportation	2,204,734	2,321,814	2,310,081	2,331,225	2,511,056
Community Services	-	-	-	-	-
Employee Benefits	13,700,087	13,662,643	12,922,554	14,420,993	14,897,238
Debt Service	3,192,416	3,581,663	3,917,430	3,439,616	3,700,954
Total Expenditures	$ 47,834,200	$ 47,767,616	$ 46,694,857	$ 47,934,866	$ 48,876,268
Other Uses:					
Interfund Transfers	135,000	258,026	258,026	135,000	35,000
Total Expenditures & Other Uses	$ 47,969,200	$ 48,025,642	$ 46,952,883	$ 48,069,866	$ 48,911,268
Excess (Deficit) Revenues Over Expenditures	(5,044,034)	(4,560,105)	(2,081,240)	(3,073,515)	(2,821,971)
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	11,091,699	3,073,515	2,821,971
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	$ (5,044,034)	$ (4,560,105)	$ 9,010,459	$ -	$ -

* The District's proposed budget for the 2025-26 fiscal year was defeated by the qualified voters on May 20, 2025. The District voters approved the revised budget on June 17, 2025.

Source: 2024-25 audited financial statement and 2025-26 original and revised budgets of the District. This Appendix is not itself audited.

BONDED DEBT SERVICE

Fiscal Year Ending June 30th	Principal	Interest	Total
2027	1,730,000	788,050.45	2,518,050.45
2028	1,820,000	689,967.50	2,509,967.50
2029	1,915,000	603,106.25	2,518,106.25
2030	1,830,000	515,450.00	2,345,450.00
2031	1,725,000	431,200.00	2,156,200.00
2032	1,615,000	350,500.00	1,965,500.00
2033	1,700,000	269,750.00	1,969,750.00
2034	1,785,000	184,750.00	1,969,750.00
2035	1,135,000	95,500.00	1,230,500.00
2036	775,000	38,750.00	813,750.00
TOTAL	$ 16,030,000	$ 3,967,024.20	$ 19,997,024.20

Note: The above table does not include any energy performance contract, capital lease or installment purchase indebtedness, to the extent any such indebtedness may be applicable to the District.

CURRENT BONDS OUTSTANDING

Fiscal Year Ending June 30th	2023A DASNY Principal	2023A DASNY Interest	2023A DASNY Total	2023 Buses Principal	2023 Buses Interest	2023 Buses Total
2027	1,265,000	700,250.00	1,965,250.00	150,000	16,616.25	166,616.25
2028	1,330,000	637,000.00	1,967,000.00	155,000	10,267.50	165,267.50
2029	1,395,000	570,500.00	1,965,500.00	165,000	3,506.25	168,506.25
2030	1,465,000	500,750.00	1,965,750.00	-	-	-
2031	1,540,000	427,500.00	1,967,500.00	-	-	-
2032	1,615,000	350,500.00	1,965,500.00	-	-	-
2033	1,700,000	269,750.00	1,969,750.00	-	-	-
2034	1,785,000	184,750.00	1,969,750.00	-	-	-
2035	1,135,000	95,500.00	1,230,500.00	-	-	-
2036	775,000	38,750.00	813,750.00	-	-	-
TOTAL	$ 14,005,000	$ 3,775,250.00	$ 17,780,250.00	$ 470,000	$ 30,390.00	$ 500,390.00

Fiscal Year Ending June 30th	2024 Buses Principal	2024 Buses Interest	2024 Buses Total	2025 Buses Principal	2025 Buses Interest	2025 Buses Total
2027	170,000	25,400.00	195,400.00	145,000	45,784.20	190,784.20
2028	175,000	18,500.00	193,500.00	160,000	24,200.00	184,200.00
2029	185,000	11,300.00	196,300.00	170,000	17,800.00	187,800.00
2030	190,000	3,800.00	193,800.00	175,000	10,900.00	185,900.00
2031	-	-	-	185,000	3,700.00	188,700.00
TOTAL	$ 720,000	$ 59,000.00	$ 779,000.00	$ 835,000	$ 102,384.20	$ 937,384.20

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

"Annual Information" shall mean the information specified in Section 3 hereof.

"EMMA" shall mean the Electronic Municipal Market Access System implemented by the MSRB.

"Financial Obligation" shall mean "financial obligation" as such term is defined in the Rule.

"GAAP" shall mean generally accepted accounting principles as in effect from time to time in the United States.

"Holder" shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

"Issuer" shall mean the **City School District of the City of Sherrill,** in the County of Oneida, a school district of the State of New York.

"MSRB" shall mean the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Agreement.

"Municipal Advisor" shall mean Fiscal Advisors & Marketing, Inc., 250 South Clinton Street, Suite 502, Syracuse, New York 13202, or another nationally recognized municipal advisory firm.

"Purchaser" shall mean the financial institution referred to in the Certificate of Award, executed by the President of the Board of Education as of August 4, 2026.

"Rule" shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

"Securities" shall mean the Issuer's **$1,275,000 School District (Serial) Bonds-2026**, dated August 18, 2026 maturing in various principal amounts on August 15 in each of the years 2027 to 2031, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided either directly or through its Municipal Advisor to the EMMA System:

(i) (A) no later than six months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, the Annual Information relating to such fiscal year, and (B) no later than six months after the end of each fiscal year, commencing with the fiscal year ending June 30, 2026, the audited financial statements of the Issuer for each fiscal year, if audited financial statements are prepared by the Issuer and then available; provided, however, that if audited financial statements are not prepared or are not then available, unaudited financial statements shall be provided and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than one (1) year after the end of each fiscal year; provided further, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933; and

(ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:

(1) principal and interest payment delinquencies;

(2) non-payment related defaults, if material;

(3) unscheduled draws on debt service reserves reflecting financial difficulties;

(4) unscheduled draws on credit enhancements reflecting financial difficulties;

(5) substitution of credit or liquidity providers, or their failure to perform;

(6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other events affecting the tax status of the Securities;

(7) modifications to rights of Securities holders, if material;

(8) Bond calls, if material, and tender offers;

(9) defeasances;

(10) release, substitution, or sale of property securing repayment of the Securities, if material;

(11) rating changes;

(12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) 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 Issuer 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 Issuer, 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 Issuer;

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

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

(15) incurrence of a Financial Obligation of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the Issuer, any of which affect security holders, if material; and

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

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings: "THE SCHOOL DISTRICT," "STATUS OF INDEBTEDNESS", "TAX INFORMATION" and "LITIGATION" and Appendix A.

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

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

(a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);

(b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;

(c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;

(d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;

(e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or

(f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to the their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of August 18, 2026.

CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL

By: /s/: _____
President of the Board of Education

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CITY SCHOOL DISTRICT OF THE CITY OF SHERRILL
ONEIDA COUNTY, NEW YORK

AUDITED FINANCIAL STATEMENTS

FISCAL YEAR ENDED 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.

The District's independent auditor has not been engaged to perform, and has not performed, since the date of its report included herein, any procedures on the financial statements addressed in that report. The District's independent auditor also has not performed any procedures relating to this Official Statement.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

Financial Statements and Independent Auditor's Reports as of and For the Year Ended June 30, 2025

Bonadio & Co., LLP
Accounting, Consulting & More

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

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VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

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Bonadio & Co., LLP
Accounting, Consulting & More

INDEPENDENT AUDITOR'S REPORT

October 7, 2025

To the Board of Education and Superintendent of
Vernon Verona Sherrill Central School District:

Report on 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 the Vernon Verona Sherrill Central School District (the District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the 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 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 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.

Emphasis of Matter – Change in Accounting Principle

As discussed in Note 15 to the financial statements, during the year ended June 30, 2025, the District adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 101, *Compensated Absences*. Our opinions are not modified with respect to this matter.

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(Continued)

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 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 District's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the District's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information
Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis; Schedule of Revenue, Expenditures, and Change in Fund Balance - Budget and Actual - General Fund; Schedule of Changes in Total OPEB Liability and Related Ratios; Schedule of Proportionate Share of Net Pension Liability (Asset) and the Schedule of Contributions - Pension Plans 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 District's basic financial statements. The accompanying combining and individual nonmajor fund financial statements 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 combining and individual nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information
Management is responsible for the other information included in the financial statements. The other information comprises the Schedule of Change from Original Budget to Revised Budget and the Real Property Tax Limit - General Fund, Schedule of Project Expenditures - Capital Projects Fund and the Schedule of Net Investment in Capital Asset, but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

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

Other Reporting Required by *Government Auditing Standards*
In accordance with *Government Auditing Standards*, we have also issued our report dated October 7, 2025, on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, 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 District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

MANAGEMENT'S DISCUSSION AND ANALYSIS (UNAUDITED)

The following is a discussion and analysis of Vernon Verona Sherrill Central School District's (the School District or District) financial performance for the fiscal year ended June 30, 2025. This section is a summary of the School District's financial activities based on currently known facts, decisions, or conditions. It is also based on both the Districtwide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. The Management's Discussion and Analysis (MD&A) section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

Financial Highlights

- At June 30, 2025 total liabilities (what the District owes) exceeded its total assets (what the District owns) by $149,478,774. At June 30, 2024, total liabilities exceeded total assets by $149,497,491. Net Position decreased by $9,882,591.

- Capital asset additions during 2025 amounted to $4,416,955 primarily due to $2,881,439 in new construction in progress.

- General revenue, which includes State aid, and property taxes, accounted for $44,323,993 or 92% of all revenue.

- Total expenses in the district-wide financial statements totaled $58,078,111 and $63,763,571 in 2025 and 2024 respectively.

This annual report consists of three parts: MD&A (this section), the basic financial statements (including footnotes) and supplementary information, both required and not required. The basic financial statements include two kinds of statements that are presented using different methods of accounting.

- The first two statements are District-wide financial statements that provide both short-term and long-term information about the School District's overall financial status.
- The remaining statements are Governmental Fund financial statements that focus on individual parts of the School District, reporting the School District's operations in greater detail than the District-wide financial statements. The Governmental Fund financial statements concentrate on the School District's most significant funds with all other Non-Major Funds listed in total in one column.

District-wide Financial Statements

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

District-wide Financial Statements (Continued)
The two District-wide financial statements report the School District's net position and how they have changed. Net Position - the difference between the School District's assets and deferred outflows of resources and the School District's liabilities and deferred inflows of resources - is one way to measure the School District's financial health or position. Over time, increases or decreases in the School District's net position are an indicator of whether its financial position is improving or deteriorating, respectively.

To assess the School District's overall health, one needs to consider additional nonfinancial factors such as changes in the School District's property tax base and the condition of school buildings and other facilities.

In the District-wide financial statements, the School District's activities are shown as Governmental Activities. Most of the School District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes and State formula aid finance most of these activities.

