OLEAN CITY
SCHOOL DISTRICT, NEW YORK

Basic Financial Statements, Required Supplementary Information and Supplementary Information for the Year Ended June 30, 2026 and Independent Auditors' Reports

Drescher & Malecki
Certified Public Accountants

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Olean City School District, New York:

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Olean City School District, New York (the "District"), as of and for the year ended June 30, 2026, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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, 2026, and the respective changes in financial position thereof 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 ("GAAS") and the standards applicable to financial audits contained in *Government Auditing Standards* ("GAS"), issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the District and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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 issuance date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and GAS 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 GAAS and GAS, 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 and other Required Supplementary Information, as listed in the table of contents, 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 Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, 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 Supplementary Information, as listed in the table of contents, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 2, 2026 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 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.

Drescher & Malecki LLP

October 2, 2026

As management of the Olean City School District (the "District"), we offer readers of the District's financial statements this management discussion and analysis (MD&A). The MD&A provides a narrative overview and analysis of the financial activities of the District for the fiscal year ended June 30, 2026, focusing on why amounts changed from the prior year. For comparative purposes, certain data from the prior years have been reclassified to conform with current year presentation.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the District's basic financial statements. The District's basic financial statements comprise of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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 financial information on all of the District's assets, liabilities, and deferred inflows/outflows of resources, with the difference 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 District'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*. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the District that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all, or a significant portion, of their costs through user fees and charges (*business-type activities*). The governmental activities of the District include general support, instruction, pupil transportation, school food service, and interest and other fiscal charges. The District does not engage in any business-type activities.

The government-wide financial statements can be found on pages 11 and 12 of this report.

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 of the funds of the District can be divided into two categories: governmental funds and fiduciary funds.

Governmental 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 a government'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 funds' balance sheet and the governmental funds' 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 five individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures and changes in fund balances for the General Fund, Special Aid Fund, Student Activities Fund, School Lunch Fund, and Capital Projects Fund, which are considered major funds.

The basic governmental fund financial statements can be found on pages 13-16 of this report.

Fiduciary funds—Fiduciary funds are used to account for resources held for the benefit of parties outside the District. Fiduciary funds are *not* reflected in the government-wide financial statements because the resources of those funds are *not* available to support the District's own programs. The District is responsible for ensuring that the assets reported in these funds are used for their intended purpose. The District maintains two fiduciary funds, the Private Purpose Trust Fund and the Custodial Fund.

The fiduciary fund statements can be found on pages 17 and 18 of this report.

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 on pages 19-45 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the District's net pension liabilities/(assets), the changes in the District's total other postemployment benefits ("OPEB") obligation, and the District's budgetary comparison for the General Fund. Required supplementary information and the related notes to the required supplementary information can be found on pages 46-54 of this report.

Supplementary information is presented immediately following the required supplementary information in the Supplementary Information section of this report on pages 55-57.

Financial Summary and Detailed Analysis

As noted earlier, net position over time may serve as a useful indicator of the District's financial position. In the case of the District, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by $70,442,091 at June 30, 2026, as compared to $65,213,694, at the close of the year ended June 30, 2025.

Table 1, below, presents the condensed statements of net position of the District at June 30, 2026 and June 30, 2025.

Table 1 – District's Net Position

	June 30,	
	2026	2025
Current and other assets	$ 36,779,292	$ 27,199,980
Capital assets	77,464,073	78,577,327
Total assets	114,243,365	105,777,307
Deferred outflows of resources	9,060,354	8,578,009
Current liabilities	9,979,744	2,882,183
Long term liabilities outstanding	36,326,808	42,198,804
Total liabilities	46,306,552	45,080,987
Deferred inflows of resources	6,555,076	4,060,635
Net position:		
Net investment in capital assets	47,386,102	43,415,325
Restricted	17,597,613	17,616,469
Unrestricted	5,458,376	4,181,900
Total net position	$ 70,442,091	$ 65,213,694

The largest portion of the District's net position, $47,386,102, reflects its investment in capital assets (e.g. land, construction in progress, buildings and site improvements, vehicles, furniture, equipment, and right-to-use lease equipment) net of accumulated depreciation/amortization, less any related outstanding debt used to acquire those assets. The District uses these capital assets to provide a variety of services to students. Accordingly, these assets are not available for future spending. Although the District's investment in capital assets is reported net of related debt, it should be noted that the resources to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

The next largest portion of the District's net position, $17,597,613, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining balance of the District's net position, $5,458,376, is considered unrestricted and represents resources that may be used to meet the District's ongoing operations.

Governmental activities—Current and other assets increased in governmental activities by $9,579,312 from the prior year. During the current year, the District has increased restricted cash and cash equivalents. Additionally, the net pension asset increased $2,621,641.

Current liabilities in governmental activities increased $7,097,561 from the prior year. During current year the District had a $6,800,000 bond anticipation notes payable at June 30, 2026, compared to $0 at June 30, 2025.

Long-term liabilities, which consist of serial bonds, premium on serial bonds, leases, health reimbursement accrued, compensated absences, other postemployment benefit obligations, and net pension liability, decreased by $5,871,996 from the previous year. This decrease was largely due to the scheduled payment of principal on bonds payable and the amortization of premium on bonds payable.

The District's overall net position increased $5,228,397 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections.

Table 2, as presented below, shows the changes in net position for the years ended June 30, 2026 and June 30, 2025.

Table 2—District's Changes in Net Position

	Year Ended June 30,	
	2026	2025
Revenues:		
Program revenues:		
Charges for services	$ 442,518	$ 434,247
Operating grants and contributions	5,208,446	6,535,716
Capital grants and contributions	-	619,393
General revenues:		
Real property taxes and other tax items	$ 14,355,639	$ 14,268,923
Use of money and property	375,748	432,480
Sale of property and compensation for loss	39,246	37,985
Miscellaneous	1,076,788	710,280
State sources—unrestricted	39,774,800	37,914,014
Total revenues	61,273,185	60,953,038
Expenses:		
General support	$ 10,291,687	$ 11,853,292
Instruction	40,461,051	40,176,803
Pupil transportation	2,243,329	2,086,524
School food service	1,749,949	2,052,344
Student activities	117,808	123,768
Interest and other fiscal charges	1,180,964	1,671,482
Total expenses	56,044,788	57,964,213
Change in net position	5,228,397	2,988,825
Net position—beginning	65,213,694	62,224,869
Net position—ending	$ 70,442,091	$ 65,213,694

Governmental activities—During the current fiscal year, net position for governmental activities increased $5,228,397 from the prior fiscal year for an ending balance of $70,442,091. The increase in the overall net position of governmental activities is primarily due to an increase in state aid and a decrease in general support expenditures.

Revenues increased by $320,147 from the prior year. This is largely due to an increase in State Aid. Specifically general aid that is provided directly from the State which is dependent upon the State budget and allocations. This increase was somewhat offset by a decrease in operating and capital grants and contributions.

Expenses decreased slightly by $1,919,425 from the prior year. The most significant decrease was $1,561,605 in the general support function due primarily to increased costs of central services and additional allocable employee benefits.

Detailed Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental funds—The focus of the District's *governmental funds* is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the District's financing requirements. In particular, *unassigned fund balance* and *fund balance assigned to specific use* in special revenue funds may serve as a useful measure of a government's net resources available for discretionary use as they represent the portion of fund balance which has not yet been limited to use for a particular purpose by an external party, the District itself, or a group or individual that has been delegated authority to assign resources for particular purposes by the Board of Education.

At June 30, 2026, the District's governmental funds reported a combined ending fund balance of $21,719,785, a decrease of $147,665 from the prior year. Approximately 9.3 percent, $2,023,353, of this amount constitutes *unassigned fund balance* which is available for spending at the District's discretion. The remainder of fund balance is *nonspendable*, *restricted*, *or assigned*, to indicate that it is 1) not in spendable form, $47,067, 2) restricted for particular purposes, $17,597,613, or 3) assigned for particular purposes, $2,051,752.

General Fund—The General Fund is the chief operating fund of the District. At the end of the current fiscal year, unassigned fund balance of the General Fund was $2,356,800, while total fund balance increased to $20,939,442. As a measure of the General Fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 4.3 percent of total General Fund expenditures and transfers out, while total fund balance represents 38.1 percent of that same amount.

The total fund balance of the District's General Fund increased by $1,234,068 during the current fiscal year. During the annual budget process, the District anticipated utilizing $1,089,296 of unrestricted fund balance (this included funds appropriated from fund balance and the re-appropriation of prior year's encumbrances). As a result of spending less than anticipated, primarily on transfers out, instruction, central services, and employee benefits, the District's General Fund fund balance ended $2,323,364 higher than expected.

Special Aid Fund—The Special Aid Fund maintains funds that are received by the State and Federal governments. Expenditures totaled $3,094,591 and were used toward the instruction, transportation of students, and the related employee benefits. Total revenues and transfers in were $3,094,591 and were comprised of State, Federal, other local sources and transfers from the General Fund.

Student Activities Fund—The Student Activities Fund reports a fund balance of $102,533 at June 30, 2026, an increase of $14,105 from the prior year. This total fund balance amount is classified as restricted fund balance for the future payment of extraclassroom activities on behalf of the students.

School Lunch Fund—The School Lunch Fund total fund balance at June 30, 2026 was $1,011,257, of which $47,067 is considered nonspendable fund balance. The total fund balance of the School Lunch Fund increased by $139,028 during the current fiscal year due to a decrease in transfers out coupled with an increase in state aid.

Capital Projects Fund—At June 30, 2026, the District's Capital Projects Fund fund balance decreased by $1,534,866 to an ending deficit fund balance of $333,447. The District's Capital Projects Fund had transfers in from the General Fund in the amount of $100,000, miscellaneous revenues of $73,401, and incurred capital outlay expenditures in the amount of $1,708,267 during the fiscal year ended June 30, 2026.

Significant Capital Asset and Long-Term Financing Activity

Capital assets—The District's investment in capital and right-to-use assets for its governmental activities as of June 30, 2026, amounted to $77,491,497 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, buildings and site improvements, furniture and equipment, vehicles, and right-to-use lease equipment. All depreciable/amortizable capital assets were depreciated/amortized from acquisition date to the end of the current year as outlined in the District's capital asset policy.

