

Caledonia-Mumford Central School District

Management's Discussion and Analysis

For the Fiscal Year Ended June 30, 2026

The following is a discussion and analysis of the District's financial performance for the fiscal year ended June 30, 2026. This section is a summary of the District's financial activities based on currently known facts, decisions, and/or conditions. It is also based on both the government-wide 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. This section is only an introduction and should be read in conjunction with the District's financial statements, which immediately follow this section.

Financial Highlights

At the close of the fiscal year, the total assets plus deferred outflows (what the District owns) exceeded its total liabilities plus deferred inflows (what the District owes) by \$28,797,665 (net position) an increase of \$2,059,426 from the prior year.

General revenues which include Federal and State Aid, Real Property Taxes, Non Property Taxes, Investment Earnings, Compensation for Loss, and Miscellaneous accounted for \$21,971,189 or 93% of all revenues. Program specific revenues in the form of Charges for Services and Operating Grants and Contributions, accounted for \$1,610,760 or 7% of total revenues.

As of the close of the fiscal year, the District's governmental funds reported combined fund balances of \$15,565,443 an increase of \$4,851,117 in comparison with the prior year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to the financial statements. This report also contains individual fund statements and schedules in addition to the basic financial statements.

Government-Wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the District's finances, in a manner similar to a private-sector business.

The *Statement of Net Position* presents information on all of the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, with the difference between the two reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District is improving or deteriorating.

The *Statement of Activities* presents information showing how the government's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows.

The *governmental* activities of the District include instruction, pupil transportation, cost of food sales, general administrative support, community service, and interest on long-term debt.

The government-wide financial statements can be found on the pages immediately following this section as the first two pages of the basic financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance related legal requirements. All the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating the District's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The District maintains six individual governmental funds: General Fund, Special Aid Fund, School Lunch Fund, Miscellaneous Special Revenue Fund, Debt Service Fund and Capital Projects Fund. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Capital Projects Fund, and the Special Aid Fund which are reported as major funds. Data for the School Lunch Fund, the Debt Service Fund, and the Miscellaneous Special Revenue Fund, are aggregated into a single column and reported as nonmajor funds. Additionally, for each major fund, a detailed analysis of the financial position (fund balance or net position) and results of operations are also provided within the MD&A.

The District adopts, and voters approve an annual budget for its General Fund. A budgetary comparison statement has been provided for the General Fund within the basic financial statements to demonstrate compliance with the budget.

Fiduciary funds are used to account for assets held by the District in an agency capacity which accounts for assets held by the District on behalf of others. Fiduciary funds are not reflected in the government-wide financial statement because the resources of these funds are *not* available to support the District's programs.

The financial statements for the governmental and fiduciary funds can be found in the basic financial statement section of this report.

<u>Major Feature of the Government-Wide and Fund Financial Statements</u>			
	Government-Wide Statements	Fund Financial Statements	
		<u>Governmental Funds</u>	<u>Fiduciary Funds</u>
Scope	Entire District (except fiduciary funds)	The activities of the District that are not proprietary or fiduciary, such as special education, scholarship programs, and building maintenance	Instances in which the District administers resources on behalf of someone else, such as student activities monies
Required financial statements	Statement of Net Position	Balance Sheet	Statement of Fiduciary Net Position
	Statement of Activities	Statement of Revenues, Expenditures, and Changes in Fund Balance	Statement of Changes in Fiduciary Net Position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/liability information	All assets and liabilities, both financial and capital, short-term and long-term	Generally, assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets or long-term liabilities included	All assets and liabilities, both short-term and long-term; funds do not currently contain capital assets, although they can.
Type of inflow/outflow information	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found following the basic financial statement section of this report.

Government-Wide Statements

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

The two government-wide statements report the District's net position and how they have changed. Net position, the difference between the District's assets plus deferred outflow of resources and liabilities plus deferred inflow of resources, is one way to measure the District's financial health or position. Over time, increases or decreases in the District's net position are an indicator of whether its financial position is improving or deteriorating, respectively. Additional non-financial factors such as changes in the District's property tax base and the condition of the school buildings and facilities must also be considered to assess the District's overall health.

All of the District's services are reported in the government-wide financial statements as governmental activities. Most of the District's basic services are included here, such as regular and special education, transportation, and administration. Property taxes, federal and state aid, and investment earnings finance most of these activities.

Financial Analysis of the School District As a Whole

Net Position

	<u>Governmental Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2026</u>	<u>2025</u>	<u>Variance</u>	<u>Percent Variance</u>
<u>ASSETS:</u>				
Current and Other Assets	\$ 19,261,926	\$ 14,045,127	\$ 5,216,799	37.14%
Capital Assets	31,986,822	23,249,861	8,736,961	37.58%
Total Assets	\$ 51,248,748	\$ 37,294,988	\$ 13,953,760	37.41%
<u>DEFERRED OUTFLOWS OF RESOURCES:</u>				
Deferred Outflows of Resources	\$ 3,467,920	\$ 3,081,851	\$ 386,069	12.53%
<u>LIABILITIES:</u>				
Long-Term Debt Obligations	\$ 21,570,253	\$ 9,296,378	\$ 12,273,875	132.03%
Other Liabilities	1,269,777	2,186,491	(916,714)	(41.93%)
Total Liabilities	\$ 22,840,030	\$ 11,482,869	\$ 11,357,161	98.91%
<u>DEFERRED INFLOWS OF RESOURCES:</u>				
Deferred Inflows of Resources	\$ 2,766,695	\$ 2,155,731	\$ 610,964	28.34%
<u>NET POSITION:</u>				
Net Investment in Capital Assets	\$ 18,979,497	\$ 17,814,704	\$ 1,164,793	6.54%
<u>Restricted For:</u>				
Retirement Contribution Reserve	980,559	921,465	59,094	6.41%
Unemployment Insurance Reserve	1,002,096	967,074	35,022	3.62%
Capital Reserve	3,482,134	2,909,761	572,373	19.67%
Other Purposes	2,187,226	3,583,922	(1,396,696)	(38.97%)
Unrestricted	2,166,153	541,313	1,624,840	300.17%
Total Net Position	\$ 28,797,665	\$ 26,738,239	\$ 2,059,426	7.70%