Governmental Fund Financial Statements
The Governmental Fund financial statements provide more detailed information about the School District's funds, focusing on its most significant or "Major" Funds - not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The fund financial statements are reported on the modified accrual basis. The School District has two kinds of funds:

- Governmental Funds: Most of the School District's 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 Funds statements provide a detailed short-term view that helps one determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs. Because this information does not encompass the additional long-term focus of the School District' programs. Because this information does not encompass the additional long-term focus of the District-wide financial statements, additional information following the Governmental Funds statements explains the relationship (or differences) between them.

- Fiduciary Funds: The School District is the trustee, or fiduciary, for assets that belong to others. The School 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 School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations.

Financial Analysis of the District's Funds
Our analysis below focuses on the net position (Figure 1) and changes in net position (Figure 2) of the School District's Governmental Activities.

Figure 1
Condensed Statements of Net Position- Governmental Activities

	2025	2024 (As Restated)	$ Change	% Change
Current assets	$ 23,641,604	$ 21,479,921	$ 2,161,683	10%
Non-current assets	48,824,427	44,361,255	4,463,172	10%
Total assets	72,466,031	65,841,176	6,624,855	10%
Deferred outflows	19,855,938	29,622,706	(9,766,768)	-33%
Current liabilities	14,993,448	8,444,263	6,549,185	78%
Long-term liabilities	200,259,870	211,886,781	(11,626,911)	-5%
Total liabilities	215,253,318	220,331,044	(5,077,726)	-2%
Deferred inflows	26,566,142	21,220,739	5,345,403	25%
Net position:				
Net investment in capital assets	27,496,133	17,964,301	9,531,832	53%
Restricted	5,374,578	6,450,743	(1,076,165)	-17%
Unrestricted	(182,368,202)	(170,502,945)	(11,865,257)	7%
Total net position	$ (149,497,491)	$ (146,087,901)	$ (3,409,590)	2%

The increase in current assets of $2.2 million combined with the increase of current liabilities of $6.5 million combined to $3.39 million positive change in fund balance of the governmental funds. This number was increased by the change in non-current assets of $4.5 million and lowered by the increase in long-term liabilities of $11.6 million and net loss of $6.7 million between deferred outflows/deferred inflows of resources gives the district a positive change in net position. Deferred outflows of resources represent the use of resources that are applicable to future periods while deferred inflows of resources are acquisition of resources that will be applied to future periods. This focus is on funding.

Our analysis in Figure 2 considers the operations of the School District's activities.

Figure 2
Condensed Statement of Activities

	2025	2024	$ Change	% Change
Revenue				
Charges for Services	$ 124,099	$ 169,399	$ (45,300)	-27%
Capital Grants	-	542,761	(542,761)	-100%
Operating Grants & Contributions	3,747,428	21,249,644	(17,502,216)	-82%
General Revenue				
Property Taxes and Other Tax Items	16,797,795	16,160,469	637,326	4%
State Aid	23,683,029	4,354,159	19,328,870	444%
Federal Aid	1,041,222	2,345,352	(1,304,130)	-56%
Interest Earnings	835,981	811,271	24,710	3%
Miscellaneous Local Sources	1,965,966	1,770,359	195,607	11%
Total Revenue and Special Items	48,195,520	47,403,414	792,106	2%
Expenses				
General Support	6,878,490	7,011,462	(132,972)	-2%
Instruction	44,681,280	25,379,293	19,301,987	76%
Transportation	4,339,279	2,324,782	2,014,497	87%
Employee Benefits	-	27,360,619	(27,360,619)	-100%
Other Expenditures	368,924	-	(26,991,695)	-99%
Debt Service Cost	1,074,385	1,033,601	40,784	4%
Food Service Cost	735,753	653,814	81,939	13%
Total Expenses	58,078,111	63,763,571	(5,685,460)	-9%

The Statement of Activities reports the Revenue and Expenditures of the District and its Change in Net Position for all funds. It takes the Statement of Revenue, Expenditures, and Change in Fund Balance for the Government Funds and adjusts for long term liabilities and assets to represent the District's activities as a whole. The total fund statements showed a change in fund balance from $13.1 million to $8.8 million. This decrease consisted of nearly $2.1 million in the General Fund and $2.4 million in the Capital Fund. (See Figures 3 and 4). The Capital Fund decrease was due to expenditures from ongoing projects Adjustments were made for long-term capital assets, pension changes and OPEB changes. Federal sources, Operating Grants & Contributions decreased due to wind down od Federal Stimulus money spending.

General Fund
The District's General Fund balance at June 30, 2025 is $9,010,459, a decrease of $2,081,240 from the prior year.

General Fund Budgetary Highlights

Figure 3
Revenues - Budget to Actual

	Original Budget	Final Budget	Actual	Final Budget Variance with Budgetary Actual
REVENUES:				
Local Sources:				
Real property taxes	$ 14,740,221	$ 14,740,221	$ 14,852,221	$ 112,000
Other tax items	2,044,797	2,044,797	1,945,574	(99,223)
Use of money and property	423,494	423,494	713,331	289,837
Other local sources	637,922	637,922	1,554,746	916,824
State sources	25,018,732	25,018,732	24,966,388	(52,344)
Federal sources	30,000	30,000	78,762	48,762
Total Revenue	42,895,166	42,895,166	44,111,022	1,215,856
Other Financing Sources	30,000	570,371	760,621	190,250
Total revenue and other sources	$ 42,925,166	$ 43,465,537	$ 44,871,643	$ 1,406,106

The District's General Fund total revenues and other sources show an overall $1.4 million excess, with small negative variances in other tax items and state aid. The surplus is mainly in the category of use of other local sources.

Figure 4
Expenditures – Budget to Actual

	Original Budget	Final Budget	Actual	Final Budget Variance with Budgetary Actual
EXPENDITURES:				
General Support	$ 4,425,120	$ 4,440,333	$ 4,228,757	$ (211,576)
Instruction	24,311,843	23,761,163	23,316,035	(445,128)
Pupil transportation	2,204,734	2,321,814	2,310,081	(11,733)
Employee benefits	13,700,087	13,662,643	12,922,554	(740,089)
Capital outlay	-	540,371	540,371	
Transfers	135,000	258,026	258,026	-
Debt service - principal	2,072,763	1,941,048	2,067,069	126,021
Debt service - interest	1,119,653	1,100,244	1,309,990	209,746
Total expenditures	47,969,200	48,025,642	46,952,883	(1,072,759)
Other Financing Sources	-	-	-	
Total expenditures and other uses	$ 47,969,200	$ 48,025,642	$ 46,952,883	
NET CHANGE IN FUND BALANCES	(5,044,034)	(4,560,105)	(2,081,240)	
FUND BALANCE - July 1, 2024			11,091,699	
FUND BALANCE - June 30, 2025			9,010,459	

The District had a favorable budget expenditure variance of $1,072,759.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At June 30, 2025, the School District had invested in a broad range of capital assets. The net value of capital assets of $46,207,540 represents a net increase (including additions, disposals, accumulated depreciation, and amortization) of $1,846,265 from last year.

Figure 5

	Beginning of Year	Increases	Decreases	End of Year	Net Change
Land	$ 106,844	$ -	$ -	$ 106,844	$ -
Construction in Progress	-	2,881,439	-	2,881,439	(2,881,439)
Depreciable Assets	94,226,482	995,145	(333,293)	94,888,334	(661,852)
Lease Assets	1,964,290	540,371	(340,910)	2,163,751	(199,461)
Total Capital Assets	96,297,616	4,416,955	(674,203)	100,040,368	(3,742,752)
Accumulated Depreciation and Amortization	(51,936,341)	(2,570,690)	674,203	(53,832,828)	1,896,487
Net Capital Assets	$ 44,361,275	$ 1,846,265	$ -	$ 46,207,540	$ (1,846,265)

During 2024-25 there were capital projects. There were projects classified as Construction in Progress. A major capital project that was approved by the voters in March 2023, school buses, and a lease agreement with BOCES for instructional computer equipment makes up the majority of the increases in capital assets.

Debt Administration

Short-term debt, including premiums, increased by $5,796,101 in the fiscal year ending June 30, 2025 when compared to the prior year. Long-term debt decreased by 3.7% during that period. Both short-term and long-term debt are considered a liability on the Statement of Net Position. Details are described below in Figure 6.

Figure 6

	Beginning of Year	Issued	Redeemed	End of Year	Net Change
BANs/RANs	$ 5,000,000	$ 10,770,000	$ 5,000,000	$ 10,770,000	$ (5,770,000)
Premiums	9,505	35,606	9,505	35,606	(26,101)
	$ 5,009,505	$ 10,805,606	$ 5,009,505	$ 10,805,606	$ (5,796,101)

	Beginning of Year	Issued	Redeemed	End of Year	Net Change
Serial Bonds	$ 17,335,000	$ 867,500	$ 1,510,000	$ 16,692,500	$ 642,500
Premiums	-	-	-	-	-
	$ 17,335,000	$ 867,500	$ 1,510,000	$ 16,692,500	$ 642,500

Other obligations of the School District include accrued vacation pay, sick leave and other postemployment benefits for retired employees. More detailed information about the School District's long-term liabilities is presented in the notes to the financial statements.

FACTORS BEARING ON THE SCHOOL DISTRICT'S FUTURE

In summation, the landscape around public education is ever changing. Some of the factors facing Vernon Verona Sherrill Central School District (the District) are as follows:

- Declining enrollment (as consistent throughout this area of the country).
    - As a result, the District has completed a Demographic, Enrollment and Capacity study and our district is recommending a building reconfiguration to address declining enrollment.
    - These changes will likely impact state aid revenues.
- There are upcoming retirements for key personnel over the next 3 years which include leaders amongst teachers and central office staff.
- Continued increase reliance on rapidly depleting reserves to bridge budget gap and deficit spending. At the current rate of use of reserves, the District has about 2-3 years before all reserves will be fully depleted and the District will face a $3m+ gap between expenses and revenues.
- 5 year tax levy limit projections may require levying beyond the calculated limit and supermajority voter approval to secure necessary level of community contribution to annual revenues.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the Vernon Verona Sherrill Central School District's citizens, taxpayers, customers, investors, and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Assistant Superintendent for Finance and Operations, Vernon Verona Sherrill Central School District, at 5275 NY-31, Verona, NY 13478.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