Capital assets, net of depreciation/amortization for the governmental activities at June 30, 2026 and June 30, 2025 are presented in Table 6 below:

Table 3 – The District's Capital Assets (Net of Accumulated Depreciation/Amortization)

	June 30,	
	2026	2025
Land	$ 379,782	$ 379,782
Construction in progress	1,709,899	97,346
Building and improvements	71,486,939	74,422,345
Equipments and vehicles	2,600,758	2,235,416
Intangible assets		
Right-to-use leased equipment	1,286,695	1,442,438
Total	$ 77,464,073	$ 78,577,327

Major capital asset events during the current fiscal year included the following:

- Capital projects increasing construction in progress by $1,708,267 which are expensed through the Capital Projects Fund
- Completion of a capital outlay project totaling $95,714
- Purchase of various school buses totaling $551,653
- Depreciation/amortization expense totaling $3,954,475

Leases are intangible, right to use assets. The District does not own these assets, but rather has the right to use them in operations, as specified in their respective contracts.

Additional information on the District's capital assets is presented in Note 4 to the financial statements.

Long-term financing—At June 30, 2026, the District reported total long-term financing liabilities of $30,241,846, as compared to $35,194,731 in the prior year. During the year ended June 30, 2026, the District made scheduled bond principal payments of $4,570,000.

A summary of the District's long-term financing liabilities at June 30, 2026 and June 30, 2025 is presented in Table 4 below:

Table 4—Summary of Long-Term Financings

	2026	2025
Serial bonds	$ 27,145,000	$ 31,715,000
Premium on serial bonds	3,096,846	3,479,731
Total	$ 30,241,846	$ 35,194,731

The District maintained an "AA" rating from S&P Global Ratings, "AA+" rating from Kroll Bond Rating Agency, and "A1" rating from Moody's Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of the average full valuation of taxable property within the jurisdiction. The current debt limitation for the District is $80,161,555, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term liabilities can be found in Note 10 to the financial statements.

Currently Known Facts, Decisions, or Conditions

The unemployment rate, not seasonally adjusted, for the region at June 30, 2026 was 4.1 percent. This compares to New York State's average unemployment rate of 4.6 percent. These factors, as well as others, are considered in preparing the District's budget.

During the current fiscal year, the District appropriated $900,000 of the General Fund's unassigned fund balance for spending in the District's 2026-2027 fiscal year budget. The 2026-2027 adopted budget appropriations total of $58,920,000 is an approximate increase of 1.6 percent as compared to $57,976,241 in 2025-2026. The District's total tax levy in 2026-2027 is $14,026,979, remaining the same as the 2025-2026 year.

Union negotiations—The Olean Administrators/Supervisory Association contract was ratified on June 23, 2026.

Request for Information

This financial report is designed to provide our taxpayers, customers and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Jenny Bilotta, Business Administrator, Olean City School District, 410 West Sullivan Street, Olean New York 14760.

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BASIC FINANCIAL STATEMENTS

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OLEAN CITY SCHOOL DISTRICT, NEW YORK
Statement of Net Position
June 30, 2026

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 3,475,648
Restricted cash and cash equivalents	24,788,523
Receivables	59,148
Intergovernmental receivables	3,273,852
Inventories	47,067
Noncurrent net pension asset	5,135,054
Capital and right-to-use assets not being depreciated/amortized	2,089,681
Capital and right-to-use assets, net of accumulated depreciation/amortization	75,374,392
Total assets	114,243,365
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pensions	8,029,428
Deferred outflows—relating to OPEB	1,030,926
Total deferred outflows of resources	9,060,354
LIABILITIES	
Accounts payable	633,251
Accrued liabilities	188,918
Bond anticipation notes payable	6,800,000
Due to retirement systems	2,311,927
Intergovernmental payables	8,510
Unearned revenue	37,138
Noncurrent liabilities:	
Due within one year	3,495,405
Due within more than one year	32,831,403
Total liabilities	46,306,552
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pensions	5,858,496
Deferred inflows—relating to OPEB	696,580
Total deferred inflows of resources	6,555,076
NET POSITION	
Net investment in capital assets	47,386,102
Restricted:	
Liability insurance	1,494,872
Tax certiorari	213,081
Unemployment insurance	382,662
Employee benefits	715,844
Debt service	420,841
Retirement contribution	5,107,555
Workers' compensation	309,051
Capital projects	8,851,174
Student activities	102,533
Unrestricted	5,458,376
Total net position	$ 70,442,091

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Statement of Activities
Year Ended June 30, 2026

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Governmental activities:				
General support	$ 10,291,687	$ -	$ -	$ (10,291,687)
Instruction	40,461,051	253,774	3,458,774	(36,748,503)
Pupil transportation	2,243,329	-	-	(2,243,329)
School food service	1,749,949	56,831	1,749,672	56,554
Student activities	117,808	131,913	-	14,105
Interest and other fiscal charges	1,180,964	-	-	(1,180,964)
Total primary government	$ 56,044,788	$ 442,518	$ 5,208,446	(50,393,824)
General revenues:				
Real property taxes and other tax items				14,355,639
Use of money and property				375,748
Sale of property and compensation for loss				39,246
Miscellaneous				1,076,788
State sources—unrestricted				39,774,800
Total general revenues				55,622,221
Change in net position				5,228,397
Net position—beginning				65,213,694
Net position—ending				$ 70,442,091

The notes to the financial statements are an integral part of this statement.

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OLEAN CITY SCHOOL DISTRICT, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2026

	General	Special Revenue			Capital Projects	Total Governmental Funds
		Special Aid	Student Activities	School Lunch		
ASSETS						
Cash and cash equivalents	$ 3,469,358	$ -	$ -	$ 6,290	$ -	$ 3,475,648
Restricted cash and cash equivalents	17,498,680	38,262	102,533	10,633	7,138,415	24,788,523
Receivables	59,148	-	-	-	-	59,148
Intergovernmental receivables	1,923,099	1,224,756	-	125,997	-	3,273,852
Due from other funds	1,734,249	-	-	852,325	-	2,586,574
Inventories	-	-	-	47,067	-	47,067
Total assets	$ 24,684,534	$ 1,263,018	$ 102,533	$ 1,042,312	$ 7,138,415	$ 34,230,812
LIABILITIES						
Accounts payable	$ 435,633	$ 2,886	$ -	$ 20,192	$ 174,540	$ 633,251
Accrued liabilities	133,627	-	-	-	-	133,627
Bond anticipation notes payable	-	-	-	-	6,800,000	6,800,000
Due to other funds	852,325	1,236,927	-	-	497,322	2,586,574
Due to retirement systems	2,311,927	-	-	-	-	2,311,927
Intergovernmental payables	8,280	-	-	230	-	8,510
Unearned revenue	3,300	23,205	-	10,633	-	37,138
Total liabilities	3,745,092	1,263,018	-	31,055	7,471,862	12,511,027
FUND BALANCES (DEFICIT)						
Nonspendable	-	-	-	47,067	-	47,067
Restricted	17,495,080	-	102,533	-	-	17,597,613
Assigned	1,087,562	-	-	964,190	-	2,051,752
Unassigned	2,356,800	-	-	-	(333,447)	2,023,353
Total fund balances (deficit)	20,939,442	-	102,533	1,011,257	(333,447)	21,719,785
Total liabilities and fund balances (deficit)	$ 24,684,534	$ 1,263,018	$ 102,533	$ 1,042,312	$ 7,138,415	$ 34,230,812

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position
June 30, 2026

Amounts reported for governmental activities in the statement of net position (page 11) are different because:

Total fund balances—governmental funds (page 13)		$ 21,719,785
Net pension assets are not current financial resources and, therefore, are not reported in the fund statements.		5,135,054
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the fund statements. The cost of the assets is $123,901,446 and the accumulated depreciation/amortization is $46,437,373.		77,464,073
Deferred outflows and inflows of resources related to pensions are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to employer contributions	$ 2,236,764	
Deferred outflows related to experience, changes in assumptions and investment earnings	5,792,664	
Deferred inflows of resources related to pension plans	(5,858,496)	2,170,932
Deferred outflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to experience, changes of assumptions and benefits payments	$ 1,030,926	
Deferred inflows related to experience and changes of assumptions	(696,580)	334,346
Net accrued interest expense for serial bonds is not reported in the fund statements.		(55,291)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effects of these items are:		
Serial bonds	$ (27,145,000)	
Premium on serial bonds	(3,096,846)	
OPEB obligation	(3,405,072)	
Health reimbursement accrual	(433,505)	
Compensated absences	(1,423,704)	
Net pension liability	(822,681)	(36,326,808)
Net position of governmental activities		$ 70,442,091

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures and Changes in Fund Balances/(Deficit)—Governmental Funds
Year Ended June 30, 2026

	General	Special Revenue			Capital Projects	Total Governmental Funds
		Special Aid	Student Activities	School Lunch		
REVENUES						
Real property taxes	$ 14,024,827	$ -	$ -	$ -	$ -	$ 14,024,827
Real property tax items	330,812	-	-	-	-	330,812
Charges for services	253,774	-	-	-	-	253,774
Use of money and property	375,735	-		13	-	375,748
Sale of property and compensation for loss	39,246	-	-	-	-	39,246
Miscellaneous	900,465	85,010	-	17,912	73,401	1,076,788
State sources	40,000,964	928,977	-	29,869	-	40,959,810
Federal sources	258,977	2,044,656	-	1,719,803	-	4,023,436
Student activity collections	-	-	131,913	-	-	131,913
Sales—food service	-	-	-	56,831	-	56,831
Total revenues	56,184,800	3,058,643	131,913	1,824,428	73,401	61,273,185
EXPENDITURES						
Current:						
General support	6,525,094	-	-	-	-	6,525,094
Instruction	30,949,135	2,980,124	-	-	-	33,929,259
Pupil transportation	2,195,251	75,606	-	-	-	2,270,857
Employee benefits	9,061,717	38,861	-	195,263	-	9,295,841
Debt service:						
Principal	4,570,000	-	-	-	-	4,570,000
Interest and other fiscal charges	1,513,587	-	-	-	-	1,513,587
Student activities	-	-	117,808	-	-	117,808
Cost of sales (school lunch)	-	-	-	1,490,137	-	1,490,137
Capital outlay	-	-	-	-	1,708,267	1,708,267
Total expenditures	54,814,784	3,094,591	117,808	1,685,400	1,708,267	61,420,850
Excess (deficiency) of revenues over expenditures	1,370,016	(35,948)	14,105	139,028	(1,634,866)	(147,665)
OTHER FINANCING SOURCES (USES)						
Transfers in	-	35,948	-	-	100,000	135,948
Transfers out	(135,948)	-	-	-	-	(135,948)
Total other financing sources (uses)	(135,948)	35,948	-	-	100,000	-
Net change in fund balances	1,234,068	-	14,105	139,028	(1,534,866)	(147,665)
Fund balances—beginning	19,705,374	-	88,428	872,229	1,201,419	21,867,450
Fund balances—ending	$ 20,939,442	$ -	$ 102,533	$ 1,011,257	$ (333,447)	$ 21,719,785