Key Variances

- Current and Other Assets increased \$5,216,799 as a result of increased cash on hand from the issuance of bonds to fund the District's capital project, as well as an increase in the District's proportionate share of the New York State pension system asset, as determined by an actuary.
- Capital Assets increased \$8,736,961 as a result of construction work completed on the District's capital improvement project.
- Long-Term Debt Obligations increased 12,273,875 as a result of bonds issued to finance the District's capital improvement project.

The District's financial position is the product of many factors.

By far, the largest component of the District's net position reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The School District uses these capital assets to provide services to the students and consequently, these assets are not available for future spending. Although the School District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

There are four restricted net position balances: Retirement Contribution Reserve, Unemployment Reserve Capital Reserve, and Other Purposes. The remaining balance of unrestricted net position of \$2,166,153 is deemed available for use by the District.

Changes in Net Position

The District's total revenue increased 6% to \$23,581,949. State and federal aid 54% and property taxes 34% accounted for most of the District's revenue. The remaining 12% of the revenue comes from operating grants, charges for services, use of money and property, compensation for loss, and miscellaneous revenues.

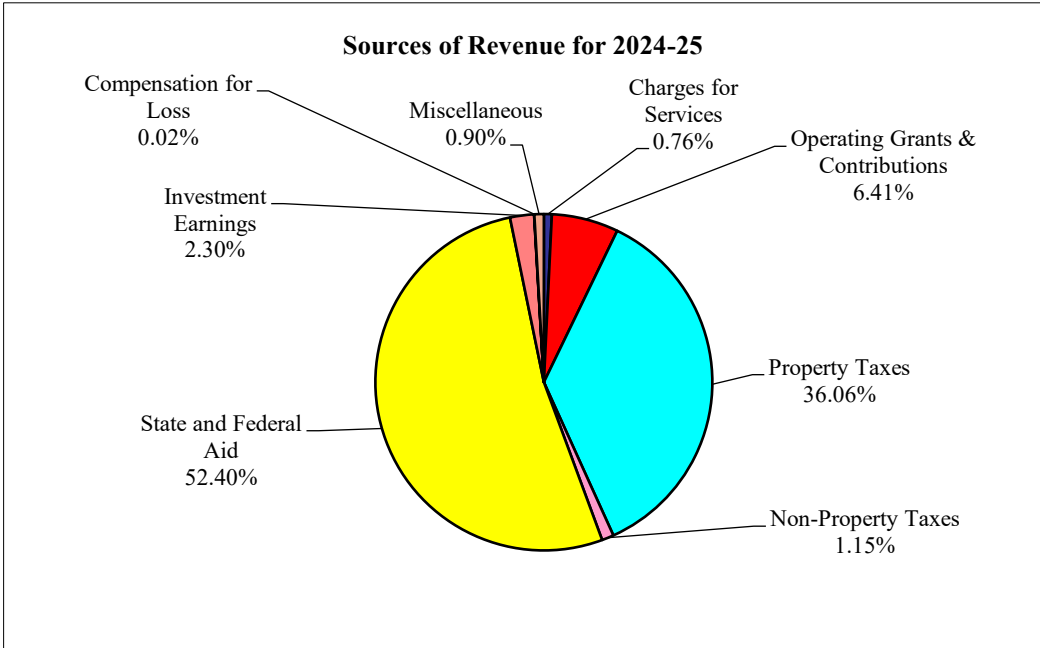
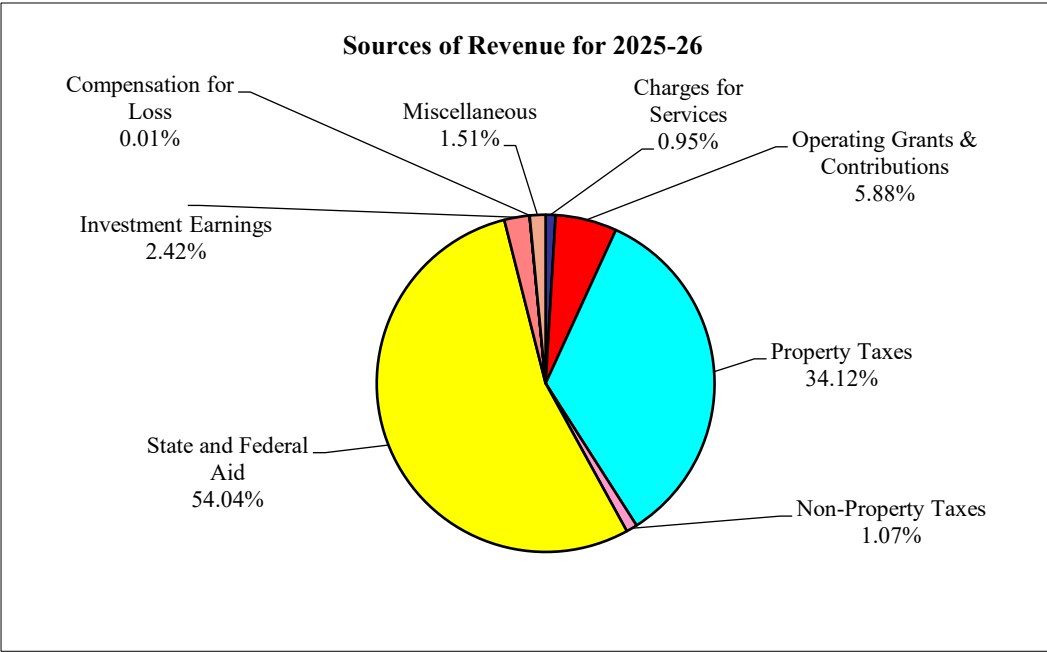
The total cost of all the programs and services increased to \$21,522,523. The District's expenses are predominately related to education and caring for the students (instruction) 69%. General support which included expenses associated with the operation, maintenance and administration of the District accounted for 19% of the total costs. See table below:

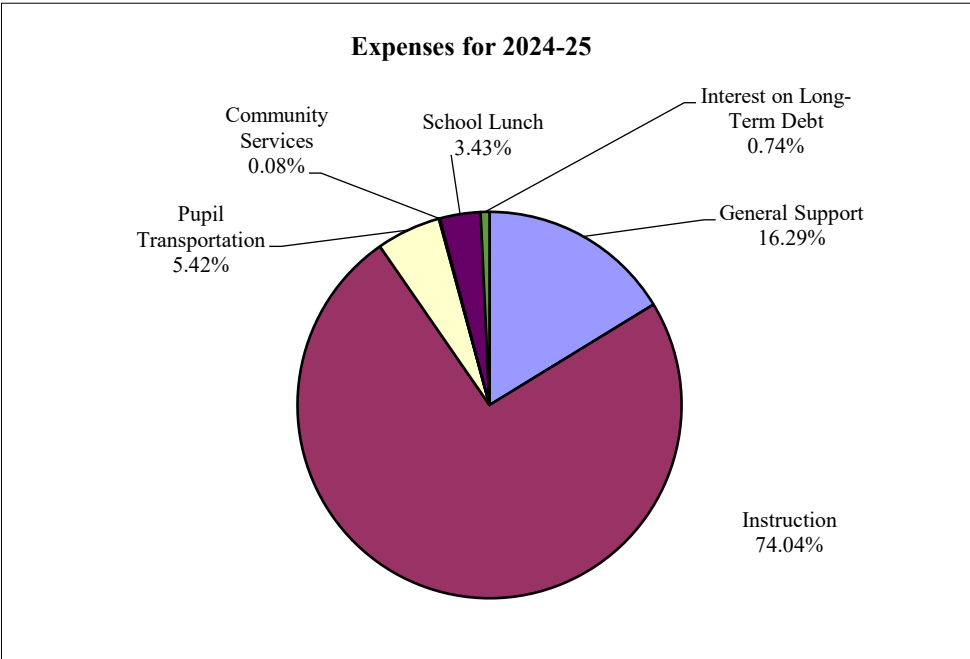
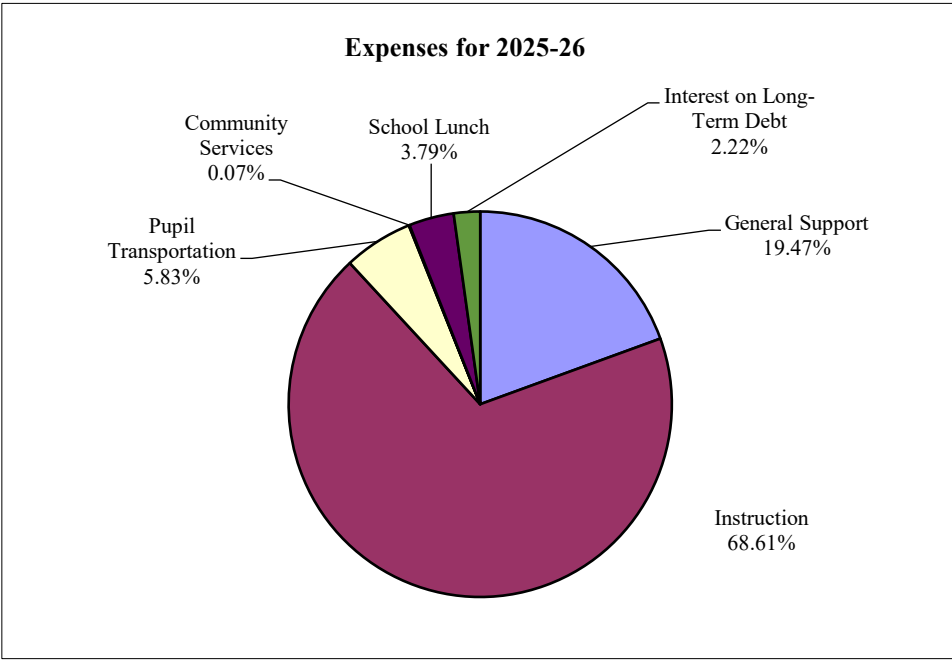
	<u>Governmental Activities</u>		<u>Total</u>	<u>Total</u>
	<u>2026</u>	<u>2025</u>	<u>Variance</u>	<u>Percent Variance</u>
<u>REVENUES:</u>				
<u>Program -</u>				
Charges for Service	\$ 223,802	\$ 168,972	\$ 54,830	32.45%
Operating Grants & Contributions	1,386,958	1,425,337	(38,379)	(2.69%)
Total Program	\$ 1,610,760	\$ 1,594,309	\$ 16,451	1.03%
<u>General -</u>				
Property Taxes	\$ 8,046,381	\$ 8,019,930	\$ 26,451	0.33%
Non Property Taxes	251,413	254,996	(3,583)	(1.41%)
State and Federal Aid	12,744,551	11,653,277	1,091,274	9.36%
Investment Earnings	569,961	511,192	58,769	11.50%
Compensation for Loss	2,804	5,216	(2,412)	(46.24%)
Miscellaneous	356,079	201,027	155,052	77.13%
Total General	\$ 21,971,189	\$ 20,645,638	\$ 1,325,551	6.42%
TOTAL REVENUES	\$ 23,581,949	\$ 22,239,947	\$ 1,342,002	6.03%
<u>EXPENSES:</u>				
General Support	\$ 4,190,862	\$ 3,498,925	\$ 691,937	19.78%
Instruction	14,767,004	15,903,156	(1,136,152)	(7.14%)
Pupil Transportation	1,255,463	1,164,027	91,436	7.86%
Community Services	15,033	17,602	(2,569)	(14.59%)
School Lunch	816,466	735,866	80,600	10.95%
Interest	477,695	159,551	318,144	199.40%
TOTAL EXPENSES	\$ 21,522,523	\$ 21,479,127	\$ 43,396	0.20%
CHANGE IN NET POSITION	\$ 2,059,426	\$ 760,820		
NET POSITION, BEGINNING OF YEAR	26,738,239	25,977,419		
NET POSITION, END OF YEAR	\$ 28,797,665	\$ 26,738,239		