Statement of Net Position
June 30, 2025

ASSETS AND DEFERRED OUTFLOWS OF RESOURCES	
CURRENT ASSETS:	
Cash and cash equivalents - unrestricted	$ 15,054,292
Cash and cash equivalents - restricted	5,719,807
Accounts receivable	494,973
Due from other governments	1,042,449
State and federal aid receivable	1,292,333
Inventory	37,750
Total current assets	23,641,604
NON CURRENT ASSETS:	
Net pension asset - TRS	2,616,887
Capital assets - non-depreciable	2,988,283
Capital assets - depreciable, net	42,444,934
ROU assets - leases, net	774,323
Total non current assets	48,824,427
DEFERRED OUTFLOWS OF RESOURCES:	
Deferred outflows of resources - OPEB	12,337,214
Deferred outflows of resources - ERS	1,219,334
Deferred outflows of resources - TRS	6,299,390
Total deferred outflows of resources	19,855,938
LIABILITIES AND DEFERRED INFLOWS OF RESOURCES	
CURRENT LIABILITIES:	
Accounts payable	1,405,663
Accrued liabilities	637,748
Interest payable	107,869
RAN payable	5,007,750
BAN payable	5,797,856
Due to teachers' retirement system	1,842,903
Due to employees' retirement system	187,386
Unearned revenue	6,273
Total current liabilities	14,993,448
LONG-TERM LIABILITIES:	
Due and payable within one year:	
Bonds payable, current	1,681,037
Energy performance contract, current	161,804
Lease liability, current	118,650
Other postemployment benefits, current	5,021,759
Compensated absences, current	911,023
Due and payable in more than one year:	
Bonds payable, net of current portion	17,030,370
Energy performance contract, net of current portion	1,501,059
Lease liability, net of current portion	251,313
Net pension liability - ERS	2,326,553
Other postemployment benefits, net of current portion	170,805,696
Compensated absences, net of current portion	450,606
Total long-term liabilities	200,259,870
DEFERRED INFLOWS OF RESOURCES:	
Deferred inflows of resources - OPEB	23,157,077
Deferred inflows of resources - ERS	103,562
Deferred inflows of resources - TRS	3,305,503
Total deferred inflows of resources	26,566,142
NET POSITION	
Net investment in capital assets	27,496,133
Restricted	5,374,578
Unrestricted	(182,368,202)
TOTAL NET POSITION	$ (149,497,491)

The accompanying notes are an integral part of these statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

Statement of Activities
For the Year Ended June 30, 2025

		Program Revenue		
	Expenses	Charges for Services	Operating Grants	Net (Expense) Revenue and Change in Net Position
FUNCTIONS/PROGRAMS:				
General support	$ 6,878,490	$ 61,140	$ -	$ (6,817,350)
Instruction	44,681,280	-	2,187,740	(42,493,540)
Pupil transportation	4,339,279	-	171,761	(4,167,518)
Other	368,924	-	-	(368,924)
Interest expense	1,074,385	-	-	(1,074,385)
School lunch program	735,753	62,959	1,387,927	715,133
TOTAL FUNCTIONS AND PROGRAMS	$ 58,078,111	$ 124,099	$ 3,747,428	(54,206,584)
GENERAL REVENUE:				
Real property taxes				14,852,221
Other tax items				1,945,574
Use of money and property				835,981
Sale of property and compensation for loss				36,978
Miscellaneous				1,928,988
State sources				23,683,029
Federal sources				1,041,222
TOTAL GENERAL REVENUE				44,323,993
CHANGE IN NET POSITION				(9,882,591)
NET POSITION - beginning of year, as restated (Note 15)				(139,614,900)
NET POSITION - end of year				$ (149,497,491)

The accompanying notes are an integral part of these statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

Balance Sheet – Governmental Funds
June 30, 2025

	General	Special Aid	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS:					
Cash and cash equivalents - unrestricted	$11,032,294	$ 3,054	$ -	$ 18,944	$11,054,292
Cash and cash equivalents - restricted	4,000,000	-	4,541,021	1,178,786	9,719,807
Accounts receivable	492,887	-	-	2,086	494,973
Due from other funds	534,896	21,936	416,754	35,524	1,009,110
Due from other governments	1,042,449	-	-	-	1,042,449
State and federal aid receivable	542,149	538,120	-	212,064	1,292,333
Inventory	-	-	-	37,750	37,750
TOTAL ASSETS	$17,644,675	$ 563,110	$ 4,957,775	$ 1,485,154	$24,650,714
LIABILITIES:					
Accounts payable	591,730	19,717	763,446	30,770	1,405,663
Accrued liabilities	596,422	12,934	-	28,392	637,748
Unearned revenue	-	6,273	-	-	6,273
Due to other funds	414,775	524,186	56,485	13,664	1,009,110
RAN payable	5,000,000	-	-	-	5,000,000
BAN payable	-	-	5,770,000	-	5,770,000
Due to Teachers' Retirement System	1,842,903	-	-	-	1,842,903
Due to Employees' Retirement System	187,386	-	-	-	187,386
TOTAL LIABILITIES	8,633,216	563,110	6,589,931	72,826	15,859,083
FUND BALANCE:					
Non-spendable	-	-	-	37,750	37,750
Restricted:					
Health insurance reserve	4,000,000	-	-	-	4,000,000
Debt Service	-	-	-	895,710	895,710
School Lunch	-	-	-	160,268	160,268
Other	-	-	-	318,600	318,600
Total restricted fund balance	4,000,000	-	-	1,374,578	5,374,578
Assigned:					
Encumbrances	32,201	-	-	-	32,201
Appropriated for subsequent years expenditures	3,073,515	-	-	-	3,073,515
Total assigned fund balance	3,105,716	-	-	-	3,105,716
Unassigned	1,905,743	-	(1,632,156)	-	273,587
TOTAL FUND BALANCE	9,011,459	-	(1,632,156)	1,412,328	8,791,631
TOTAL LIABILITIES AND FUND BALANCE	$17,644,675	$ 563,110	$ 4,957,775	$ 1,485,154	$24,650,714

The accompanying notes are an integral part of these statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

Reconciliation of the Balance Sheet – Governmental Funds to the Statement of Net Position
June 30, 2025

Amounts reported for governmental activities in the Statement of Net Position are different from amounts reported in the Balance Sheet because:		
Total Governmental Funds - Fund Balance per the Balance Sheet	$	8,791,631
Capital assets (including leased assets) used in governmental activities are not financial resources and, therefore, are not reported in the funds.		46,207,540
Net pension assets are not current resources, and therefore are not reported as assets in the governmental funds Balance Sheet. Long-term assets recorded in the Statement of Position are as follows:		
Net pension asset - TRS		2,616,887
Deferred outflows of resources not reported in the governmental funds Balance Sheet but included in the Statement of Net Position are as follows:		
Pensions - ERS		1,219,334
Pensions - TRS		6,299,390
Other postemployment benefits		12,337,214
Long-term liabilities are not due and payable in the current period and therefore not reported in the funds. They include:		
Revenue anticipation notes - premium		(7,750)
Bond anticipation notes - premium		(27,856)
Bonds payable		(18,711,407)
Energy performance contract		(1,662,863)
Lease liability		(369,963)
Interest payable		(107,869)
Net pension liability - ERS		(2,326,553)
Total other postemployment benefits		(175,827,455)
Compensated absences		(1,361,629)
Deferred inflows of resources not reported in the governmental funds Balance		
Pensions - ERS		(103,562)
Pensions - TRS		(3,305,503)
Other postemployment benefits		(23,157,077)
Net position per the Statement of Net Position	$	(149,497,491)

The accompanying notes are an integral part of these statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

Statement of Revenue, Expenditures, and Change in Fund Balance – Governmental Funds
For the Year Ended June 30, 2025

	General	Special Aid	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUE:					
Real property taxes	$14,852,221	$ -	$ -	$ -	$ 14,852,221
Other tax items	1,945,574	-	-	-	1,945,574
Charges for services	61,140	-	-	-	61,140
Use of money and property	713,331	-	-	122,650	835,981
Sale of property and compensation for loss	36,978	-	-	-	36,978
Miscellaneous	1,456,628	1	-	472,359	1,928,988
Sales	-	-	-	62,959	62,959
State sources	24,966,388	1,076,142	-	494,960	26,537,490
Federal sources	78,762	962,460	-	892,967	1,934,189
Total revenue	44,111,022	2,038,603	-	2,045,895	48,195,520
EXPENDITURES:					
General support	4,228,757	-	-	-	4,228,757
Instruction	23,315,035	1,794,056	-	440,549	25,549,640
Pupil transportation	2,310,081	27,009	-	-	2,337,090
Employee benefits	12,922,554	266,624	-	170,667	13,359,845
Cost of sales	-	-	-	735,753	735,753
Other expenditures	-	-	-	368,924	368,924
Capital outlay	540,371	10,924	3,703,116	21,496	4,275,907
Debt service - Principal	2,067,069	-	-	-	2,067,069
Debt service - Interest	1,309,990	-	-	-	1,309,990
Total expenditures	46,693,857	2,098,613	3,703,116	1,737,389	54,232,975
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENDITURES	(2,582,835)	(60,010)	(3,703,116)	308,506	(6,037,455)
OTHER SOURCES AND (USES):					
Proceeds from bond obligations	-	-	867,500	-	867,500
Proceeds from lease obligations	540,371	-	-	-	540,371
Premiums on obligations	7,750	-	-	34,500	42,250
BANs redeemed from appropriations	-	-	230,000	-	230,000
Operating transfers in	212,500	59,940	198,086	-	470,526
Operating transfers out	(258,026)	-	-	(212,500)	(470,526)
Total other sources (uses)	502,595	59,940	1,295,586	(178,000)	1,680,121
CHANGE IN FUND BALANCE	(2,080,240)	(70)	(2,407,530)	130,506	(4,357,334)
FUND BALANCE - beginning of year	11,091,699	70	775,374	1,281,822	13,148,965
FUND BALANCE - end of year	$ 9,011,459	$ -	$ (1,632,156)	$ 1,412,328	$ 8,791,631

The accompanying notes are an integral part of these statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

Reconciliation of the Statement of Revenue, Expenditures, and Change in Fund Balance – Governmental Funds to the Statement of Activities
For the Year Ended June 30, 2025

Amounts reported for governmental activities in the Statement of Net Activities are different from amounts reported in the Statement of Revenue, Expenditures, and Change In Fund Balances because:

Net changes in fund balance - total governmental funds	$ (4,357,334)
Capital outlays are expenditures in governmental funds, but are capitalized in the statement of net position.	
Capital asset (including lease asset) additions	4,416,975
Depreciation and amortization expense	(2,570,690)
ERS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows	
Net pension liability/asset	(211,491)
Deferred outflows of resources	(584,520)
Deferred inflows of resources	987,308
TRS pension (expense)/income resulting from the change in the pension related (liabilities)/assets and deferred outflows	
Net pension liability/asset	3,643,151
Deferred outflows of resources	(766,360)
Deferred inflows of resources	(2,626,989)
Other postemployment benefits (expense)/income resulting from the change in the other postemployment benefits related	
Total other postemployment benefits liability	3,690,351
Deferred outflows of resources	(8,415,888)
Deferred inflows of resources	(3,705,722)
Issuance of long-term debt and related premiums and lease liabilities are recognized as proceeds in the governmental funds, but recorded as a liability in the statement of net position.	(1,407,871)
Repayments of long-term serial bonds, the energy performance contract and lease liabilities are recorded as expenditures in the governmental funds, but are recorded as payments of liabilities in the statement of net position.	1,837,069
Amortization of premium on serial bonds not reported in the funds.	223,523
The change in accrued interest not previously reported in the funds.	5,438
The change in premiums on bond anticipation notes not previously reported in the funds.	(27,856)
The change in premiums on revenue anticipation notes not previously reported in the funds.	(7,750)
Certain expenses in the statement of activities do not require the expenditure of current resources and are, therefore, not reported as expenditures in the governmental funds include the following:	
Compensated absences	(3,935)
Change in net position - governmental activities	$ (9,882,591)

The accompanying notes are an integral part of these statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

Statement of Net Position – Fiduciary Funds
June 30, 2025

	Custodial Fund	Private Purpose Trusts
ASSETS:		
Cash and cash equivalents - restricted	$ -	$ 53,350
Total assets	$ -	$ 53,350
NET POSITION:		
Restricted	$ -	$ 53,350

Statement of Change in Net Position – Fiduciary Funds
For the Year Ended June 30, 2025

	Custodial Fund	Private Purpose Trusts
ADDITIONS:		
Collections on behalf of the Library	$ 186,700	$ -
Contributions	-	11,693
Other	-	13,241
Total additions	186,700	24,934
DEDUCTIONS:		
Disbursements to the Library	186,700	-
Scholarships and other private purposes	-	18,332
Total deductions	186,700	18,332
Change in net position	-	6,602
NET POSITION - beginning of year	-	46,748
NET POSITION - end of year	$ -	$ 53,350

The accompanying notes are an integral part of these statements.