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances/(Deficit)—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2026

Amounts reported for governmental activities in the statement of activities (page 12) are different because:		
Net change in fund balances—total governmental funds (page 15)		$ (147,665)
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation/amortization expense. This is the amount by which depreciation/amortization expense and loss on capital asset disposal exeeded capital outlays in the current period.		
Capital asset additions	$ 2,842,053	
Depreciation/amortization expense	(3,954,475)	
(Loss) on disposal of assets	(832)	(1,113,254)
Deferred charges and gains associated with refunding of bonds are not reported in the governmental funds. The charges and gains are reported as deferred outflows and inflows of resources on the statement of net position and are recognized as a component of interest expense over the life of the related debt.		(58,037)
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
District pension contributions	$ 2,600,254	
Cost of benefits earned net of employee contributions	(534,119)	2,066,135
Deferred outflows and inflows of resources relating to OPEB result from actuarial changes in the census, changes in medical premiums that are different than expected healthcare cost trend rates, and changes in assumptions and other inputs. This amount is shown net of current year amortization.		150,792
In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		7,775
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:		
Repayment of serial bonds	$ 4,570,000	
Amortization of premiums on serial bonds	382,885	
Change in OPEB obligation	(452,148)	
Change in health reimbursement accrual	(28,292)	
Change in compensated absences	(149,794)	4,322,651
Change in net position of governmental activities		$ 5,228,397

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Statement of Fiduciary Net Position—Fiduciary Funds
June 30, 2026

	Private Purpose Trust	Custodial Fund
ASSETS		
Restricted cash and cash equivalents	$ 2,008	$ 5,286
Restricted investments	91,720	-
Accounts receivable	2,000	-
Total assets	95,728	5,286
NET POSITION		
Restricted for scholarships	95,728	-
Restricted for organizations and other governments	-	5,286
Total net position	$ 95,728	$ 5,286

The notes to the financial statements are an integral part of this statement.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Statement of Changes in Fiduciary Net Position—Fiduciary Funds
Year Ended June 30, 2026

	Private Purpose Trust	Custodial Fund
ADDITIONS		
Contributions	$ 62,771	$ 4,674
Total additions	62,771	4,674
DEDUCTIONS		
Scholarships and awards	57,552	-
Funds distributed to individuals	-	4,860
Total deductions	57,552	4,860
Change in fiduciary net position	5,219	(186)
Net position—beginning	90,509	5,472
Net position—ending	$ 95,728	$ 5,286

The notes to the financial statements are an integral part of this statement.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Olean City School District, New York (the "District") have been prepared in conformity with accounting principles generally accepted in the United States of America as applied to governmental units. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Description of Government-wide Financial Statements

The government-wide financial statements (i.e., statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the District. All fiduciary activities are reported only in the fund financial statements. *Governmental activities,* which are normally supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District reports no business-type activities or component units.

Reporting Entity

The District is governed by the Education Law and other laws of the State of New York. The governing body is the Board of Education. The scope of activities included within the accompanying financial statements are those transactions which comprise District operations, and are governed by, or significantly influenced by, the Board of Education.

Essentially, the primary function of the District is to provide education for pupils. Support services such as transportation of pupils, food service, administration, finance, and plant maintenance are also included.

The financial reporting entity includes all funds, functions and organizations over which the District officials exercise oversight responsibility. Oversight responsibility is determined on the basis of financial interdependency, selection of governing authority, designation of management, ability to significantly influence operations and accountability for fiscal matters.

Extraclassroom Activity Funds—The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management; however, since the District has administrative involvement with these funds they are reported within the District's Student Activities Fund. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found at the District's business office.

Joint Venture—The District is a participating school district in the Cattaraugus-Allegany-Erie-Wyoming Board of Cooperative Education Services ("BOCES"). BOCES is a voluntary, cooperative association of school districts in a geographic area that share planning, services, and programs, and also provides educational and support activities. There is no authority or process by which a school district can terminate its status as a component of BOCES.

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

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

During the year ended June 30, 2026, the District was billed $10,135,963 for BOCES administrative and program costs. The District's share of BOCES aid amounted to $3,844,865. Financial statements for BOCES are available from the BOCES administrative offices.

Basis of Presentation – Government-wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds. Separate financial statements are provided for governmental funds and fiduciary funds even though the fiduciary funds are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments and charges between the District's various functions. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the District's funds. Separate statements for each fund category—governmental and fiduciary—are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column. All of the District's governmental funds are considered major funds.

The District reports the following major governmental funds:

- *General Fund*—The General Fund constitutes the primary operating fund of the District and includes all operations not required to be recorded in other funds. The principal source of revenue for the General Fund is State sources.

- *Special Aid Fund*—The Special Aid Fund is used to account for special operating projects or programs supported in whole, or in part, with federal and state grants.

- *Student Activities Fund*—The Student Activities fund is used to account for Extraclassroom transactions, which represents funds of the students of the District. The District exercises administrative involvement over these funds.

- *School Lunch Fund*—The School Lunch Fund is used to account for transactions of the District's food service operations.

- *Capital Projects Fund*—The Capital Projects Fund is used to account for financial resources to be used for the acquisition, construction or renovation of major capital facilities or equipment.

Additionally, the District reports the following fund type:

Fiduciary Funds—These funds are used to account for assets held by the District in a trustee capacity or as an agent for individuals, private organizations and/or other governmental units. Trust funds account for resources received and disbursements made in accordance with trust agreements or applicable legislative enactments for each particular fund. Fiduciary Funds include a *Private Purpose Trust Fund* and an *Custodial Fund*.

- *Private Purpose Trust Fund*—The Private Purpose Trust Fund is used to account for assets held by the District for scholarships.

- *Custodial Fund*—The Custodial Fund is used to account for assets held by the District as an agent for individuals, private organizations, and/or other governmental units.

During the course of operations the District has activity between funds for various purposes. Any residual balances outstanding at year-end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities are eliminated so that only the net amount is included as internal balances in the governmental activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in the fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column.

Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources.* The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenue in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are generally considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the District considers most revenues to be available if they are collected within 60 days of the end of the current fiscal period and certain grant revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and pensions are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

Property taxes, charges for services provided, and state and federal aid associated with the current fiscal period are all considered susceptible to accrual and have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met and the amount is received during the period or within the period of availability (within 60 days of year-end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements are met and amount is received during the period of availability for this revenue source. All other revenue items are considered to be measurable and available only when cash is received by the District.

The Private Purpose Trust Fund and Custodial Fund are reported using the *economic resources measurement focus* and the *accrual basis of accounting*.

Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

Cash, Cash Equivalents and Investments—The District's cash and cash equivalents consist of cash on hand, demand deposits, time deposits, and short-term, highly liquid investments with original maturities of three months or less from date of acquisition. New York State law governs the District's investment policies. Permissible investments include obligations of the U.S. Treasury and U.S. Government Agencies, repurchase agreements and obligations of New York State or its localities. Investments are stated at fair value in accordance with GASB.

Restricted Cash, Cash Equivalents and Investments—Restricted cash, cash equivalents, and investments represent amounts to support fund balance restrictions, unspent proceeds of debt, unearned revenues, and amounts held on behalf of others.

Receivables—Receivables are shown net of an allowance for uncollectible accounts, when applicable. No allowance or uncollectible accounts has been provided since it is believed that such an allowance would not be material.

Inventories—Inventories of food and/or supplies in the School Lunch Fund are 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 year-end balances are not maintained.

Capital Assets—Capital assets are tangible and intangible assets, which include land, construction in progress, land improvements, buildings and improvements, and intangible leased equipment and vehicles, are reported in the government-wide financial statements. Capital and intangible lease assets are defined by the District as assets with an initial individual cost of more than an established threshold of $5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value of the item at the date of its donation. Major outlays for capital assets and improvements are capitalized as projects are completed. Intangible lease equipment and vehicles are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs and are amortized on a straight line basis over their useful lives. Intangible assets follow the same capitalization policies as tangible capital assets and are reported with tangible assets in the appropriate capital asset class.

Land and construction in progress are not depreciated. The other property, plant, equipment, and infrastructure of the primary government are depreciated/amortized using the straight-line method over the following estimated useful lives:

	Capitalization Threshold	Estimated Useful Life (Years)
Land	$ 1	n/a
Buildings	5,000	20-60
Site improvements	5,000	20
Furniture, equipment and vehicles	5,000	5-15
Right-to-use lease equipment	5,000	5-15

The *capital outlays* character classification is employed only for expenditures reported in the Capital Projects Fund. Routine capital expenditures in the General Fund and other governmental funds are included in the appropriate functional category (for example, the purchase of a new school bus included as part of *expenditures—pupil transportation*). The amount reported as *capital outlays* in the Capital Projects Fund will also include non-capitalized, project-related costs (for example, furnishings).

Deferred Outflows/Inflows of Resources—In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. At June 30, 2026, the District has two items that qualify for reporting in this category. The first item is related to pensions reported in the government-wide financial statements. This represents the effect of the net change in the District's proportion of the collective net pension liability/(asset), and the difference during the measurement period between the District's contributions, its proportionate share of total contribution to the pension systems not included in pension expense, and any contributions to the pension systems subsequent to the measurement date.

The second item is related to OPEB reported in the government-wide financial statements and represents the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2025, the District reports two deferred inflows of resources on the government-wide financial statements related to pensions and OPEB, respectively. The first item represents the effect of the net change in the District's proportion of the collective net pension liability/(asset) and the difference during the measurement periods between the District's contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The second item represents the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

Net Position Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted-net position and unrestricted-net position in the government-wide financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted-net position to have been depleted before unrestricted-net position is applied.