The overall change in net position increased \$2,059,426 which is \$1,298,606 higher than the prior year change in net position. The most significant variable which increased the District's position was an increase in State & Federal aid which is due to a combination of factors such as wealth index, strategic purchases through BOCES to increase BOCES Aid, as well as a significant increase in building aid as a new project was initiated in the 25/26 school year.

Key Variances

- State and Federal Aid increased \$1,091,274 as a result of increases in State funding based on Foundation Aid adjustments and increases in expense based aids as the District seeks to maximize funding opportunities.
- Instruction decreased \$1,136,152 as a result of the allocation of changes to the actuarially determined liabilities for OPEB and the District's proportionate share of the New York State pension systems' assets and liabilities.





Financial Analysis of the District's Funds

The financial performance of the District as a whole is reflected in its governmental funds. As the District completed the year, its governmental funds reported combined fund balances of \$15,565,443 which is more than last year's ending fund balance of \$10,714,326. The District reports two major governmental funds individually in the governmental funds financial statements. Those funds are the General Fund, the Capital Projects Fund, and the Special Aid Fund

General Fund

The General Fund is the chief operating fund of the District. At the end of the current year, the total fund balance of the General Fund was \$9,292,306. Fund balance for the General Fund increased by \$1,254,069 compared with the prior year, which was primarily a result of lower-than-anticipated expenditures due to breakage, this also includes reduced utilization of budgeted contingency funds designated for unforeseen expenses, combined with higher-than-projected revenues from sources such as BOCES Aid, interest earnings, and property taxes. See table below:

<u>General Fund:</u>	<u>2026</u>	<u>2025</u>	<u>Total Variance</u>	<u>Total Percent Variance</u>
Total Revenues	\$ 21,881,879	\$ 20,635,468	\$ 1,246,411	6.04%
Total Expenditures	19,212,064	19,378,320	(166,256)	(0.86%)
Other Financing Sources				
Transfers-In	-	8,221	(8,221)	(100.00%)
Transfers-Out	(1,415,746)	(1,111,345)	(304,401)	27.39%
Change in Fund Balance	<u>\$ 1,254,069</u>	<u>\$ 154,024</u>	<u>\$ 1,708,847</u>	<u>1109.47%</u>
Fund Balance				
Nonspendable	\$ 167,278	\$ -	\$ 167,278	100.00%
Restricted	6,654,598	5,837,298	817,300	14.00%
Assigned	1,528,013	1,334,512	193,501	14.50%
Unassigned	942,417	866,427	75,990	8.77%
Total Fund Balance	<u>\$ 9,292,306</u>	<u>\$ 8,038,237</u>	<u>\$ 1,254,069</u>	<u>15.60%</u>

Nonspendable Fund Balance – represents 2% of the total fund balance and represents those items that represent prepaid expenditures for health, workers' compensation, and liability insurances.

Restricted Fund Balance – is the largest component of fund balance, 52% relate to the capital reserves and 22% relate to the ERS and TRS reserve. A detail of the restricted reserves can be found in the footnotes to the financial statements.

Assigned Fund Balance – represents the smallest portion of fund balance consisting of encumbrances for items that have been ordered but not yet received. The District has also appropriated fund balances to support next year's budget totaling \$647,303 representing 3% of next years budget.

Unassigned Fund Balance – increased 9% over the prior year and represents 4% of the subsequent years budget and is within the requirements of Section 1318 of the Real Property Tax Law. These funds are available for cashflow and unanticipated ordinary contingent expenditures.