1. NATURE OF OPERATIONS

Vernon Verona Sherrill Central School District (the District) provides free K-12 public education to students living within its geographic borders.

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

The reporting entity of the District is based upon criteria set forth by the Governmental Accounting Standards Board (GASB) standards and consists of the primary government and component units, when applicable. Component units are those organizations for which the primary government is financially accountable and and/or an organization for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financials statements to be misleading or incomplete. There are no component units reported part of this reporting entity.

Extraclassroom Activity Funds
The extraclassroom activity funds (ECA) of the District represent funds of the students of the District. The BOE exercises general oversight of these funds. Separate audited financial statements (cash basis) of the extraclassroom activity funds can be found at the District's Business Office. The District accounts for ECA in a nonmajor special revenue fund called Extraclassroom Activities.

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

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

A BOCES' budget is comprised of separate budgets for administrative, program, and capital costs. Each component school 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 school districts pay tuition or a service fee for programs in which its students participate.

1. NATURE OF OPERATIONS (Continued)

Joint Venture

During the year, the District was billed $5,476,446 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $1,924,629.

Financial statements for the BOCES are available from the BOCES Administrative Office.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. Those principles are prescribed by the GASB, which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

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

Basis of Presentation

The District's financial statements consist of government-wide financial statements, including a Statement of Net Position and a Statement of Activities, and fund level financial statements which provide more detailed information.

Government-wide Financial Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary. Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenue, 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 Activities presents a comparison between direct expenses and program revenue 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. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenue includes 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. Revenue that is not classified as program revenue, including all taxes, is presented as general revenue.

Fund Financial Statements

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Fund Financial Statements (Continued)
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.

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 and other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds, or by outside parties. The following are the special revenue funds reported by the District:

> **Special Aid Fund** - Used to account for proceeds from State and Federal grants that are restricted for specific educational programs.
>
> **School Lunch Fund** - This fund accounts for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for school lunch operations.
>
> **Extraclassroom Activities Fund** - This fund accounts for the activities of the student run clubs and organizations of the District.

Capital Projects Fund - This fund is used to account for the financial resources used for acquisition, construction, or major report of capital facilities. The principal sources of financing are from the sale of bonds or issuance of bond anticipation notes, when applicable.

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.

The District reports the following major funds: General Fund, Special Aid Fund, and Capital Projects Fund.

The District reports the following fiduciary funds:

> **Custodial Fund** - This fund accounts for assets held by the District in a purely custodial capacity on a temporary basis. Property taxes for the Verona Public Library (the Library) are paid to the District and are subsequently remitted to the Library. No custodial assets were held as of June 30, 2025.
>
> **Private Purpose Trust Funds** - These funds are used to account for trust arrangements in which principal and income are used to fund annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

Measurement Focus and Basis of Accounting
Measurement focus refers to what is being measured, whereas basis of accounting refers to when revenues and expenditures are recognized. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus and Basis of Accounting (Continued)

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

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

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

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 the date of acquisition. New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the state. Permissible investments include obligations of the United States Treasury, United States agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Restricted Cash and Cash Equivalents

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets include amounts required by statute to be reserved for various purposes.

Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1 and become a lien on September 1. Taxes are collected during the period September 1 to the first Friday in November. Taxes not collected by that date are turned over to the Counties who assume all responsibility for collection (Madison County and Oneida County). Uncollected real property taxes are subsequently enforced by the Counties in which the District is located. The Counties pays an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District. This year, amounts were received on March 31, 2025 and April 10, 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Due from Other Governments
Due from other governments recorded as an asset at June 30, 2025 relates to receivables due from BOCES. Management does not believe an allowance for doubtful accounts is necessary.

State and Federal Aid Receivable
State and federal aid receivable recorded as an asset at June 30, 2025 relates to receivables due from New York State and/or the federal government. Management does not believe an allowance for doubtful accounts is necessary.

Inventory
Inventory of food in the School Lunch Fund is recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated 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. A portion of fund balance equal to inventories is reported as nonspendable as these assets are not in spendable form in the current period.

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. 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.

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 funds.

Refer to Note 7 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures, and revenues activity.

Capital Assets
Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on appraisals conducted by independent third-party professionals, were used. Donated assets are reported at estimated fair value at the time received.

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 government-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings and improvements	$ 2,500	SL	15-50 years
Machinery and Equipment	$ 2,500	SL	5-8 years
Vehicles	$ 2,500	SL	5-8 years

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Capital Assets (Continued)

Depreciation is calculated on a straight-line basis over the estimated useful life of the asset. It is the District's policy to record a full year of depreciation expense in the year an asset is placed in service.

Capital assets also include lease assets with a term greater than one year. The District does not implement a capitalization threshold for lease assets. Lease assets are amortized on a straight-line basis over the term of the lease.

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.

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

Consistent with GASB Standards, the liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year-end.

In the governmental fund financial statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

Other Benefits

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

Substantially all of the District's employees may become 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 District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

Deferred Outflows and Inflows of Resources

In addition to assets and liabilities, the Balance Sheet and Statement of Net Position will sometimes report a separate section for deferred outflows/inflows of resources. The 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 (expenses/expenditure) until then. The separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until then.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Short-term Debt
The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a current 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 Bond Anticipation Notes (BANs), 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. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

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

District-Wide Statements – Net Position Classifications
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) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

Restricted net position - reports net position when constraints placed on the assets 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 all other 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.

Governmental Fund Financial Statements – Fund Balance Classifications
In the fund basis statements there are five classifications of fund balance:

Non-spendable fund balance - Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Non-spendable fund balance includes both inventory and prepaid expenditures.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements – Fund Balance Classifications (Continued)
Restricted fund balance - 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. The District has available the following restricted fund balances:

Employee Benefit Accrued Liability Reserve
According to General Municipal Law §6-p, this reserve must be used for the payment of accrued employee benefits due to an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated. This reserve is accounted for in the General Fund and titled Employee Benefits Reserve. There is no balance in this reserve as of June 30, 2025.

Insurance Reserve Fund
According to General Municipal Law §6-n, all expenditures made from the insurance reserve fund must be used to pay liability, casualty and other types of losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value and mortgage guarantee. In addition, this reserve may not be used for any purpose for which a special reserve may be established pursuant to law (for example, for unemployment compensation insurance). The reserve may be established by Board action, and funded by budgetary appropriations, or such other funds as may be legally appropriated. There is no limit on the amount that may be accumulated in the Insurance Reserve; however, the annual contribution to this reserve may not exceed the greater of $33,000 or 5% of the budget. Settled or compromised claims up to $25,000 may be paid from the reserve without judicial approval. This reserve is accounted for in the General Fund as Health Insurance Reserve.

Retirement Contribution
Retirement Contribution Reserve (GML §6-r) is used for the purpose of financing retirement contributions. The reserve must be accounted for separate and apart from all other funds and a detailed report of operation and condition of the fund must be provided to the Board. There is no balance in this reserve as of June 30, 2025.

Workers' Compensation
According to General Municipal Law §6-j, the reserve must be used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this self-insurance program. The reserve 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. There is no balance in this reserve as of June 30, 2025.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Governmental Fund Financial Statements – Fund Balance Classifications (Continued)

Unemployment Insurance Reserve

This reserve (GML §6-m) is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants where the District 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 the tax (contribution) basis, excess resources in the fund may be transferred to any other reserve fund. There is no balance in this reserve as of June 30, 2025.

Other

Other restricted funds include those funds 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. This includes remaining fund balance related to capital projects, debt service proceeds, School Lunch and ECA.

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

Assigned fund balance - Includes amounts that are constrained by the District's intent to be used for specific purposes but are neither restricted nor committed. All appropriated fund balance and encumbrances are classified as assigned fund balance in the General Fund. Encumbrances represent purchase commitments made by the District's purchasing agent through their authorization of a purchase order prior to year-end. The District assignment is based on the functional level of expenditures.

Unassigned fund balance - 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.

Governmental Fund Financial Statements – Equity Classifications

New York State Real Property Tax Law §1318 limits the amount of unexpended surplus funds the District can retain to no more than 4% of the District's budget for the General Fund for the ensuing fiscal year. Non-spendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year's budget and encumbrances are also excluded from the 4% limitation.

Order of Fund Balance Spending Policy

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Use of Estimates

The preparation of basic financial statements, in conformity with accounting principles generally accepted in the United States of America, requires management to make estimates and assumptions that affect the amounts reported in the basic financial statements and the accompanying notes. Actual results could differ from these estimates and such differences may be significant.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

By its nature as a local government unit, the District is subject to various federal, state and local laws and contractual regulations. An analysis of the District's compliance with significant laws and regulations and demonstration of its stewardship over District resources follows.

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the General Fund. The voters of the District approved the proposed appropriation budget.

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 lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the BOE as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restriction, if the board approves them because of a need that exists which was not determined at the time the budget was adopted. There were no supplemental appropriations during the year.

Budgets are adopted annually on a basis consistent with generally accepted accounting principles. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

The General Fund is the only fund with a legally approved budget for the fiscal year ended June 30, 2025.

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

Portions of the fund balances are restricted and are not available for current expenditures or expenses, as reported in the governmental funds balance sheet.

3. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

Encumbrances
Encumbrance accounting is used for budgetary 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 assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

4. CASH AND CASH EQUIVALENTS

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.

At June 30, 2025, the District's aggregate bank balances were insured and collateralized as follows:

Description	Bank Balance	Carrying Amount
Primary government	$ 21,553,081	$ 20,670,045
Cash and cash equivalents	$ 21,553,081	$ 20,670,045
Category 1:		
Covered by FDIC insurance	$ 944,648	
Category 2:		
Collateralized with securities held by the pledging financial institution's trust department or agent in the District's name	20,608,433	
TOTAL	$ 21,553,081	

At June 30, 2025, the Vernon Verona Sherrill FFA's total deposits were $161,021, which was fully covered by FDIC insurance.

5. CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2025 were as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental Acitivities:				
Capital Assets, not being depreciated:				
Land	$ 106,844	$ -	$ -	$ 106,844
Construction in progress	-	2,881,439	-	2,881,439
Total Capital Assets, not being depreciated	106,844	2,881,439	-	2,988,283
Capital Assets, being depreciated:				
Buildings and improvements	77,607,677	94,961	-	77,702,638
Furniture and equipments	16,618,805	900,184	(333,293)	17,185,696
Total Capital Assets, being depreciated	94,226,482	995,145	(333,293)	94,888,334
Less Accumulated Depreciation for:				
Buildings and improvements	(36,299,866)	(1,559,409)	-	(37,859,275)
Furniture and equipment	(14,255,832)	(661,586)	333,293	(14,584,125)
Total Accumulated Depreciation	(50,555,698)	(2,220,995)	333,293	(52,443,400)
Total Capital Assets, being depreciated, net	43,670,784	(1,225,850)	-	42,444,934
Lease Assets, being amortized:				
ROU Lease Assets Equipment	1,964,290	540,371	(340,910)	2,163,751
Total Lease Assets, being amortized	1,964,290	540,371	(340,910)	2,163,751
Less Accumulated Amortization for:				
ROU Lease Assets Equipment	(1,380,643)	(349,695)	340,910	(1,389,428)
Total Accumulated Amortization	(1,380,643)	(349,695)	340,910	(1,389,428)
Total Lease Assets, being amortized, net	583,647	190,676	-	774,323
Governmental Activities Capital Assets, net	$ 44,361,275	$ 1,846,265	$ -	$ 46,207,540

5. CAPITAL ASSETS (Continued)

Depreciation and amortization expense for the year ended June 30, 2025, was allocated to specific functions as follows:

	Depreciation	Amortization
General government support	$ 481,270	$ 75,776
Instruction	1,447,084	227,843
Pupil transportation	292,641	46,076
Total	$ 2,220,995	$ 349,695

6. LEASES

The District leases various equipment, primarily from Madison-Oneida Board of Cooperative Educational Service (BOCES). The leases do not contain renewal options. During the year the District paid principal in the amount of $170,408, leaving a liability of $369,963 as of June 30, 2025.

Annual requirements to amortize long-term obligations and related interest are as follows:

	Principal	Interest	Total
2026	$ 118,650	$ 16,608	$ 135,258
2027	124,164	11,094	135,258
2028	127,149	8,109	135,258
Total	$ 369,963	$ 35,811	$ 405,774

7. INTERFUND BALANCES AND ACTIVITY

Receivables and Payables

To improve cash management, instances occur where the District may have receivables and payables between the different funds. This cash management practice, as well as normal delays in processing interfund transfers and reimbursement, is the main reason why interfund receivables and payables exist. These receivables and payables are short term in nature and are typically repaid in less than one year. The following schedule summarizes individual fund interfund receivables and payables at June 30, 2025:

	Due To				
Due From	General Fund	Special Aid	School Lunch	Capital Projects	Debt Service
General Fund	$ 515,179	$ (504,469)	$ (13,664)	$ 416,754	$ -
Capital Projects	(396,058)	3,219	-	-	35,524
Debt Service Fund	-	-	-	(56,485)	-
Total	$ 119,121	$ (501,250)	$ (13,664)	$ 360,269	$ 35,524

7. INTERFUND BALANCES AND ACTIVITY (Continued)

Transfers

Transfers among funds are provided for as part of the annual budget process. Interfund transfers for the year ended June 30, 2025, which were routine in nature, were as follows:

	Transfers In		
Transfers Out	General Fund	Special Aid	Capital Projects
General Fund	$ (59,940)	$ 59,940	$ -
Capital Projects	(198,086)	-	198,086
Debt Service Fund	212,500	-	-
Total	$ (45,526)	$ 59,940	$ 198,086

8. SHORT-TERM DEBT

The District may issue Bond Anticipation Notes (BANs) 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. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. The District did not issue any BANs during the year ending June 30, 2025 and does not have any BANs outstanding at June 30, 2025.

The District may issue Revenue Anticipation Notes (RANs) 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. RANs represent a liability that will be extinguished by the use of expendable, available resources of the General Fund. The District issued a RAN during the year ending June 30, 2025 and has one RAN outstanding at June 30, 2025.

Outstanding balances of short-term debt were comprised of the following at June 30, 2025:

Description	Issue Date	Maturity Date	Interest Rate	Balance Due
2025 RAN	6/18/2025	6/18/2026	3.75%	$ 5,000,000
Add: premium on BANs				7,750
2025 BAN	6/25/2025	6/25/2026	4.00%	5,770,000
Add: premium on BANs				27,856
				$ 10,805,606

8. SHORT-TERM DEBT (Continued)

Short-term debt activity for the year is summarized as follows:

	Beginning Balance	Issued	Redeemed	Ending Balance
BANs/RANs	$ 5,000,000	$ 10,770,000	$ (5,000,000)	$ 10,770,000
Add: premiums	9,505	35,606	(9,505)	35,606
Total	$ 5,009,505	$ 10,805,606	$ (5,009,505)	$ 10,805,606

Interest on short-term debt for the year ending June 30, 2025 was composed of:

Interest paid	$ 372,583
Less interest accrued in the prior year	(5,903)
Plus BAN interest accrued in the current year	7,694
Plus RAN interest accrued in the current year	2,604
Total	$ 376,978

9. LONG-TERM OBLIGATIONS

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

	Beginning Balance (As Restated)	Additions	Deletions	Ending Balance	Due Within One Year
Serial bonds	$ 17,335,000	$ 867,500	$ 1,510,000	$ 16,692,500	$ 1,497,500
Unamortized premiums on serial bonds	2,242,430	$ -	223,523	2,018,907	183,537
Energy performance contract	1,819,524	-	156,661	1,662,863	161,804
Compensated absences	1,357,694	3,935	-	1,361,629	911,023
Total other postemployment benefits	179,517,806	-	3,690,351	175,827,455	5,021,759
Net pension liability ERS	2,115,062	211,491	-	2,326,553	-
Net pension liability TRS	1,026,264	-	1,026,264	-	-
Lease liability	-	540,371	170,408	369,963	118,650
Total long term liabilities	$ 205,413,780	$ 1,623,297	$ 6,777,207	$ 200,259,870	$ 7,894,273

Additions and deletions to compensated absences are shown net because it is impractical to determine these amounts separately.

9. LONG-TERM OBLIGATIONS (Continued)

Serial Bonds

Existing serial bond obligations at June 30, 2025 are as follows:

Bond Issue	Issue Date	Maturity Date	Interest Rate	Balance Due
2023 Serial Bond	8/1/2023	8/1/2029	4.10-4.25%	$ 615,000
2023A Serial Bond	6/1/2023	6/1/2036	2-4%	15,210,000
Serial Bonds 2024 (Bus Bond)	8/15/2024	8/15/2030	3.5-4.0%	867,500
Total serial bonds				16,692,500
Add: Unamortized premiums				2,018,907
Total bonds payable				$ 18,711,407

Serial Bonds to Maturity

Annual requirements to amortize the long-term obligations and related interest are as follows:

	Principal	Interest	Total
2026	$ 1,497,500	$ 831,564	$ 2,329,064
2027	1,585,000	742,266	2,327,266
2028	1,660,000	665,767	2,325,767
2029	1,745,000	585,306	2,330,306
2030	1,655,000	504,550	2,159,550
2031-2035	7,775,000	1,328,000	9,103,000
2036-2040	775,000	38,750	813,750
Total	$ 16,692,500	$ 4,696,203	$ 21,388,703

Energy Performance Contract

The existing contract obligation at June 30, 2025 is as follows:

Issue	Issue Date	Maturity Date	Interest Rate	Balance Due
Energy performance contract	2/8/2019	7/15/2037	3.23%	$ 1,662,863

9. LONG-TERM OBLIGATIONS (Continued)

Energy Performance Contract to Maturity

Annual requirements to amortize the long-term obligation and related interest are as follows:

	Principal	Interest	Total
2026	$ 161,804	$ 51,097	$ 212,901
2027	167,116	45,785	212,901
2028	172,602	40,299	212,901
2029	178,269	34,633	212,902
2030	184,122	28,780	212,902
2031-2035	798,950	52,655	851,605
Total	$ 1,662,863	$ 253,249	$ 1,916,112

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

Interest paid on serial bonds	$ 873,413
Interest paid on energy performance contract	56,240
Interest paid on leases	7,754
Less interest accrued in the prior year	(113,307)
Plus interest accrued in the current year	107,869
Less amortization of premiums	(223,523)
Total	$ 708,446

Interest paid varies from year to year, in accordance with the interest rates specified in the bond agreements.

10. PENSION PLANS

New York State and Local Employee's Retirement System

The District participates in the New York State and Local Employee's Retirement System (ERS). The net position of ERS is held in the New York State Common Retirement Fund (the Fund), which was established to hold all assets and record changes in fiduciary net position allocated to ERS.

ERS benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in 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.

This is a cost-sharing, multiple-employer, defined benefit pension plan. The Public Employees' Group Life Insurance Plan (GLIP) provides death benefits in the form of life insurance. GLIP amounts are appropriated to and included in the ERS. ERS is included in the State's financial report as a pension trust fund. That report, including information regarding benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The significant dates shown below are referenced throughout the ERS section of this footnote:

- Fiscal year end – June 30, 2025
- Measurement date – March 31, 2025
- Actuarial valuation date – April 1, 2024

Membership Tiers

Membership, benefits, and employer and employee obligations to contribute are described in the RSSL using the tier concept. Pension legislation established tier membership by the date a member last joined ERS. They are as follows:

ERS

Tier 1	Those persons who last became members of ERS before July 1, 1973.
Tier 2	Those persons who last became members on or after July 1, 1973, but before July 27, 1976.
Tier 3	Generally, those persons who are State correction officers who last became members on or after July 27, 1976, but before January 1, 2010, and all others who last became members on or after July 27, 1976, but before September 1, 1983.
Tier 4	Generally, except for correction officers, those persons who last became members on or after September 1, 1983, but before January 1, 2010.
Tier 5	Those persons who last became members of ERS on or after January 1, 2010, but before April 1, 2012.
Tier 6	Those persons who first became members of ERS on or after April 1, 2012.