Fund Balance Flow Assumptions—Sometimes the District will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the District's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

Fund Balance Policies—Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The District itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the District's highest level of decision-making authority. The Board Education is the highest level of decision-making authority for the District that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the District for specific purposes, but do not meet the criteria to be classified as committed. The Board of Education has by resolution authorized both the Business Administrator and the Superintendent to assign fund

balance. The Board may also assign fund balance, as it does when appropriating fund balance to cover a gap between estimated revenues and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

Revenues and Expenses/Expenditures

Program Revenues—Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

Property Taxes—Real property taxes are levied annually no later than September 1 by the Board of Education and attached as an enforceable lien. Uncollected real property taxes are subsequently enforced by the County of Cattaraugus. An amount representing uncollected real property taxes transmitted to the County for enforcement is paid by the County to the District no later than April 1st.

Unearned Revenue—Certain revenues have not met the revenue recognition criteria for government-wide or fund financial statement purposes. At June 30, 2026, the District reported $3,300, $23,205 and $10,633 of unearned revenues in the General Fund, Special Aid Fund, and School Lunch Fund, respectively. The District has received grant and school lunch money in advance but has not performed the services and therefore recognizes a liability.

Health Reimbursement Accrual—The District labor agreements and District rules and regulations state that the District shall establish a health reimbursement account for any unit member who is participating in a District health insurance plan. The District shall choose the plan administrator and pay the administrative fees.

Compensated Absences—The District labor agreements and District rules and regulations provide for sick leave and vacation. Upon retirement certain eligible employees qualify for payment for fractional values of unused sick leave. These payments are budgeted annually without accrual.

Pension Plans—The District is mandated by New York State law to participate in the New York State Teachers' Retirement System ("TRS") and the New York State Local Employees' Retirement System ("ERS"). For purposes of measuring the net pension liabilities, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

Other Postemployment Benefits—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees, as discussed in Note 7.

Other

Estimates—The preparation of the financial statements, in conformity with accounting principles generally accepted in the United States of America ("GAAP"), requires management to make estimates and assumptions that affect the reported amounts of revenues, expenditures, assets, liabilities, deferred outflows/inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements during the reported period. Actual results could differ from those estimates.

Adoption of New Accounting Pronouncements—During the year ended June 30, 2026, the District implemented GASB Statement No. 103, *Financial Reporting Model Improvements*; and GASB Statement No. 104, *Disclosure of Certain Capital Assets.* GASB Statement No. 103 improves key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. GASB Statement No. 104 improves financial reporting by providing users of financial statements with essential information about certain types of capital assets in order to make informed decisions and assess accountability. Additionally, the disclosure requirements will improve consistency and comparability between governments. The implementation of GASB Statements No. 103 and 104 did not have a material impact on the District's financial position or results from operations.

Future Impacts of Accounting Pronouncements—The District has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 105, *Subsequent Events*; effective for the year ending June 30, 2027. The District is, therefore, unable to disclose the impact that adopting GASB Statement No. 105 will have on its financial position and results of operations when such statement is adopted.

Deficit Fund Balance—The Capital Projects Fund reports a deficit fund balance of $333,447 at June 30, 2026. The deficit exists because the District issued bond anticipation notes ("BAN"), which do not qualify for treatment as a long-term liability. Accordingly, the BAN is reported as a fund liability in the Capital Projects Fund (rather than an other financing source on the statement of revenues, expenditures, and changes in fund balances). This deficit will be eliminated as resources are obtained (e.g., from revenues, long-term debt issuances, and transfers in) to make the scheduled debt service principal and interest payments on the BAN.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District's investment policies are governed by State statutes. District monies must be deposited in FDIC-Insured commercial banks or trust companies located within New York State. The District's Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand deposits, time deposits and certificates of deposit at 100 percent of all deposits not covered by Federal deposit insurance. The District has entered into custodial agreements with the various banks which hold their deposits. These agreements authorize the obligations that may be pledged as collateral. Obligations that may be pledged as collateral are outlined in Chapter 623 of the laws of the State of New York. Cash and cash equivalents reported by the District at June 30, 2026, are shown below.

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	$ 260	$ -	$ 260
Deposits	28,263,911	7,294	28,271,205
Total	$ 28,264,171	$ 7,294	$ 28,271,465

Deposits—All deposits are carried at fair value, and are classified by custodial credit risk at June 30, 2026 as follows:

	Bank Balance	Carrying Balance
FDIC insured	$ 500,000	$ 500,000
Uninsured:		
Collateral held pledging bank's agent in the District's name	27,978,677	27,771,205
Total	$ 28,478,677	$ 28,271,205

Custodial Credit Risk—Deposits—Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. As noted above, by State statute all deposits in excess of FDIC insurance coverage must be collateralized. At June 30, 2026, the District's deposits were either FDIC insured or collateralized with securities held by the pledging bank's agent in the District's name.

Restricted Cash and Cash Equivalents—The District reports unspent proceeds of debt, unearned revenues, amounts held on behalf of others, and amounts to support restricted fund balances as restricted cash and cash equivalents. At June 30, 2026, the District reported $24,788,523 of restricted cash within its governmental funds and $7,294 within its fiduciary funds.

Restricted Investments—The District categorizes its fair value measurements into the fair value hierarchy established by GASB.

The authoritative guidance on fair value measurements establishes a framework for measuring fair value. That framework provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of inputs used to measure fair value are as follows:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the entity has the ability to access.

- Level 2: Inputs to the valuation methodology include the following:
  - Quoted prices for similar assets or liabilities in active markets.
  - Quoted prices for identical or similar assets or liabilities in inactive markets.
  - Inputs other than quoted prices that are observable for the asset or liability.

- Inputs that are derived principally from, or corroborated by, observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- Level 3: Inputs to the valuation methodology are unobservable and significant to the fair value measurement. The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement.

The District records restricted investments, including long-term money market funds at June 30, 2026, in the amount of $91,720 in the Private Purpose Trust Fund which are considered to be Level 1 inputs.

Interest Rate Risk—In accordance with its investment policy, the District manages exposures by limiting investments to low risk type investments governed by New York State statutes.

3. RECEIVABLES

Major revenues accrued by the District at June 30, 2026 consisted of the following:

Receivables—Represents amounts due from various sources for out-of-district tuition, commissions, reimbursements and other services provided. At June 20, 2026, the District reported accounts receivable of $59,148 in the General Fund.

Intergovernmental Receivables—Represent amounts due from other units of government, such as Federal, New York State and other local governments. Intergovernmental receivables at June 30, 2026 are presented in the table on the table below:

General Fund:		
Medicaid	$ 31,545	
BOCES aid	835,169	
Other School Districts—Tuition	71,376	
Miscellaneous	985,009	$ 1,923,099
Special Aid Fund:		
New York State—Summer Handicapped Program	183,913	
New York State—Universal Pre-k	120,549	
Federal Government—Title I	568,035	
Federal Government—Title IIA	49,865	
Federal Government—Title IVA	29,646	
Federal Government—Title V	22,695	
Federal Government—Section 611/619 IDEA	94,428	
Miscellaneous	155,625	1,224,756
School Lunch Fund:		
State Government—Breakfast and lunch programs	5,559	
Federal Government—Breakfast and lunch programs	120,438	125,997
Total governmental funds		$ 3,273,852

CAPITAL ASSETS

Capital asset activity for governmental activities for the year ended June 30, 2026 was as follows:

	Balance 7/1/2025	Increases	Decreases	Balance 6/30/2026
Capital assets, not being depreciated/amortized:				
Land	$ 379,782	$ -	$ -	$ 379,782
Construction in progress	97,346	1,708,267	95,714	1,709,899
Total capital assets, not being depreciated/amortized	477,128	1,708,267	95,714	2,089,681
Capital assets, being depreciated/amortized:				
Buildings and site improvements	112,564,378	237,714	-	112,802,092
Furniture and equipment	4,468,185	115,020	-	4,583,205
Vehicles	1,461,525	551,653	-	2,013,178
Intagible assets				
Right-to-use leased equipment	2,418,906	325,113	330,729	2,413,290
Total capital assets, being depreciated/amortized	120,912,994	1,229,500	330,729	121,811,765
Less accumulated depreciation/amortization for:				
Buildings and site improvements	38,142,033	3,173,120	-	41,315,153
Furniture and equipment	2,776,935	173,140	-	2,950,075
Vehicles	917,359	128,191	-	1,045,550
Intagible assets				
Right-to-use leased equipment	976,468	480,024	329,897	1,126,595
Total accumulated depreciation/amortization	42,812,795	3,954,475	319,999	46,437,373
Total capital assets being depreciated/amortized, net	78,100,199	(2,724,975)	832	75,374,392
Governmental activities capital assets, net	$78,577,327	$ (1,016,708)	$ (94,882)	$77,464,073

Depreciation/amortization expense was charged to the functions and programs of governmental activities as follows:

General support	$ 3,223,957
Instruction	602,327
Pupil transportation	128,191
Total	3,954,475

4. ACCRUED LIABILITIES

Accrued liabilities reported by governmental funds at June 30, 2026, were as follows:

	General Fund
Salaries and employee benefits	$ 133,627
Total accrued liabilities	$ 133,627

5. PENSION PLANS

The District participates in the New York State Teachers' Retirement System ("TRS") and the New York State and Local Employees' Retirement System ("ERS") (the "Systems"). These cost-sharing multiple-employer public employee retirement systems compute contribution retirements based on the New York State Retirement and Social Security Law ("NYSRSSL").

Plan Descriptions and Benefits Provided

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

Employees' Retirement System—ERS provides retirement benefits as well as death and disability benefits. The net position of ERS is held in the New York State Common Retirement Fund (the "Fund"), which was established to hold all net assets and record changes in plan net position allocated to ERS. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of ERS. ERS benefits are established under the provisions of the New York State Retirement and Social Security Law ("NYSRSSL"). 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. The District also participates in the Public Employees' Group Life Insurance Plan ("GLIP"), which provides death benefits in the form of life insurance. ERS is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute three percent (3.0%) of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010, who generally contribute three percent (3.0%) to three and one half percent (3.5%) of their salary for their entire length of service. In addition, employee contribution rates under ERS Tier VI vary based on a sliding salary scale. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education law. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

***Pension Liability, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions*—**At June 30, 2026, the District reported the following liability/(asset) for its proportionate share of the net pension liability/(asset) for each of the Systems. The net pension liability/(asset) was measured as of June 30, 2025 for TRS and March 31, 2026 for ERS. The total pension liability used to calculate the net pension liability/(asset) was determined by actuarial valuations as of June 30, 2024 and April 1, 2025, respectively, with update procedures used to rollforward the total pension liability to the measurement dates. The District's proportion of the net pension liability/(asset) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the TRS and ERS Systems in reports provided to the District.