Capital Projects Fund

The Capital Projects Fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for the acquisition or construction of capital facilities and other capital assets, such as equipment. A Capital Projects Fund must be used if the acquisition or construction is financed in whole or in part from the proceeds of obligations, but may include funding from Federal, State and local sources. At the end of the current year, the total fund balance of the Capital Projects Fund was \$5,082,477 and a summary of the projects can be found in the financial statements.

The largest component of the capital projects fund is the 2025 capital improvement project, which accounted for 97% of the expenditures in the current year; to date the District has spent \$10,340,544 of the \$15,230,000 authorized by voters for the project. Fund balance for the Capital Projects Fund increased by \$3,299,636 compared with the prior year. See table below:

<u>Capital Projects Fund:</u>	<u>2026</u>	<u>2025</u>	<u>Total Variance</u>	<u>Total Percent Variance</u>
Total Expenditures	\$ 9,837,404	\$ 929,441	\$ 8,907,963	958.42%
Other Financing Sources				
Transfers-In	594,040	225,697	368,343	163.20%
Transfers-Out	-	(8,221)	8,221	(100.00%)
Proceeds from Obligations	12,480,000	-	12,480,000	100.00%
BANs Redeemed from Appropriations	63,000	143,000	(80,000)	(55.94%)
Change in Fund Balance	\$ 3,299,636	\$ (568,965)	\$ 3,868,601	(679.94%)
Fund Balance				
Restricted	\$ 5,207,134	\$ 1,969,677	\$ 3,237,457	164.36%
Unassigned	(124,657)	(186,836)	\$ 62,179	(33.28%)
Total Fund Balance	\$ 5,082,477	\$ 1,782,841	\$ 3,299,636	185.08%

Key Variances

- Capital Fund activity was increased significantly in the current year as a result of the 2025 capital improvement project; the District had substantial construction costs incurred and issued a bond to finance the project during the current year.

Special Aid Fund

The Special Aid Fund is a Special Revenue Fund used to account for and report special projects or programs supported in whole or in part by Federal funds or State-funded grants.

<u>Special Aid Fund:</u>	<u>2026</u>	<u>2025</u>	<u>Total Variance</u>	<u>Total Percent Variance</u>
Total Revenues	\$ 695,018	\$ 762,202	\$ (67,184)	(8.81%)
Total Expenditures	748,561	826,987	(78,426)	(9.48%)
Other Financing Sources				
Transfers-In	53,543	64,785	(11,242)	(17.35%)
Change in Fund Balance	\$ -	\$ -	\$ -	0.00%

Key Variances

- Special Aid Fund revenues and expenditures decreased as a result of the ending of the federal stimulus funding related to the COVID-19 pandemic during the 2025 fiscal year.

Significant Capital Asset and Long-Term Financing Activity

Significant Capital and Right to Use Assets

Capital assets are accounted for at historical (actual) cost or, if the cost is not practicably determinable, at estimated cost. The cost of the capital asset should include ancillary charges necessary to place the asset into use. Donated capital assets and capital assets acquired in a service concession arrangement should be recorded at acquisition value. Acquisition value is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date, or the amount at which a liability could be liquidated with the counter party at the acquisition. Right to use assets (leases) are valued at the future minimum lease payment. By the end of the 2026 fiscal year, the District had invested \$31,986,822 in a broad range of capital and lease assets, including land, work in progress, buildings and improvements, and machinery and equipment. The change in capital assets and leased assets, net of accumulated depreciation (capital assets) and amortization (leased assets), is reflected below:

	<u>2026</u>	<u>2025</u>	<u>Total Variance</u>	<u>Total Percent Variance</u>
<u>Capital Assets:</u>				
Land	\$ 26,149	\$ 26,149	\$ -	0.00%
Work in Progress	10,759,962	808,357	9,951,605	1231.09%
Buildings and Improvements	19,406,916.00	20,568,072	(1,161,156)	(5.65%)
Machinery and Equipment	1,140,028.00	1,107,768	32,260	2.91%
Total Capital Assets	\$ 31,333,055	\$ 22,510,346	\$ 8,822,709	39.19%
<u>Lease Assets:</u>				
Equipment	\$ 653,767	\$ 739,515	\$ (85,748)	(11.60%)
Total Lease Assets	\$ 653,767	\$ 739,515	\$ (85,748)	(11.60%)

Key Variances

- Work in Progress increased \$9,951,605 as a result of construction costs incurred in relation to the District's capital improvement project.
- Buildings and Improvements decreased \$1,161,156 as a result of depreciation charged against buildings in the current year.

More detailed information can be found in the notes to the financial statements.

Long-Term Financing Activity

At year end, the District had \$21,570,253 in general obligation bonds and other long-term debt outstanding as follows:

<u>Type</u>	<u>2026</u>	<u>2025</u>	<u>Total Variance</u>	<u>Total Percent Variance</u>
Serial Bonds Payable	\$ 16,900,000	\$ 5,015,000	\$ 11,885,000	236.99%
Unamortized Bond Premium	452,707	205,288	247,419	120.52%
OPEB Liability	1,947,749	1,462,375	485,374	33.19%
Net Pension Liability	253,969	780,033	(526,064)	(67.44%)
Retainage Payable	419,417	28,033	391,384	1396.15%
Compensated Absences	1,596,411	1,805,649	(209,238)	(11.59%)
Total Long-Term Financing	\$ 21,570,253	\$ 9,296,378	\$ 12,273,875	132.03%

Key Variances

- Serial Bonds Payable increased \$11,885,000 as a result of the issuance of a new bond in the current year to permanently finance the capital improvement project, net of payments made on previously outstanding bonds.
- Net Pension Liability decreased \$526,064 as a result of changes to the District's proportionate share of the New York State pension systems' liability, as determined by an actuary.