10. PENSION PLANS (Continued)

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

Employer Contributions
Participating employers are required under the RSSL to contribute to ERS at an actuarially determined rate adopted annually by the Comptroller. The average contribution rate for ERS for the fiscal year ended March 31, 2025 was approximately 15.2 percent of covered payroll. Delinquent annual bills for employer contributions accrue interest at the actuarial interest rate applicable during the year. For the fiscal year ended March 31, 2025, the applicable interest rate was 5.9 percent. Contributions for the current year and two preceding years were equal to 100 percent of the contributions required, and were as follows:

		ERS
2025	$	749,545
2024	$	607,887
2023	$	495,238

Member Contributions
Generally, Tier 3, 4, and 5 members must contribute 3 percent of their salary to ERS. As a result, of Article 19 of the RSSL, eligible Tier 3 and 4 employees, with a membership date on or after July 27, 1976, who have ten or more years of membership or credited service with ERS, are not required to contribute. Members cannot be required to begin making contributions or to make increased contributions beyond what was required when membership began. For Tier 6 members, the contribution rate varies from 3 percent to 6 percent depending on salary. Generally, Tier 5 and 6 members are required to contribute for all years of service.

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions
At year end, a net pension liability of $2,326,553 for its proportionate share of the ERS total pension liability was reported. The net pension liability is determined as of the measurement date, and the total pension liability used to calculate the net pension liability was determined by the actuarial valuation date. The proportion of the net pension liability was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At the measurement date, the proportion was 0.0135693%, which was a decrease of 0.0007954% from the proportionate share of 0.0143647% as of the prior year measurement date.

10. PENSION PLANS (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)
As of the fiscal year end, pension expense of $560,231 was recognized and the deferred outflows/inflows of resources related to pensions from the following sources were reported:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 577,466	$ 27,239
Changes in assumptions	97,571	-
Net difference between projected and actual earnings on pension plan investments	182,535	-
Changes in proportion and differences between the District's contributions and proportionate share of contributions	174,376	76,413
Contributions subsequent to the measurement date	187,386	-
Total	$ 1,219,334	$ 103,652

The net amount of the share of balances of deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year End:	
2026	$ 441,354
2027	633,083
2028	(171,224)
2029	25,083
2030	-
Thereafter	-
	$ 928,296

At fiscal year end, $187,386 was recognized as a deferred outflow of resources related to pensions resulting from the contributions made subsequent to the measurement date. This outflow will be recognized as a reduction of the net pension liability in the following fiscal year.

Actuarial Assumptions
The total pension liability at the measurement date was determined by using an actuarial valuation as of the actuarial valuation date. Update procedures were used by the actuary to roll forward the total pension liability to be as of the measurement date.

Economic assumptions used in the actuarial valuation date include:

Actuarial cost method	Aggregate Cost Method
Inflation	2.9%
Salary increases	4.3%
Investment rate of return (net of investment expense, including inflation)	5.9%
Active member decrements	1.5%

10. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)
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 return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

To set the long-term expected rate of return on pension plan investments, consideration was given to a building-block method using best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) 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.

Demographic assumptions used in the actuarial valuation date are based on the results of an actuarial experience study completed April 1, 2020. Demographic assumptions are primarily based on System experience over the period April 1, 2015 – March 31, 2020. Annuitant mortality rates are adjusted to incorporate mortality improvements under the Society of Actuaries' Scale MP-2021.

The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocations in %	Long-term expected rate of return in %
Domestic equity	25.0	3.54
International equity	14.0	6.57
Private equity	15.0	7.25
Real estate	12.0	4.95
Opportunistic/ARS portfolio	3.0	5.25
Credit	4.0	5.40
Real assets	4.0	5.55
Fixed Income	22.0	2.00
Cash	1.0	0.25
	100.0	

Discount Rate
The discount rate used to calculate the total pension liability was 5.90%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

10. PENSION PLANS (Continued)

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

The following presents the proportionate share of the net pension liability (asset) calculated using the discount rate of 5.9%, as well as what the proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

	1% Decrease (4.9%)	Current Discount (5.9%)	1% Increase (6.9%)
Proportionate share of Net Pension Liability (asset)	$ 6,733,338	$ 2,326,553	$ (1,353,115)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability (in 000's) of the employers as of the measurement date were as follows:

	ERS
Employers' total pension liability	$247,600,239
Fiduciary net position	230,454,512
Employers' net pension liability	$ 17,145,727
Fiduciary net position as a percentage of total pension liability	93.08%

New York State Teachers' Retirement System

The District participates in the New York State Teachers' Retirement System (NYSTRS). NYSTRS is a public employee retirement system (PERS) that was created and exists, pursuant to Article 11 of the New York State Education Law. NYSTRS is the administrator of a cost-sharing, multiple-employer, defined benefit plan, administered by a 10-member Board to Provide pension benefits for teachers employed in New York, excluding New York City. NYSTRS issues a publicly available Annual Comprehensive Final Report. The report may be obtained by writing to NYSTRS, 10 Corporate Woods Drive, Albany, New York 12211-2395.

The significant dates shown below are referenced throughout the NYSTRS section of this footnote:

- Fiscal year end – June 30, 2025
- Measurement date – June 30, 2024
- Actuarial valuation date – June 30, 2023, with update procedures used to roll forward the total pension liability to June 30, 2024

10. PENSION PLANS (Continued)

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.

Employer Contributions

Pursuant to Article 11 of the New York State Education Law, employers are required to contribute at an actuarially determined rate adopted annually by the Retirement Board. The actuarially determined contribution rate applied to 2023-24 salaries is 9.76%. The required contribution is an actuarially determined rate. The contributions made to NYSTRS were equal to 100% of the contributions required for each year. The required contributions for the current plan year and two preceding plan years were:

	TRS
2025	$ 1,634,479
2024	$ 1,705,503
2023	$ 1,539,918

Member Contributions

Tier 3 and Tier 4 members are required by law to contribute 3.0% of salary to the System. Effective October 2000, contributions were eliminated for Tier 3 and 4 members with 10 or more years of service or membership. Effective January 1, 2010, Tier 5 members are required by law to contribute 3.5% of salary throughout their active membership. Effective April 1, 2012, Tier 6 members are required by law to contribute between 3.0% and 6.0% of salary throughout their active membership in accordance with a schedule based upon salary earned. Pursuant to Article 14 and Article 15 of the RSSL, those member contributions are used to help fund the benefits provided by the System. However, if a member dies or leaves covered employment with less than five years of credited service for Tiers 3 -6, the member contributions with interest calculated at 5.0% per annum are refunded to the employee or designated beneficiary. Eligible Tier 1 and Tier 2 members may make member contributions under certain conditions pursuant to the provisions of Article 11 of the Education Law and Article 11 of the RSSL. Upon termination of membership, such accumulated member contributions are refunded. At retirement, such accumulated member contributions can be withdrawn or are paid as a life annuity.

10. PENSION PLANS (Continued)

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

At fiscal year end, a net pension asset of $2,616,887 was reported for the proportionate share of the NYSTRS total pension liability. The net pension asset as of the measurement date, and the total pension liability used to calculate the net pension asset was determined by the actuarial valuation date. The proportion of the net pension asset was based on a projection of the long-term share of contributions to the pension plan relative to the projected contributions of all participating members, actuarially determined.

At the measurement date, the proportionate share was 0.087709%, which was a decrease of 0.002032% from the prior measurement date.

For the fiscal year end, pension expense (income) of $1,397,212 was recognized and deferred outflows/inflows of resources related to pensions from the following sources were reported:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 2,817,907	$ -
Changes in assumptions	1,565,429	263,320
Net difference between projected and actual earnings on pension plan investments	-	2,907,585
Changes in proportion and differences between the District's contributions and proportionate share of contributions	73,151	134,598
Contributions subsequent to the measurement date	1,842,903	-
Total	$ 6,299,390	$ 3,305,503

At fiscal year end, $1,842,903 was recognized as a deferred outflow of resources related to pensions resulting from the contributions made subsequent to the measurement date.

Other amounts reported as deferred outflows (inflows) of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year End:	
2025	$ (1,377,587)
2026	3,174,273
2027	(536,517)
2028	(593,942)
2029	344,423
Thereafter	140,334
	$ 1,150,984

10. PENSION PLANS (Continued)

Actuarial Assumptions

The total pension liability at the measurement date was determined by an actuarial valuation with update procedures used to roll forward the total pension liability to the measurement date, using the following actuarial valuations and assumptions:

Actuarial cost method	Entry age normal
Inflation	2.40%
Projected salary increases	Rates for increase differ based on service. They have been calculated based upon recent NYSTRS member experience.

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

Projected COLAs	1.3% compounded annually.
Investment rate of return	6.95% compounded annually, net of pension plan investment expense, including inflation.

Annuitant and active mortality rates based on plan member experience, with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis.

The demographic actuarial assumptions and the salary scales are based on the results of an actuarial experience study for the period July 1, 2015 to June 30, 2020. NYSTRS runs one-year and five-year experience studies annually in order to gauge the appropriateness of the assumptions. For the full details, please refer to the Recommended Actuarial Assumptions 2021 Report, which can be found on the System's website located at www.nystrs.org.

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. ASAP 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.

10. PENSION PLANS (Continued)

Actuarial Assumptions (Continued)
The Long-Term Expected Real Rates of Return are presented by asset allocation classify cation. Best estimates of arithmetic real rates of return for each major asset class included in the Systems' target asset allocation as of the measurement date are summarized in the following table:

Asset Class:	Target Allocation in %	Long-Term Expected Real Rate of Return in %*
Domestic equity	33	6.6
International equity	15	7.4
Global equity	4	6.9
Real estate equity	11	6.3
Private equity	9	10.0
Domestic fixed income	16	2.6
Global bonds	2	2.5
Private debt	2	5.9
Real estate debt	6	3.9
High-yield bonds	1	4.8
Cash equivalents	1	0.5
	100	

*Real rates of return are net of pension plan investment expenses and long-term inflation expectations.

Discount Rate
The discount rate used to measure the total pension liability was 6.95%. 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 those assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate
The following presents the net pension liability (asset) of the NYSTRS participant calculated using the discount rate of 6.95%, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is 1% lower or 1% higher than the current rate:

1% Decrease 5.95%	Current Discount 6.95%	1% Increase 7.95%
$ 12,087,553	$ (2,616,887)	$ (14,983,716)

10. PENSION PLANS (Continued)

Pension Plan Fiduciary Net Position (in 000's)
The components of the current year net pension liability (asset) of the participating employers as of measurement date are as follows:

Total pension liability	$ 142,837,826
Plan fiduciary net position	145,821,434
Net pension liability (asset)	$ (2,983,608)
Plan fiduciary net position as a percentage of total pension liability	102.1%

11. OTHER POSTEMPLOYMENT BENEFITS

Plan Description
The District provides postemployment (health insurance, life insurance, etc.) coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements. The District is required to calculate and record an other postemployment benefit (OPEB) obligation at year-end. The net OPEB obligation is the cumulative difference between the actuarially required contribution and the actual contributions made.

The plan is a single-employer defined benefit OPEB plan administered by the District. Article 11 of the State Compiled Statutes grants the authority to establish and amend the benefit terms and financing requirements to the District Board. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Statement 75.

Benefits Provided
The District provides healthcare 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
The following employees were covered by the benefit terms as of the date of the valuation:

Active employees	325
Inactive employees or beneficiaries currently receiving benefits	314
Total participants	639

Total OPEB Liability
The District's total OPEB liability of $175,827,455 at June 30, 2025 was measured as of June 30, 2025, and was determined by an actuarial valuation as of July 1, 2024.