	TRS	ERS
Measurement date	June 30, 2025	March 31, 2026
Net pension liability/(asset)	$ 5,135,054	$ 822,681
District's portion of the Plan's total net pension liability/(asset)	0.086725%	0.0145820%

For the year ended June 30, 2026, the District recognized pension expense of $276,259 and $938,414 for TRS and ERS, respectively. At June 30, 2026, the District reported deferred outflows of resources and deferred inflows of resources related to pensions from sources shown below:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Difference between expected and actual experiences	$ 2,691,913	$ 470,787	$ -	$ -
Changes of assumptions	2,032,808	141,218	55,364	-
Net difference between projected and actual earnings on pension plan investments	-	-	4,010,464	1,475,113
Changes in proportion and differences between the District's contributions and proportionate share of contributions	229,998	225,940	200,536	117,019
District contributions subsequent to the measurement date	1,983,656	253,108	-	-
Total	$ 6,938,375	$ 1,091,053	$ 4,266,364	$ 1,592,132

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending June 30,	TRS	ERS
2027	$ 2,599,901	$ 355,904
2028	(1,083,986)	(521,955)
2029	(1,139,337)	(288,359)
2030	(213,346)	(299,777)
2031	434,662	-
Thereafter	90,461	-

***Actuarial Assumptions*—**The total pension liability as of the measurement dates were determined by using actuarial valuations as noted in the table below, with update procedures used to roll forward the total pension liability to the respective measurement dates. The actuarial valuations used the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2025	March 31, 2025
Actuarial valuation date	June 30, 2024	April 1, 2024
Interest rate	6.95%	5.90%
Salary scale	2.04%-5.80%	5.20%
Decrement tables	July 1, 2019 - June 30, 2024	April 1, 2020 - March 31, 2025
Inflation rates	2.50%	2.90%
Cost-of-living adjustments	1.40%	1.50%

For TRS, annuitant mortality rates are based on July 1, 2019 – June 30, 2024 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2020 – March 31, 2025 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For TRS, the actuarial assumptions used in the June 30, 2025 valuation are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2024. For ERS, the actuarial assumptions used in the April 1, 2025 valuation are based on the results of an actuarial experience study for the period April 1, 2020 – March 31, 2025.

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

	Target Allocation		Long-Term Expected Real Rate of Return	
	TRS	ERS	TRS	ERS
Measurement date			June 30, 2025	March 31, 2026
Asset class:				
Domestic equities	33.0 %	25.0 %	6.7 %	3.3 %
International equities	15.0	14.0	7.4	5.9
Global equities	4.0	0.0	7.0	0.0
Private equity	9.0	15.0	9.8	7.0
Real estate	11.0	12.0	6.5	5.2
Opportunistic porfolio/Absolute return strategy	0.0	3.0	0.0	5.1
Credit	0.0	4.0	0.0	5.1
Domestic fixed income securities	16.0	0.0	2.6	0.0
Global bonds	2.0	0.0	2.4	0.0
High-yield bonds	1.0	0.0	4.7	0.0
Private debt	2.0	0.0	6.1	0.0
Real assets	0.0	4.0	0.0	5.5
Real estate debt	6.0	0.0	3.8	0.0
Fixed income	0.0	22.0	0.0	1.8
Cash	1.0	1.0	0.6	0.3
Total	100.0 %	100.0 %		

Discount Rate—The discount rate used to calculate the total pension liability was 6.95% for TRS and 5.90% for ERS. 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 Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability/(Asset) to the Discount Rate Assumption—The chart on the following page presents the District's proportionate share of the net pension liability/(asset) calculated using the discount rate of 6.95% for TRS and 5.90% for ERS, as well as what the District's proportionate share of the net pension liability/(asset) would be if it were calculated using a discount rate that is one percentage-point lower (5.95% for TRS and 4.90% for ERS) or one percentage-point higher (7.95% for TRS and 6.90% for ERS) than the current assumption.

TRS	1% Decrease (5.95%)	Current Assumption (6.95%)	1% Increase (7.95%)
Employer's proportionate share of the net pension liability/(asset)	$ 9,867,071	$ (5,135,054)	$ (17,758,561)

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension liability/(asset)	$ 5,618,689	$ 822,681	$ (1,379,562)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability/(asset) of the employers as of the respective valuation dates, were as follows:

	(Dollar in Thousands)	
	TRS	ERS
Valuation date	June 30, 2024	April 1, 2025
Employers' total pension liability	$ 148,272,068	$ 253,773,040
Plan fiduciary net position	154,193,125	248,131,290
Employers' net pension liability/(asset)	$ (5,921,057)	$ 5,641,750
System fiduciary net position as a percentage of total pension liability	104.0%	97.8%

Payables to the Pension Plan—For TRS, employer and employee contributions for the fiscal year ended June 30, 2026 are paid to the System in September, October and November 2026 through a state aid intercept. Accrued retirement contributions as of June 30, 2026 represent employee and employer contributions for the fiscal year ended June 30, 2026 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2026 amounted to $1,983,657.

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of June 30, 2026 represent the projected employer contribution for the period of April 1, 2025 through June 30, 2026 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2026 amounted to $328,270.

7. OTHER POSTEMPLOYMENT BENEFIT ("OPEB") OBLIGATION

Plan Description—In addition to pension benefits, the District provides postemployment health insurance coverage to retired employees at the cost of the retiree in accordance with the provisions of various employment contracts. The benefit level, employee contributions and employer contributions are governed by the District's contractual agreements.

The Olean City School District administers the Olean City School District Retiree Medical Plan (the "Plan") as a single-employer defined benefit other post-employment benefit plan. The plan provides for continuation of medical insurance benefits for certain retirees at the cost of the retirees. The plan and required contributions and benefits thereof can be amended by action of the District subject to an applicable collective bargaining and employment agreements. The plan does not issue a stand-alone financial report since there are no assets legally segregated for the sole purpose of paying the benefits under the plan.

Employees Covered by Benefit Terms—At July 1, 2024, the valuation date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	69
Active employees	307
Total	376

Under GASB Statement No. 75, the total OPEB liability represents the sum of expected future benefit payments which may be attributed to past service (or "earned"), discounted to the end of the fiscal year using the current discount rate. The total OPEB liability is analogous to the Unfunded Actuarial Accrued Liability ("AAL") under GASB Statement No. 45.

Total OPEB Liability

The District's total OPEB liability of $3,405,072 was measured as of June 30, 2026, and was determined by an actuarial valuation as of July 1, 2024.

Actuarial Methods and Assumptions—Calculations are based on the types of benefits provided under the terms of the substantive plan (the plan as understood by the employer and the plan members) at the time of the valuation and on the pattern of cost sharing between the employee and plan members. Calculations reflect a long-term perspective, so methods and assumptions used include techniques that are designed to reduce short-term volatility.

In the July 1, 2024 actuarial valuation, the entry age normal method, over a level percent of salary was used. The actuarial assumptions used in the July 1, 2024 valuation were based on the results of a June 30, 2025 measurement date, and were reported as of June 30, 2026. The discount rate of 5.20% was used which is based on a yield for 20-year tax-exempt general obligation bonds with an average rating of AA/Aa or higher. This is a change from the prior year's discount rate of 4.21%. The salary scale for non-teacher employees is based on the NYSERS valuation as of March 31, 2023. Teacher and Administration employees' payroll growth is based on the NYSTRS valuation as of June 30, 2023. The initial healthcare trend rate was based on a combination of employer history, national trend surveys, and professional judgment. The ultimate trend rate was selected based on historical medical CPI information. An initial health care trend rate of 8.50% was used, increasing by 1.0% annually to an ultimate rate of 4.50%.

Changes in the Total OPEB Liability—The following table presents the changes to the total OPEB liability during the fiscal year, by source:

	Total OPEB Liability
Balance at June 30, 2025	$ 2,952,924
Changes for the year:	
Service cost	231,630
Interest	132,585
Changes of assumptions	330,484
Differences between expected and actual experience	(171,278)
Benefit payments	(71,273)
Net changes	452,148
Balance at June 30, 2026	$ 3,405,072

Sensitivity of the Total OPEB Liability to the Change in the Discount Rate and Healthcare Cost Trend Rate—The discount rate assumption can have an impact on the total OPEB liability. The following table presents the effect a 1% change in the discount rate assumption would have on the total OPEB liability:

	1% Decrease (4.20%)	Current Discount Rate (5.20%)	1% Increase (6.20%)
Total OPEB liability	$ 3,646,445	$ 3,405,072	$ 3,177,980

Additionally, healthcare costs can be subject to considerable volatility over time. The following table presents the effect on the total OPEB liability of a 1% change in the initial (8.00%) and ultimate (4.50%) healthcare cost trend rates.

	1% Decrease (7.5%/3.5%)	Current Healthcare Cost Trend Rates (8.5%/4.5%)	1% Increase (9.5%/5.5%)
Total OPEB liability	$ 3,050,677	$ 3,405,072	$ 3,813,931

Funding Policy—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various union contracts as specified above, which were ratified by the District's Board of Education. The District recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. District governmental activities contributed $71,273 for the fiscal year ended June 30, 2026. The District's contributions to the OPEB plan are based on negotiated contracts with three bargaining units, as discussed in Note 13. Any amendments to the employer's contributions are subject to the collective bargaining units.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB—The District reports deferred outflows of resources and deferred inflows of resources due to differences during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective total OPEB liability are required to be determined. The table below presents the District's deferred outflows of resources and deferred inflows of resources at June 30, 2026:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 370,798	$ 458,762
Changes of assumptions	550,370	237,818
Benefit payments subsequent to the measurement date	109,758	-
Total	$ 1,030,926	$ 696,580

The District's benefit payments subsequent to the measurement date will be recognized as reduction of the total OPEB liability in the year ending June 30, 2027. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending June 30,	
2027	$ 8,858
2028	37,420
2029	56,206
2030	62,147
2031	19,789
Thereafter	40,168

8. RISK MANAGEMENT

The District is exposed to various risks of losses related to torts; theft of, damage to, and destruction of assets, vehicle liability, injuries to employees, health insurance, unemployment insurance, and natural disasters. These risks are covered by commercial insurance purchased from independent third parties. The District purchases insurance for: real and business personal property for direct physical loss including mechanical breakdown, flood and earthquake; commercial general liability; educators' legal liability; business automobile; crime and miscellaneous property; and umbrella liability. The blanket buildings' and contents' coverage is $139,105,551. There have not been any significant changes in any of the insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past three fiscal years.