NYS ERS and TRS Pension Systems

All non-teaching and non-certified administrative employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State are members of the New York State and Local Employees' Retirement System ("ERS"). In the District's 2026-27 budget, the appropriation for payments to ERS is \$316,200.

Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS" and collectively with ERS, the "Retirement Systems"). Payments to the TRS are deducted from the District's State aid payments. In the District's 2026-27 budget, the appropriation for payments to TRS is \$790,221.

The average contribution rate for the ERS for the 2025-26 fiscal year is 16.5%. The average contribution rate for the TRS for the 2025-26 fiscal year is 9.59%. The funding status of the ERS pension system as of March 31, 2025 indicates the System is funded at 97.78% while the TRS System is funded at 104%. As a result the Teachers Retirement System reports a net pension asset totaling \$2,044,556.

Other Postemployment Benefits (OPEB)

The District and other municipal units of government in the State are 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.

OPEB consists primarily of health care benefits and may include other benefits such as disability benefits and life insurance. There is no authority in current State law to establish a trust account in order to fund any part of this liability, however, the District budgets and pays the actual costs relating to this expenditure in the General Fund.

Bond Rating

The underlying rating assigned to the School District by S&P Global Ratings, a division of S&P Global Inc., is an A+ rating, which was assigned in connection with the issuance by the School District of \$6,840,000 School District (Serial) Bonds dated April 27, 2017.

More detailed information can be found in the notes to the financial statements.

Currently Known Facts, Decision or Conditions

Employee Contracts

The District has the following significant employee contracts:

<u>Contracts</u>	<u>Periods Covered</u>
Teachers' Association	07-01-25/06-30-28
Support Staff Association	07-01-22/06-30-26

Unemployment Rate

Unemployment statistics are not available for the District as such, smallest area for which such statistics are available (which includes the District) is Livingston County. The data set forth below with respect to the County.

	County	New York State	U.S.
	Unemployment	Unemployment	Unemployment
<u>Year</u>	<u>Rate</u>	<u>Rate</u>	<u>Rate</u>
2021	4.4%	7.1%	5.3%
2022	3.4%	4.3%	3.6%
2023	3.5%	4.1%	3.6%
2024	3.8%	4.3%	4.0%

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 (herein referred to as the “Tax Levy Limit Law” or “Law”) was signed by the Governor. The Tax Levy Limit Law modifies current law by imposing a limit on the amount of real property taxes that a school district may levy. The Law will affect school district tax levies for the school district financial year beginning July 1, 2012. On April 12, 2019 the enacted State budget legislation for fiscal year 2020 made the Tax Levy Limitation Law permanent.

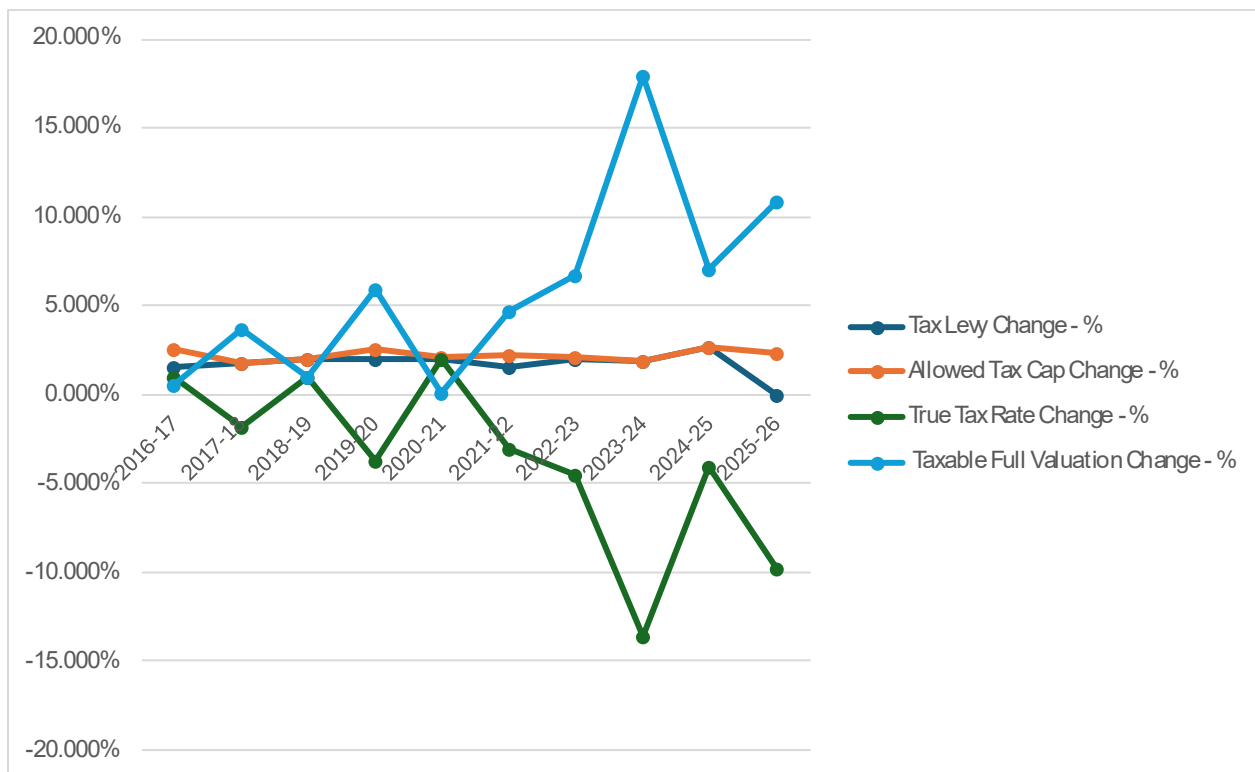
Prior to the enactment of the Law, there was no statutory limitation on the amount of real property taxes that a school district could levy if its budget had been approved by a simple majority of its voters. In the event the budget had been defeated by the voters, the school district was required to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