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

Changes in the Total OPEB Liability

Balance at July 1, 2024	$ 179,517,806
Changes for the Year-	
Service cost	5,123,146
Interest	6,651,213
Changes of benefit terms	-
Changes in assumptions	(3,305,570)
Differences between expected and actual experience	(7,327,273)
Benefit payments	(4,831,867)
Net changes	(3,690,351)
Balance at June 30, 2025	$ 175,827,455

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

Salary scale growth	3.5%
Inflation Rate	2.6%
Healthcare Cost Trend Rates	9.00% decreasing to 4.04% over 69 years
Cost Method	Entry Age Normal Level

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

The actuarial assumptions used in the July 1, 2024, valuation were not based on a formal actuarial experience study. The liability was determined by an actuarial valuation as of the valuation date, calculated based on the discount rate and actuarial assumptions, and was then projected forward to the measurement date.

Changes of assumptions and other inputs reflect a change in the discount rate from 3.65% in 2024 to 3.93% in 2025.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate
The following presents the total OPEB liability of the District, as well as what the District's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.93%) or 1 percentage point higher (4.93%) than the current discount rate:

	Discount Rate		
		Current	
	1% Decrease	Discount Rate	1% Increase
Total OPEB Liability	$ 207,472,472	$ 175,827,455	$ 150,674,365

11. OTHER POSTEMPLOYMENT BENEFITS (Continued)

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

	Healthcare Cost Trend Rate		
	1% Decrease	Current Cost Trend	1% Increase
Total OPEB Liability	$ 148,226,159	$ 175,827,455	$ 211,711,710

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 $13,525,864. For the year ended 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	$ 1,335,976	$ 6,710,264
Changes of assumptions	5,906,633	16,446,813
Employer contributions subsequest to measurement date	5,094,605	-
Total	$ 12,337,214	$ 23,157,077

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 End:	Amount
2026	$ (18,345)
2027	(6,593,288)
2028	(5,762,667)
2029	(2,300,295)
2030	(1,239,873)
	$ (15,914,468)

12. RISK MANAGEMENT

General

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years. The District is actively monitoring and responding to all pending litigation. Since the outcome of these proceedings cannot presently be determined, no provision for this exposure, if any, has been included in the accompanying basic financial statements.

The District has chosen to establish a self-funded health benefit program for its employees. The benefit programs administrator, MVP Select Care, is responsible for the approval, processing and payment of claims, after which they bill the District for reimbursement. The District is also responsible for a monthly administrative fee. The benefit program reports on a fiscal year ending June 30. The program is accounted for in the General Fund of the District where a liability of approximately $192,000 is recorded to reflect those estimates for claims incurred but not yet reported.

The District participates in the Madison-Oneida-Herkimer Consortium, a non-risk-retained public entity risk pool, to insure Workers' Compensation claims. The pool is operated for the benefit of several individual governmental units located within the pool's geographic area, and is considered a self-sustaining risk pool that will provide coverage for insured events in excess of the $350,000 limit, and the District has essentially transferred all related risk to the pool.

District employees are entitled to coverage under the New York State Unemployment Insurance Law. The District has elected to discharge its liability to the New York State Unemployment Insurance Fund (the Fund) by the benefit reimbursement method, a dollar-for-dollar reimbursement to the fund for benefits paid from the fund to former employees. The District has established a self-insurance fund to pay these claims. There is no loss contingency or reserve established, no probable or estimated for incurred, but not reported, claims payable as of June 30, 2025.

13. CONTINGENCIES AND COMMITMENTS

Grants

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 audits, the District's administration believes disallowances, if any, will be immaterial.

14. DONOR- RESTRICTED ENDOWMENTS

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

15. RESTATEMENT

Change in Accounting Principle
During the year ended June 30, 2025, the District implemented Governmental Accounting Standards Board (GASB) Statement No. 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. These changes were incorporated in the District's financial statements and had the following effect on the beginning net position of the governmental activities:

	Governmental Activities Net Position
Balance at June 30, 2024 as previously reported	$ (146,087,901)
Adjustments:	
Compensated absences liability	6,473,001
Balance at July 1, 2024 as restated	$ (139,614,900)

16. SUBSEQUENT EVENT

On August 20, 2025, a School District (Serial) Bond in the amount of $835,000 was issued with interest rates ranging between 3.75% and 4.00% due August 15, 2026 - 2030.

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Schedule of Revenue, Expenditures, and Change in Fund Balance – Budget and Actual – General Fund
For the Year Ended June 30, 2025

	Original Budget	Final Budget	Actual (Budgetary Basis)	Encumbrances	Final Budget Variance with Budgetary Actual
REVENUE					
LOCAL SOURCES:					
Real property taxes	$ 14,740,221	$ 14,740,221	$14,852,221	$ -	$ 112,000
Other tax items	2,044,797	2,044,797	1,945,574	-	(99,223)
Charges for services	23,100	23,100	61,140	-	38,040
Use of money and property	423,494	423,494	713,331	-	289,837
Sale of property and compensation for loss	1,500	1,500	36,978	-	35,478
Miscellaneous	613,322	613,322	1,456,628	-	843,306
Total local sources	17,846,434	17,846,434	19,065,872	-	1,219,438
FEDERAL SOURCES	30,000	30,000	78,762	-	48,762
STATE SOURCES	25,018,732	25,018,732	24,966,388	-	(52,344)
Total revenue	42,895,166	42,895,166	44,111,022	-	1,215,856
OTHER FINANCING SOURCES					
Proceeds from leases	-	540,371	540,371	-	-
Premiums on obligations	30,000	30,000	7,750	-	(22,250)
Transfers from other funds	-	-	212,500	-	212,500
Total revenues and other sources	42,925,166	43,465,537	44,871,643	-	1,406,106
EXPENDITURES					
GENERAL SUPPORT:					
Board of education	69,846	73,512	71,967	-	1,545
Central administration	280,720	283,079	282,116	-	963
Finance	511,806	516,388	482,411	-	33,977
Staff	369,944	390,989	384,775	1,697	4,517
Central services	2,732,467	2,703,678	2,553,418	12,065	138,195
Special items	460,337	472,687	454,070	-	18,617
Total general support	4,425,120	4,440,333	4,228,757	13,762	197,814
INSTRUCTION:					
Instruction, administration, and improvement	1,654,210	1,744,075	1,730,684	-	13,391
Teaching - Regular school	12,457,620	12,364,206	11,972,013	1,423	390,770
Programs for children with handicapping	4,868,971	4,557,303	4,061,690	-	495,613
Occupational education	1,438,597	1,438,131	1,429,703	-	8,428
Teaching - Special school	199,768	232,471	231,665	-	806
Instructional media	1,049,185	628,286	1,161,276	-	(532,990)
Pupil services	2,643,492	2,796,691	2,729,004	17,016	50,671
Total instruction	24,311,843	23,761,163	23,316,035	18,439	426,689
OTHER:					
Pupil transportation	2,204,734	2,321,814	2,310,081	-	11,733
Employee benefits	13,700,087	13,662,643	12,922,554	-	740,089
Capital outlay	-	540,371	540,371	-	-
Debt service - principal	2,072,763	1,941,048	2,067,069	-	(126,021)
Debt service - interest	1,119,653	1,100,244	1,309,990	-	(209,746)
Total other	19,097,237	19,566,120	19,150,065	-	416,055
Total expenditures	47,834,200	47,767,616	46,694,857	32,201	1,040,558
OTHER FINANCING USES					
Transfers to other funds	135,000	258,026	258,026	-	-
Total expenditures and other uses	47,969,200	48,025,642	46,952,883	32,201	1,040,558
NET CHANGE IN FUND BALANCE	$ (5,044,034)	$ (4,560,105)	(2,081,240)	$ (32,201)	$ 2,446,664
FUND BALANCE - beginning of year			11,091,699		
FUND BALANCE - end of year			$ 9,010,459	**(1,000)**	

The accompanying notes are an integral part of these statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Year Ended June 30,

	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Total OPEB Liability										
Service cost	$ 5,123,146	$ 5,406,366	$ 6,717,597	$ 6,751,695	$ 3,916,831	$ 3,908,144	$ 4,485,644			
Interest	6,651,213	6,312,495	4,253,787	4,191,348	4,739,027	4,972,708	5,307,968			
Changes of benefit terms	-	418,239	-	-	-	-	-			
Differences between expected and actual experience	(7,327,273)	-	(1,419,417)	-	9,582,756	-	(18,863,569)			
Changes in assumptions	(3,305,570)	(3,271,021)	(24,288,107)	2,394,538	37,016,564	1,544,173	(5,877,657)			
Benefit payments	(4,831,867)	(4,521,946)	(4,295,277)	(4,069,132)	(3,604,935)	(3,468,460)	(3,380,945)			
Total change in total OPEB liability	(3,690,351)	4,344,133	(19,031,417)	9,268,449	51,650,243	6,956,565	(18,328,559)			
Total OPEB liability - beginning	179,517,806	175,173,673	194,205,090	184,936,641	133,286,398	126,319,833	144,648,392			
Total OPEB liability - ending	$ 175,827,455	$179,517,806	$ 175,173,673	$ 194,205,090	$ 184,936,641	$ 133,276,398	$ 126,319,833			
Covered-employee payroll	$ 23,162,478	$ 19,256,900	$ 19,776,561	$ 19,776,561	$ 19,435,489	$ 18,629,629	$ 18,162,819			
Total OPEB liability as a percentage of covered-employee payroll	759.10%	932.23%	885.76%	982.00%	951.54%	715.40%	695.49%			

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Notes to schedule:
Changes of assumptions. Changes in assumptions and other inputs reflect the effects of changes in the discount rate each period. The following reflects the discount rate used each period:

Discount rate	3.93%	3.65%	3.54%	2.16%	2.21%	3.50%	3.00%

Information for the periods prior to implementation of GASB 75 is unavailable and will be completed for each year going forward as they become available.