Workers' Compensation—The District is one of twenty-two participants in a risk sharing pool, Allegany Cattaraugus Workmen's Compensation, to insure workers' compensation claims. This is a public entity risk pool created under Article 5, Workers' Compensation Law, to finance liability and risk related to workers' compensation claims. For the year ended June 30, 2026, the District paid premiums or contribution expenditures totaling $83,436.

At June 30, 2026, the General Fund maintains a restricted fund balance in the amount of $309,051 for the purpose of funding the District's future workers' compensation claim liabilities.

8. SHORT-TERM DEBT

Liabilities for bond anticipation notes ("BANs") are generally accounted for in the Capital Projects Fund. Principal payments on BANs must be made annually. State law requires that BANs issued for capital purposes be converted to long-term obligations within five years after the original issue date. A summary of changes in the District's BANs for the year ended, June 30, 2026 were as follows:

Description	Interest Rate	Maturity Date	Balance 7/1/2025	Issued	Redeemed	Balance 6/30/2026
Capital Projects Fund:						
2025 Capital Project	4.00%	6/29/2027	$ -	$ 6,800,000	$ -	$ 6,800,000
Total			$ -	$ 6,800,000	$ -	$ 6,800,000

The purpose of all the short-term borrowings was to provide resources for various capital construction and buildings improvements. The amounts issued for governmental activities are accounted for in the Capital Projects Fund.

9. LONG-TERM LIABILITIES

In the government-wide financial statements, long-term debt and other long-term obligations are reported as noncurrent liabilities in the statement of net position.

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

The District's outstanding long-term liabilities include serial bonds, premiums on serial bonds, other postemployment benefits obligation ("OPEB"), health reimbursement accrual, compensated absences and net pension liability. The serial bonds of the District are secured by its general credit and revenue raising powers, as per State statute.

A summary of changes in the District's long-term liabilities for the year ended June 30, 2026 follows:

	Balance 7/1/2025	Additions	Reductions	Balance 6/30/2026	Due Within One Year
Serial bonds	$ 31,715,000	$ -	$ 4,570,000	$ 27,145,000	$ 2,870,000
Premiums on serial bonds	3,479,731	-	382,885	3,096,846	267,034
Bonds payable, net	35,194,731	-	4,952,885	30,241,846	3,137,034
OPEB obligation	2,952,924	694,699	242,551	3,405,072	-
Health reimbursement accrual	405,213	189,751	161,459	433,505	148,859
Compensated absences*	1,273,910	149,794	-	1,423,704	209,512
Net pension liability*	2,372,026	-	1,549,345	822,681	-
Total	$ 42,198,804	$ 1,034,244	$ 6,906,240	$ 36,326,808	$ 3,495,405

(*Additions/reductions to the net pension and compensated absences liabilities are shown net of reductions/additions.)

Serial Bonds—The District issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the government. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with maturities that range from 8 to 16 years.

Principal is paid annually, interest is paid semi-annually; these payments are recorded in the General Fund. A summary of additions and payments for the year ended June 30, 2026 is shown below:

Description	Year of Issue/ Maturity	Interest Rate (%)	Balance 7/1/2025	Additions	Payments	Balance 6/30/2026
Reconstruction of school buildings 2015	2015/2031	2.00 - 3.12	$ 1,080,000	$ -	$ 205,000	$ 875,000
Refunding 2018 bonds	2018/2026	1.30 - 5.00	1,830,000	-	1,830,000	-
Reconstruction of school buildings 2019	2019/2035	3.00 - 5.00	5,255,000	-	465,000	4,790,000
Reconstruction of school buildings 2024	2024/2039	3.00 - 4.00	23,550,000	-	2,070,000	21,480,000
Total			$ 31,715,000	$ -	$ 4,570,000	$ 27,145,000

In the event of a default in the payment of the principal of or interest on the serial bonds, 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 Bonds.

The District does not hold any lines of credit.

Premiums on Serial Bonds—The District has outstanding premiums related to the 2019 serial bonds, and 2024 serial bonds. These premiums are being amortized on a straight-line basis over the life of the bonds. The total remaining unamortized premium on bonds at June 30, 2026 is $3,096,846.

OPEB Obligation—As explained in Note 7, the District provides health insurance coverage for certain retirees. The District's annual OPEB cost is calculated based on the annual required contributions of the employer, an amount actuarially determined in accordance with the parameters of GASB. The long-term OPEB obligation is estimated to be $3,405,072 at June 30, 2026.

Health Reimbursement Accrual—As explained in Note 1, the District records the value of its health reimbursement accrual. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at June 30, 2026 for governmental activities is $433,505. Management estimates that $148,859 is due within one year. Since payment of the health reimbursement accrual is dependent upon many factors, the timing of future payments is not readily determinable.

Compensated Absences—As explained in Note 1, the District records the value of compensated absences. The annual budgets of the operating funds provide funding for these benefits as they become payable. The value recorded in the government-wide financial statements at June 30, 2026 for governmental activities is $1,423,704. Management estimates that $209,512 is due within one year and since payment of compensated absences is dependent upon many factors, the timing of future payments is not readily determinable.

Net Pension Liability—The District reported a liability, $822,681, for its proportionate share of the net pension liability for the Employees' Retirement System, respectively. Refer to Note 6 for additional information related to the District's net pension liability.

The following is a maturity schedule of the District's indebtedness:

Year Ending June 30,	Serial Bonds	Premiums on Serial Bonds	OPEB Obligation	Health Reimbursement Accrual	Compensated Absences	Net Pension Liability	Total
2027	$ 2,870,000	$ 267,034	$ -	$ 148,859	$ 209,512	$ -	$ 3,495,405
2028	2,085,000	267,034	-	-	-	-	2,352,034
2029	2,190,000	267,034	-	-	-	-	2,457,034
2030	2,245,000	267,034	-	-	-	-	2,512,034
2031	2,255,000	267,034	-	-	-	-	2,522,034
2032-2036	10,620,000	1,241,543	-	-	-	-	11,861,543
2037-2041	4,880,000	520,133	-	-	-	-	5,400,133
2042 and beyond	-	-	3,405,072	284,646	1,214,192	822,681	5,726,591
Total	$ 27,145,000	$ 3,096,846	$ 3,405,072	$ 433,505	$ 1,423,704	$ 822,681	$ 36,326,808

Interest requirements on serial bonds are as follows:

Year Ending June 30,	Serial Bonds
2027	$ 1,312,726
2028	1,174,212
2029	1,074,800
2030	969,976
2031	861,124
2032-2036	2,697,750
2037-2041	495,750
Total	$ 8,586,338

11. NET POSITION AND FUND BALANCE

The government-wide financial statements utilize a net position presentation. Net position is categorized as net investment in capital assets, restricted and unrestricted.

- ***Net Investment in Capital Assets***—This category groups all capital assets into one component of net position. Accumulated depreciation/amortization and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.

- ***Restricted Net Position***—This category presents external restriction imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

- ***Unrestricted Net Position***—This category represents net position of the District not restricted for any project or other purpose.

In the fund financial statements, nonspendable amounts represent net current financial resources that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance maintained by the District at June 30, 2026 includes:

- ***Inventory***—Representing the portion of fund balance, $47,067 composed of inventory. This balance is nonspendable as the inventory does not represent an available resource.

In the fund financial statements, restricted fund balances are amounts constrained to specific purposes (such as creditors, grantors, contributors, or laws and regulations of other governments) through constitutional provisions or enabling legislation. At June 30, 2026, the District had restricted funds as shown in the table on the following page.

	General Fund	Student Activities Fund	Total
Liability insurance	$ 1,494,872	$ -	$ 1,494,872
Tax certiorari	213,081	-	213,081
Unemployment insurance	382,662	-	382,662
Employee benefits	715,844	-	715,844
Debt service	420,841	-	420,841
Retirement contribution	5,107,555	-	5,107,555
Workers' compensation	309,051	-	309,051
Capital projects	8,851,174	-	8,851,174
Student activities	-	102,533	102,533
Total	$17,495,080	$ 102,533	$17,597,613

- ***Restricted for Liability Insurance***—According to General Municipal Law Section 6-n, this reserve 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.

- ***Restricted for Tax Certiorari***—According to Education Law Section 3651.1-a, this restriction must be used to establish a reserve fund for tax certiorari and to expend from the fund without voter approval. The monies held in the restriction shall not exceed the amount that might reasonably be deemed necessary to meet anticipated judgments and claims arising out of tax certiorari proceedings. Any resources deposited to the reserve which are not expended for tax certiorari proceeds in the year such monies are deposited must be returned to the General Fund on or before the first day of the fourth fiscal year after deposit of these monies.

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

- ***Restricted for Employee Benefits—***According to General Municipal Law Section 6-p, this restriction must be used for the payment of accrued employee benefit due an employee upon termination of the employee's service. This reserve may be established by a majority vote of the Board, and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.

- ***Restricted for Debt Service***—According to General Municipal Law Section 6-l, the mandatory reserve for debt service must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of District property or capital improvement.

- ***Restricted for Retirement Contribution***—According to General Municipal Law Section 6-r, this restriction must be used for financing retirement contributions within the ERS and TRS. The reserve must be accounted for separate and apart from all other funds and a detailed report of the operation and condition of the fund must be provided to the Board.

- ***Restricted for Workers' Compensation***—According to General Municipal Law Section 6-j, this restriction 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 the 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.