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

The Law sets forth several exceptions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on voter approved capital expenditures, certain pension cost increases, and other items enumerated in the Law. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law provides an express exception from the limitation for those taxes to be levied to pay the local share of debt service on voter approved capital expenditures. However, Such exception would not apply to taxes to be levied commencing in the 2012-13 fiscal year of a school district to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgements, including tax certiorari payments.

Summary of Percent Change in Tax Levy, Tax Cap, True Tax Rate, and Taxable Full Valuation



As indicated in the above graph, since 2020, the District has experienced significant growth in taxable full valuation, while maintaining relatively stable tax levy increases within the allowable tax cap. This growth in taxable valuation has generally contributed to a reduction in the true tax rate, despite modest increases in the overall tax levy and more specifically having zero levy increase for three fiscal years.

2026-27 Budgetary Information

On May 19, 2026, the voters of the District approved the proposed 2026-27 budget totaling \$23,560,473 with a 74% approval rate.

The overall expenditure budget increased 8.77%, while the local tax levy increased 0% which is within the property tax cap.

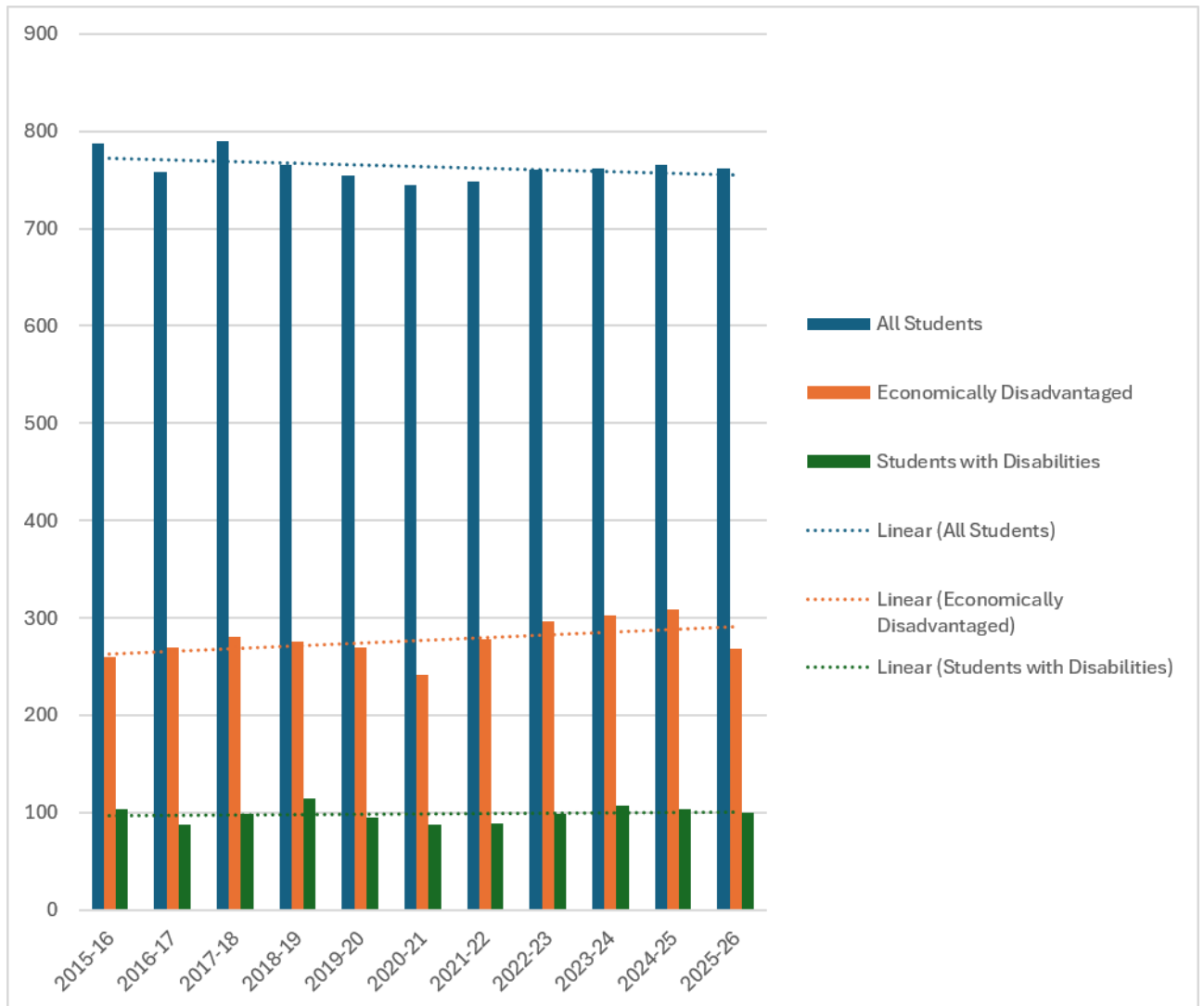
Although the District foundation aid increased \$345,895 based on state aid runs this was offset by projected increases to employee benefits of \$335,035.