Plan assets. No assets are accumulated in a trust that meets all of the criteria of GASB No. 75, paragraph 4, to pay benefits.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Schedule of Proportionate Share of Net Pension Liability (Asset)
For the Year Ended June 30:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.0135693%	0.0143647%	0.0138467%	0.0133814%	0.0133444%	0.0131672%	0.0131853%	0.0138315%	0.0125945%	0.1254400%
Proportionate share of the net pension liability (asset)	$ 2,327	$ 2,115	$ 2,969	$ (1,094)	$ 13	$ 3,487	$ 934	$ 446	$ 1,183	$ 2,013
Covered-employee payroll	$ 5,134	$ 5,016	$ 4,362	$ 4,007	$ 4,016	$ 3,906,481	$ 3,760	$ 3,621	$ 3,270	$ 3,128
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	45.32%	42.17%	68.07%	-27.30%	0.33%	0.09%	24.85%	12.33%	36.19%	64.36%
Plan fiduciary net position as a percentage of the total pension liability (asset)	93.08%	98.57%	90.78%	103.65%	99.95%	86.39%	96.27%	98.24%	94.70%	90.68%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Proportion of the net pension liability (asset)	0.0877090%	0.0897410%	0.0887000%	0.0874900%	0.0870920%	0.0843460%	0.0844980%	0.0836460%	0.0819350%	0.8203100%
Proportionate share of the net pension liability (asset)	$ (2,617)	$ 1,026	$ 1,702	$ (15,161)	$ 2,407	$ (2,191)	$ (1,528)	$ (636)	$ 878	$ (8,250)
Covered-employee payroll	$ 1,634	$ 1,635	$ 15,714	$ 14,850	$ 14,782	$ 14,079	$ 13,764	$ 13,255	$ 12,643	$ 12,322
Proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	-160.11%	62.79%	10.83%	-102.10%	16.28%	-15.56%	-11.10%	-4.80%	6.94%	-69.15%
Plan fiduciary net position as a percentage of the total pension liability (asset)	102.10%	99.20%	98.57%	113.25%	97.76%	102.17%	101.53%	100.66%	99.01%	110.46%

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION (UNAUDITED)
Schedule of Contributions – Pension Plans
For the Year Ended June 30:

NEW YORK STATE EMPLOYEES' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 750	$ 608	$ 495	$ 632	$ 576	$ 593	$ 546	$ 538	$ 372	$ 438
Contributions in relation to the contractually required contribution	750	608	495	632	576	593	546	538	372	438
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 5,134	$ 5,016	$ 4,362	$ 4,007	$ 4,016	$ 3,906,481	$ 3,760	$ 3,621	$ 3,270	$ 3,128
Contributions as a percentage of covered-employee payroll	14.60%	12.12%	11.35%	15.77%	14.33%	0.02%	14.51%	14.87%	11.37%	14.00%

NEW YORK STATE TEACHERS' RETIREMENT SYSTEM PLAN	Last 10 Fiscal Years (Dollar amounts displayed in thousands)									
	2025	2024	2023	2022	2021	2020	2019	2018	2017	2016
Contractually required contribution	$ 1,634	$ 1,706	$ 1,540	$ 1,415	$ 1,310	$ 1,495	$ 1,349	$ 1,554	$ 1,677	$ 2,160
Contributions in relation to the contractually required contribution	1,634	1,706	1,540	1,415	1,310	1,495	1,349	1,554	1,677	2,160
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Covered-employee payroll	$ 1,634	$ 1,635	$ 15,714	$ 14,850	$ 14,782	$ 14,079	$ 13,764	$ 13,255	$ 12,643	$ 12,322
Contributions as a percentage of covered-employee payroll	100.00%	104.34%	9.80%	9.53%	8.86%	10.62%	9.80%	11.72%	13.26%	17.53%

SUPPLEMENTARY INFORMATION

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION
Combining Balance Sheet – Nonmajor Governmental Funds
June 30, 2025

	School Lunch	Debt Service	Extraclassroom Activities	Total Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents - unrestricted	$ 18,944	$ -	$ -	$ 18,944
Cash and cash equivalents - restricted	-	860,186	318,600	1,178,786
Accounts receivable	2,086	-	-	2,086
Due from other funds	-	35,524	-	35,524
State and federal aid receivable	212,064	-	-	212,064
Inventory	37,750	-	-	37,750
TOTAL ASSETS	$ 270,844	$ 895,710	$ 318,600	$ 1,485,154
LIABILITIES				
Accounts payable	$ 30,770	$ -	$ -	$ 30,770
Accrued liabilities	28,392	-	-	28,392
Due to other funds	13,664	-	-	13,664
TOTAL LIABILITIES	72,826	-	-	72,826
FUND BALANCE				
Nonspendable	37,750	-	-	37,750
Restricted	160,268	895,710	318,600	1,374,578
TOTAL FUND BALANCE	198,018	895,710	318,600	1,412,328
TOTAL LIABILITIES AND FUND BALANCE	$ 270,844	$ 895,710	$ 318,600	$ 1,485,154

The accompanying notes are an integral part of these statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION
Combining Statement of Revenues, Expenditures, and Change in Fund Balance – Nonmajor Governmental Funds
For the Year Ended June 30, 2025

	School Lunch	Debt Service	Extraclassroom Activities	Total Nonmajor Governmental Funds
REVENUE				
Use of money and property	$ -	$ 122,650	$ -	$ 122,650
Miscellaneous	4,546	96,049	371,764	472,359
Sales	62,959	-	-	62,959
State sources	494,960	-	-	494,960
Federal sources	892,967	-	-	892,967
Total revenue	1,455,432	218,699	371,764	2,045,895
EXPENDITURES				
Instruction	440,549	-	-	440,549
Employee benefits	170,667	-	-	170,667
Cost of sales	735,753	-	-	735,753
Other expenditures	-	-	368,924	368,924
Capital outlay	21,496	-	-	21,496
Total expenditures	1,368,465	-	368,924	1,737,389
EXCESS(DEFICIENCY) OF REVENUE OVER EXPENDITURES	86,967	218,699	2,840	308,506
OTHER SOURCES AND (USES):				
Premiums on obligations	-	34,500	-	34,500
Operating transfers out	-	(212,500)	-	(212,500)
Total other sources (uses)	-	(178,000)	-	(178,000)
CHANGE IN FUND BALANCES	86,967	40,699	2,840	130,506
FUND BALANCE - beginning of year	111,051	855,011	315,760	1,281,822
FUND BALANCE - end of year	$ 198,018	$ 895,710	$ 318,600	$ 1,412,328

The accompanying notes are an integral part of these statements.

OTHER INFORMATION

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

OTHER INFORMATION (UNAUDITED)
Schedule of Change from Original Budget to Revised Budget and Real Property Tax Limit – General Fund
For the Year Ended June 30, 2025

CHANGE FROM ADOPTED BUDGET TO REVISED BUDGET

Adopted budget	$ 47,969,200
Add: Prior year's encumbrances	56,440
Original budget	48,025,640
Budget revision	2
Final budget	$ 48,025,642

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

2024-25 voter-approved expenditure budget	$ 47,969,200	
Maximum allowed (4% of 2023-24 budget)		$ 1,918,768
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law *:		
Total fund balance:	$ 9,011,459	
Less:		
Restricted fund balance	$ 4,000,000	
Assigned fund balance:		
Appropriated for subsequent year's expenditures	3,073,515	
Encumbrances	32,201	
Total adjustments	$ 7,105,716	
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law		$ 1,905,743
Actual percentage		4%

* Per Office of the State Comptroller's "Fund Balance Reporting and Governmental Fund Type Definitions", Updated April 2011 (Originally Issued November 2010), the portion of [General Fund] fund balance subject to Section 1318 of the Real Property Tax Law is: unrestricted fund balance (i.e., the total of the committed, assigned, and unassigned classifications), minus appropriated fund balance, amounts reserved for insurance recovery, amounts reserved for tax reduction, and encumbrances included in committed and assigned fund balance.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

OTHER INFORMATION (UNAUDITED)
Schedule of Project Expenditures – Capital Projects Fund
For the Year Ended June 30, 2025

			Expenditures				Methods of Financing						
	Original Budget	Revised Budget	Prior Years	Current Year	Total	Available Balance	Proceeds of Obligations	State Aid	Local Sources	Transfers	Prior Years	Total	Fund Balance June 30, 2025
Bus Purchases	$ 852,593	$ 852,593	$ 740,000	$ 852,384	$ 1,592,384	$ (739,791)	$ 867,500	$ -	$ -	$ -	$ 740,000	$ 1,607,500	$ 15,116
Other	41,912,993	41,960,107	324,626	2,850,732	3,175,358	38,784,749	230,000	-	-	198,086	1,100,000	$ 1,528,086	(1,647,272)
	$ 42,765,586	$ 42,812,700	$ 1,064,626	$ 3,703,116	$ 4,767,742	$ 38,044,958	$ 1,097,500	$ -	$ -	$ 198,086	$ 1,840,000	$ 3,135,586	$ (1,632,156)

The accompanying notes are an integral part of these statements.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

OTHER INFORMATION (UNAUDITED)
Schedule of Net Investment in Capital Assets
For the Year Ended June 30, 2025

Capital assets, net	$ 46,207,540
Deduct:	
Premium on bonds payable	2,018,907
Short-term portion of bonds payable	1,497,500
Long-term portion of bonds payable	15,195,000
Short-term portion of installment purchase debt	161,804
Long-term portion of installment purchase debt	1,501,059
Short-term portion of lease liabilities	118,650
Long-term portion of lease liabilities	251,313
Net investment in capital assets	$ 27,496,133

The accompanying notes are an integral part of these statements.

REQUIRED REPORT

Bonadio & Co., LLP
Accounting, Consulting & More

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*

October 7, 2025

To the Board of Education of the
Vernon Verona Sherrill 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 Vernon Verona Sherrill Central School District (District), as of and for the year ended June 30, 2025, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 7, 2025.

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. We identified a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2025-001 that we consider to be a material weakness.

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(Continued)

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* (Continued)

Report on Compliance and Other Matters

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

Vernon Verona Sherrill Central School District School District's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the District's response to the findings identified in our audit and described in the accompanying schedule of findings and responses. The District's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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.

VERNON VERONA SHERRILL CENTRAL SCHOOL DISTRICT

Schedule of Findings and Responses
For the Year Ended June 30, 2025

Reference: 2025-001

Criteria:
Transactions should be recorded in accordance with generally accepted accounting principles in the United States of America (U.S. GAAP).

Condition/Cause:
Although incurred as of June 30, 2025, in the event expenditures were for architecture fees associated with potential projects that would commence in future years, management did not record expenditures and liabilities in the Capital Projects Fund as of June 30, 2025.

Context: This is a repeat finding from the June 30, 2024 fiscal year end.

Effect:
Material audit adjustments to the Capital Projects Fund were required in order for the financial statements to be presented in accordance with U.S. GAAP:

Capital Projects Fund:

Expenditures	$ 763,446	
Accounts Payable		$763,446

Governmental Activities:

Expenses	$ 763,446	
Accounts Payable		$763,446

Recommendation:
We recommend that the District establish a process to evaluate and record entries necessary to ensure financial reporting conforms with U.S. GAAP. This may include the accrual of expenditures that may be associated with tentative projects that will commence in future years, if the expenditure and liability were in fact incurred during a different reporting period.

Management should continue to use a mechanism to track such initial expenditures associated with a project, so that total costs associated with a project can be captured, even when across a multi-year period of time. This will continue to assist with budgeting and project management.

Management's Response:
Management agrees with the proposed adjustment and records have been updated to reflect the inclusion of the expenditure in the proper fiscal year. Going forward, at and around fiscal year end, management will review status and cutoff of expenditures in the Capital Projects Fund. Regardless of the status of the corresponding project, any obligations incurred as of fiscal year end will be accrued back, regardless of when paid to ensure proper reporting with generally accepted accounting principles.