- ***Restricted for Capital Projects***—According to Education Law Section 3651, this restriction must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a capital reserve fund requires authorization by a majority of the voters establishing the purpose of the reserve, the ultimate amount, its probable term and the source of the funds. Expenditure may be made from the restriction only for a specific purpose further authorized by the voters. The form for the required legal notice for the vote on establishing and funding the reserve and the form of the proposition to be placed on the ballot are set forth in Section 3651 of the Education Law.

- ***Restricted for Student Activities***—Amounts generated by the Extraclassroom Activities at the District which are restricted for use only within the Student Activities Fund for specified student activities.

In the fund financial statements, commitments are amounts that are subject to a purpose constraint imposed by a formal action of the District's highest level of decision-making authority. As of June 30, 2026, the District reported no committed fund balance.

In the fund financial statements, assignments are not legally required segregations, but are segregated for a specific purpose by the District at June 30, 2026 and include:

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	$ 900,000	$ -	$ 900,000
Encumbrances	187,562	233,236	420,798
Specific use:			
School lunch	-	730,954	730,954
Total	$ 1,087,562	$ 964,190	$ 2,051,752

- ***Assigned to Subsequent Year's Expenditures***—Representing available fund balance being appropriated to meet expenditure requirements in the 2026-27 fiscal year.

- ***Assigned to Encumbrances***—Representing amounts related to unperformed (executory) contracts for goods and services.

- ***Assigned for Specific Use***—Representing fund balance within the special revenue funds that is assigned for a specific purpose. The assignment's purpose relates to each fund's operations and represents the remaining amounts within the funds that is not restricted or committed.

If the District must use funds for emergency expenditures the Board of Education shall authorize the District Business Administrator to expend funds first from funds classified under GASB as nonspendable (if funds become available) then restricted funds. The use of committed and assigned funds as classified by GASB will occur after the exhaustion of available restricted funds. Finally, if no other fund balances are available, the District will use unassigned fund balance.

12. INTERFUND BALANCES AND ACTIVITY

Interfund receivables and payables are short-term in nature and exist because of temporary advances or payments made on behalf of other funds. The composition of interfund balances as of June 30, 2026 is presented on the following page.

	Interfund	
	Receivable	Payable
Governmental Funds:		
General Fund	$ 1,734,249	$ 852,325
Special Aid Fund	-	1,236,927
School Lunch Fund	852,325	-
Capital Projects Fund	-	497,322
Total governmental funds	$ 2,586,574	$ 2,586,574

The outstanding balances between funds result from payments made on behalf of other funds or temporary advances. All of these balances are expected to be collected/paid within the subsequent year.

During the year ended June 30, 2026, the District's General Fund transferred $100,000 and $35,948 to the Capital Projects Fund and Special Aid Fund, respectively. These transfers are used primarily to support deficits in the Special Aid Fund and capital project expenditures.

12. LABOR CONTRACTS

District employees are represented by three bargaining units, with the balance governed by Board of Education rules and regulations. Negotiated contracts are in place through August 31, 2030 for the Olean Teachers Association, June 30, 2029 for the Olean Educational Support Personnel Association and June 30, 2026 for the Olean Administrators/Supervisory Association.

13. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. The District considers encumbrances significant if they are in excess of $20,000. The significant encumbrances of the District as of June 30, 2026 are presented below:

Fund	Purpose	Amount Encumbered
General Fund	Control Enterprise Services	$ 84,730
General Fund	Bleachers	35,780
General Fund	Scissor Life	20,084
Special Aid Fund	Greenhouse	21,899
School Lunch Fund	Middle School Serving Line up	214,995

14. TAX ABATEMENTS

The District is subject to tax abatements granted by the Cattaraugus County Industrial Development Agency ("CCIDA") and the City of Olean (the "City"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are

entered into by the CCIDA and the City and include the abatement of state, county, local and school district taxes, in addition to other assistance. In the case of the District, the abatements have resulted in reductions of property taxes, which the District administers as a temporary reduction in the assessed value of the property involved. The abatement agreements stipulate a percentage reduction of property taxes, which can be as much as 100 percent. Under the agreements entered into by CCIDA the District collected $254,311 during the 2025-2026 fiscal year in payments in lieu of taxes ("PILOT"), these collections were made in lieu of $299,521 in property taxes. Additionally, through an agreement entered into by the City, the District collected $49,701 of PILOT revenue. The amount of property taxes that would be collected if this agreement was not in place is not known.

16. CONTINGENCIES

Litigation—Various legal actions are pending against the District. The outcome of these matters is not presently determinable, but in the opinion of management, the ultimate liability will not have a material adverse effect on the financial condition or results of operation of the District.

Grants—In the normal course of operations, the District receives grant funds from various federal and state agencies. These grant programs are subject to audit by agents of the granting authority, the purpose of which is to ensure compliance with conditions precedent to granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the District. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any such amounts to be immaterial.

Other—The District is also involved in litigation arising in the ordinary course of its operations. The District believes that its ultimate liability, if any, in connection with these matters will not have a material effect on the District's financial condition or results of operations.

17. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 2, 2026, which is the date the financial statements are available for issuance, and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—
Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Measurement date	June 30, 2025	June 30, 2024	June 30, 2023	June 30, 2022	June 30, 2021	June 30, 2020	June 30, 2019	June 30, 2018	June 30, 2017	June 30, 2016
District's proportion of the net pension liability/(asset)	0.086725%	0.084241%	0.084944%	0.091386%	0.087255%	0.088797%	0.087843%	0.087739%	0.086393%	0.088325%
District's proportionate share of the net pension liability/(asset)	$ (5,135,054)	$ (2,513,413)	$ 971,406	$ 1,753,604	$ (15,120,383)	$ (2,453,692)	$ (2,282,167)	$ (1,586,549)	$ (656,671)	$ 946,002
District's covered payroll	$ 17,614,559	$ 16,866,802	$ 16,452,444	$ 16,750,252	$ 15,114,723	$ 15,448,591	$ 15,069,854	$ 14,680,906	$ 13,992,173	$ 13,931,398
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(29.2%)	(14.9%)	5.9%	10.5%	(100.0%)	(15.9%)	(15.1%)	(10.8%)	-4.7%	6.8%
Plan fiduciary net position as a percentage of the total pension liability	104.0%	102.1%	99.2%	98.6%	113.2%	97.8%	102.2%	101.5%	100.7%	99.0%

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 1,721,582	$ 1,569,850	$ 1,614,337	$ 1,586,555	$ 1,411,384	$ 1,335,345	$ 1,557,149	$ 1,400,583	$ 1,604,517	$ 1,807,272
Contributions in relation to the contractually required contribution	(1,721,582)	(1,569,850)	(1,614,337)	(1,586,555)	(1,411,384)	(1,335,345)	(1,557,149)	(1,400,583)	(1,604,517)	(2,348,315)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 19,180,700	$ 17,614,559	$ 16,866,802	$ 16,452,444	$ 16,750,252	$ 15,114,723	$ 15,448,591	$ 15,069,854	$ 14,680,906	$ 13,992,173
Contributions as a percentage of covered payroll	9.0%	8.9%	9.6%	9.6%	8.4%	8.8%	10.1%	9.3%	10.9%	12.9%

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Measurement date	March 31, 2026	March 31, 2025	March 31, 2024	March 31, 2023	March 31, 2022	March 31, 2021	March 31, 2020	March 31, 2019	March 31, 2018	March 31, 2017
District's proportion of the net pension liability/(asset)	0.0145820%	0.0138345%	0.0152334%	0.0156564%	0.0136764%	0.0138282%	0.0134959%	0.0135533%	0.0136056%	0.0137673%
District's proportionate share of the net pension liability/(asset)	$ 822,681	$ 2,372,026	$ 2,242,972	$ 3,357,374	$ (1,117,992)	$ 13,769	$ 3,573,783	$ 960,293	$ 439,112	$ 1,293,602
District's covered payroll	$ 6,355,259	$ 6,273,902	$ 5,887,844	$ 3,043,622	$ 2,549,407	$ 3,386,240	$ 2,639,502	$ 4,301,576	$ 4,109,867	$ 3,971,491
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	12.9%	37.8%	38.1%	110.3%	(43.9%)	0.4%	135.4%	22.3%	10.7%	32.6%
Plan fiduciary net position as a percentage of the total pension liability	97.8%	93.1%	93.9%	90.8%	103.7%	100.0%	86.4%	96.3%	98.2%	94.7%

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of District's Contributions—
Employees' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 878,672	$ 757,751	$ 626,033	$ 545,803	$ 695,869	$ 626,063	$ 604,618	$ 585,160	$ 580,493	$ 590,430
Contributions in relation to the contractually required contribution	(878,672)	(757,751)	(626,033)	(545,803)	(695,869)	(626,063)	(604,618)	(585,160)	(580,493)	(706,201)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,955,458	$ 6,399,011	$ 6,041,424	$ 3,115,075	$ 2,567,377	$ 3,577,358	$ 4,123,471	$ 4,294,452	$ 4,275,277	$ 4,020,579
Contributions as a percentage of covered payroll	12.6%	11.8%	10.4%	17.5%	27.1%	17.5%	14.7%	13.6%	13.6%	14.7%

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OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Changes in the District's Total OPEB Liability and Related Ratios—
Last Ten Fiscal Years