The Caledonia-Mumford Central School District's proposed 2026-27 budget totaled \$23,560,437, representing an 8.77% increase over the prior year while maintaining a 0% increase in the tax levy for the second consecutive year. The budget prioritized maintaining educational programming, expanding Universal Prekindergarten to a full-day program, and addressing rising operational costs while leveraging increased State Aid to minimize the impact on taxpayers. The budget also included a \$100,000 capital outlay project to upgrade HVAC controls, with approximately 86% reimbursable through State Aid. In addition to the annual budget proposition, voters were presented with a separate referendum authorizing the purchase of one school bus at a cost not to exceed \$200,000, funded entirely through the District's existing Capital Vehicle and Equipment Reserve, eliminating the need for additional borrowing or an increase to the tax levy.

Enrollment Information

The school district enrollment also impacts the budget process. The following graphs highlight some of the key District trends:

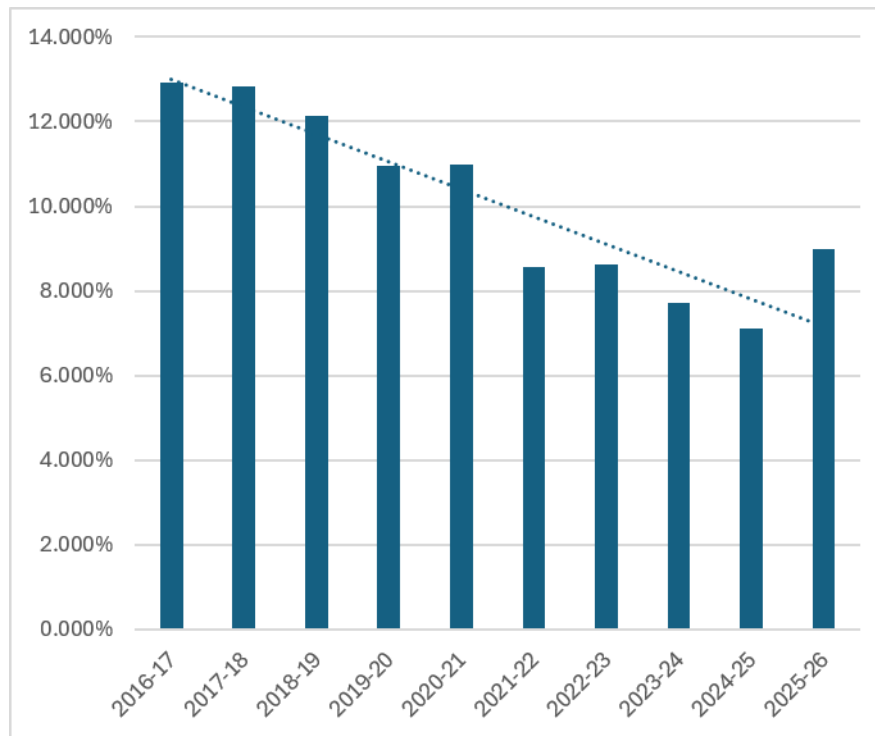
District Students: K-12 Total Enrollment, Economically Disadvantaged and Students with Disabilities Trends 2015-16 to 2025-26



The District has experienced a modest decrease in K-12 student enrollment over the past decade, from approximately 790 students in 2015-16 to 760 students in 2025-26. During this period, the number of economically disadvantaged students has generally increased, while the number of students with disabilities has remained relatively stable. These trends reflect changing student demographics and the continued importance of providing instructional programs and support services that address the diverse needs of the District's student population.

Other Postemployment Benefits (OPEB)

The chart below shows the total OPEB obligation as a percentage to the General Fund budget.



The District continues to see this expenditure to be a significant impact on the overall budget. The District reviews and evaluates the health insurance programs we participate in on an annual basis in order to control the overall cost of health insurance for our active and retired employees. Through our participation in the Genesee Area Healthcare Plan we have made available new programs for health savings accounts and other subsidy plans to help control those costs.

Zero Emission Vehicle Mandate

New York State's zero-emission school bus mandate (Education Law §3638) requires all public school districts, as well as any contracted transportation providers, to transition to fully zero-emission (primarily electric) school bus fleets over time. Under the law, districts must ensure that all new school bus purchases or leases meet zero-emission standards by the applicable deadline (originally July 1, 2027, with recent updates extending to approximately 2032) and must include the same requirement in transportation service contracts. In addition, districts are required to phase out all gasoline and diesel buses so that, by the final statutory deadline (originally July 1, 2035, with potential extension to 2040), only zero-emission buses are operated and maintained. The law also includes procurement provisions such as domestic manufacturing requirements and permits limited waivers for interim compliance challenges, while maintaining the ultimate conversion requirement. To support implementation, the State has established significant funding programs, including the NYSERDA School Bus Incentive Program funded in part by the Environmental Bond Act, which provides financial assistance for electric bus purchases, charging infrastructure, and fleet electrification planning.

Pre-K Program

For the 2026-27 school year, the Caledonia-Mumford Central School District is expanding its Universal Prekindergarten (UPK) program from three half-day sections offered in 2025-26 to three full-day sections. This transition will provide students with increased instructional time and expanded opportunities for early literacy, mathematics, social-emotional development, and kindergarten readiness through a comprehensive, developmentally appropriate curriculum.

Contacting the School District's Financial Management

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

Caledonia-Mumford Central School District
99 North Street
Caledonia, New York 14423