	Year Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Total OPEB Liability										
Service cost	$ 231,630	$ 186,052	$ 170,212	$ 186,111	$ 173,662	$ 120,907	$ 116,055	$ 126,702	$ 141,350	$ 99,874
Interest	132,585	129,308	112,065	55,449	63,813	64,365	69,741	67,809	61,517	69,624
Changes of assumptions	330,484	(17,186)	143,800	(332,562)	76,218	252,067	44,463	(79,898)	(85,576)	305,467
Differences between expected and actual experience	(171,278)	(232,546)	66,254	426,364	(91,593)	171,499	(103,985)	(107,882)	(200,116)	59,780
Benefit payments	(71,273)	(114,041)	(120,288)	(103,232)	(99,879)	(92,722)	(105,961)	(91,704)	(117,295)	(115,422)
Net changes in total OPEB liability	452,148	(48,413)	372,043	232,130	122,221	516,116	20,313	(84,973)	(200,120)	419,323
Total OPEB liability—beginning	2,952,924	3,001,337	2,629,294	2,397,164	2,274,943	1,758,827	1,738,514	1,823,487	2,023,607	1,604,284
Total OPEB liability—ending	$ 3,405,072	$ 2,952,924	$ 3,001,337	$ 2,629,294	$ 2,397,164	$ 2,274,943	$ 1,758,827	$ 1,738,514	$ 1,823,487	$ 2,023,607
Plan Fiduciary Net Position										
Contributions—employer	$ (71,273)	$ (114,041)	$ (120,288)	$ 103,232	$ 99,879	$ 92,722	$ 105,961	$ 91,704	$ 117,295	$ 115,422
Benefit payments	71,273	114,041	120,288	(103,232)	(99,879)	(92,722)	(105,961)	(91,704)	(117,295)	(115,422)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's net OPEB liability—ending	$ 3,405,072	$ 2,952,924	$ 3,001,337	$ 2,629,294	$ 2,397,164	$ 2,274,943	$ 1,758,827	$ 1,738,514	$ 1,823,487	$ 2,023,607
Covered-employee payroll	$ 18,815,788	$ 18,356,866	$ 18,119,719	$ 17,677,774	$ 17,861,975	$ 17,426,317	$ 16,495,542	$ 16,093,212	$ 15,008,790	$ 14,816,180
District's net OPEB liability as a percentage of covered-employee payroll	18.1%	16.1%	16.6%	14.9%	13.4%	13.1%	10.7%	10.8%	12.1%	13.7%

The notes to the Required Supplementary Information are an integral part of this schedule.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP) and Actual—General Fund
Year Ended June 30, 2026

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actual	Variance with Final Budget Over (Under)
	Original	Final	Original Budget	Amounts	Actual
REVENUES					
Local sources:					
Real property taxes	$ 14,026,979	$ 14,026,979	$ -	$ 14,024,827	$ 2,152
Real property tax items	145,000	145,000	-	330,812	(185,812)
Charges for services	227,000	227,000	-	253,774	(26,774)
Use of money and property	407,500	407,500	-	375,735	31,765
Sale of property and compensation for loss	-	-	-	39,246	(39,246)
Miscellaneous	638,000	638,000	-	900,465	(262,465)
Total local sources	15,444,479	15,444,479	-	15,924,859	(480,380)
State sources	40,465,284	40,465,284	-	40,000,964	464,320
Federal sources:					
Medicaid assistance	350,000	350,000	-	258,977	91,023
Total revenues	56,259,763	56,259,763	-	56,184,800	74,963
OTHER FINANCING SOURCES					
Transfers in	114,478	114,478	-	-	114,478
Appropriated reserves	702,000	702,000	-	-	702,000
Total other financing sources	816,478	816,478	-	-	816,478
Total revenues and other financing sources	$ 57,076,241	$ 57,076,241	$ -	$ 56,184,800	$ 891,441

(continued)

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP) and Actual—General Fund
Year Ended June 30, 2026

(concluded)

	Budgeted Amounts		Variance with Final Budget Over (Under)	Actual		Variance with Final Budget Over (Under) Budgetary
	Original	Final	Original Budget	Amounts	Encumbrances	Actual
EXPENDITURES						
General support:						
Board of education	$ 55,300	$ 56,579	$ 1,279	$ 37,550	-	$ 19,029
Central administration	293,420	296,142	2,722	295,763	379	-
Finance	485,989	500,772	14,783	484,736	4,533	11,503
Staff	1,202,876	1,124,559	(78,317)	1,082,759	23	41,777
Central services	4,146,543	4,107,085	(39,458)	3,770,002	83,049	254,034
Special items	839,371	868,422	29,051	854,284	-	14,138
Instruction:						
Instruction, administration and improvement	2,536,876	2,722,949	186,073	2,554,860	2,885	165,204
Teaching—regular school	14,572,672	14,576,783	4,111	14,153,072	30,557	393,154
Programs for students with handicapping conditions	9,191,910	9,106,128	(85,782)	8,753,941	14,651	337,536
Occupational education	1,168,715	1,168,715	-	1,168,715	-	-
Teaching—special schools	374,625	306,279	(68,346)	268,304	709	37,266
Instructional media	1,629,617	1,652,775	23,158	1,575,779	1,894	75,102
Pupil services	2,404,958	2,601,684	196,726	2,474,464	48,882	78,338
Pupil transportation	2,462,414	2,450,414	(12,000)	2,195,251	-	255,163
Employee benefits	10,519,664	10,345,664	(174,000)	9,061,717	-	1,283,947
Debt service:						
Principal	4,570,000	4,570,000	-	4,570,000	-	-
Interest	1,513,587	1,513,587	-	1,513,587	-	-
Total expenditures/encumbrances	57,968,537	57,968,537	-	54,814,784	187,562	2,966,191
OTHER FINANCING USES						
Transfers out	197,000	197,000	-	135,948	-	61,052
Total expenditures/encumbrances and other financing uses	58,165,537	58,165,537	-	54,950,732	187,562	3,027,243
Net change in fund balance*	(1,089,296)	(1,089,296)	-	1,234,068		
Fund balance—beginning	19,705,374	19,705,374	-	19,705,374		
Fund balance—ending	$ 18,616,078	$ 18,616,078	$ -	$ 20,939,442		

*The net change in fund balance was included as an appropriation (i.e., spenddown) of fund balance and re-appropriation of prior year encumbrances.

The notes to the Required Supplementary Information are an integral part of this statement.

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1. TEACHERS' RETIREMENT SYSTEM and EMPLOYEES' RETIREMENT SYSTEM

During the year ended June 30, 2026, the inflation rate assumption was increased from 2.40 percent to 2.50 percent for TRS and remained at 2.90 percent for ERS. The discount rate used to calculate the total pension liability remained at 6.95 percent for TRS and 5.90 percent for ERS.

The total pension liability actuarial valuation was determined using the following actuarial assumptions:

	TRS	ERS
Measurement date	June 30, 2025	March 31, 2026
Actuarial valuation date	June 30, 2024	April 1, 2025
Interest rate	6.95%	5.90%
Salary scale	2.04%-5.80%	5.20%
Decrement tables	July 1, 2019 - June 30, 2024	April 1, 2020 - March 31, 2025
Inflation rates	2.50%	2.90%
Cost-of-living adjustments	1.40%	1.50%

For TRS, annuitant mortality rates are based on July 1, 2019 – June 30, 2024 System experience with adjustments for mortality improvements based on Society of Actuaries Scale MP2021, applied on a generational basis. For ERS, annuitant mortality rates are based on April 1, 2020 – March 31, 2025 System's experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2021.

For TRS, the actuarial assumptions used in the June 30, 2025 valuation are based on the results of an actuarial experience study for the period July 1, 2019 – June 30, 2024. For ERS, the actuarial assumptions used in the April 1, 2025 valuation are based on the results of an actuarial experience study for the period April 1, 2020 – March 31, 2025.

1. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the long-term bond rate, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the S&P Municipal Bond 20-Year High Grade rate as of the measurement date, which increased from 4.21% to 5.20% at the June 30, 2026 measurement date. Mortality rates were updated to rates based on the SOA Pub-2010 Total Dataset Mortality Table fully generational using Scale MP-2021. Finally, the healthcare cost trend rate has an initial rate of 8.50%, decreasing by 1.0% annually to an ultimate rate of 4.50%.

2. BUDGETARY INFORMATION

Budgetary Basis of Accounting—Annual budgets are adopted on a basis consistent with generally accepted accounting principles in the United States of America for the General Fund. The Capital Projects Fund is appropriated on a project-length basis. No formal annual budget is adopted for the Special Aid, Student Activities, and School Lunch funds. Appropriation limits, where applicable, for the Special Aid Fund are maintained based on debt schedules and individual grants accepted by the

Board of Education. The periods of such grants may vary from the District's fiscal year. No budget is adopted for the Student Activities Fund as the extraclassroom activities of the District are maintained by the individual clubs. A budget is maintained for the School Lunch Fund as a management tool for internal control purposes.

The appropriated budget is prepared by fund, function, and department. The District's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the Board. The legal level of budgetary control (i.e., the level at which expenditures may not legally exceed appropriations) is the departmental level.

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expended in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations.

2. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

During the year ended June 30, 2026, there were no expenditures that exceeded appropriations.

3. GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget—During the year ended June 30, 2026, the District made significant budget transfers to decrease expenditures budgeted for health insurance premiums. Then increase the expenditures to cover payroll related to a special assignment instructional coach and school nurses.

Final budget compared to actual results—The most significant difference between estimated revenues and actual revenues included miscellaneous revenue and real property tax irems. Miscellaneous revenue was more than anticipated due to the District receiving a significant BOCES refund in the current year. Real property tax items were more than anticipated do to an increase in payments in lieu of taxes in the current year. These increases were offset by interfund revenues and state aid reported as significantly less than budgeted for. The district budgeted for an interfund revenue that is actually for a transfer in from the retirement reserve and then the state aid is budgeted for based off of the NYSED aid reports which the allocation was less than anticipated made by the State.

The most significant difference between estimated expenditures and actual expenditures included central services, instruction, and employee benefits. Employee benefits and teaching costs were less than anticipated as the District budgets conservatively to account for rate changes, unexpected changes in employee plans, and salary rate increases. Programs for pupils with handicapping conditions were less than expected due to the District budgeting conservatively for special education services provided by BOCES as unexpected costs may arise. Central services were less than expected within the operational costs.

SUPPLEMENTARY INFORMATION

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit—General Fund
Year Ended June 30, 2026

Changes from Adopted Budget to Final Budget

Adopted budget, 2025-2026		$ 57,976,241
Add: Prior year's encumbrances		189,296
Original budget, 2025-2026		58,165,537
Final budget, 2025-2026		$ 58,165,537

Section 1318 of Real Property Tax Law Limit Calculation

2026-2027 voter approved expenditure budget	$ 58,920,000	
Maximum allowed (4% of 2026-2027 budget)		$ 2,356,800
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	$ 1,087,562	
Unassigned fund balance	2,356,800	
Total unrestricted fund balance		$ 3,444,362
Less:		
Appropriated fund balance	$ 900,000	
Encumbrances included in assigned fund balance	187,562	
Total adjustments		1,087,562
General Fund fund balance subject to Section 1318 of Real Property Tax Law		$ 2,356,800
Actual percentage		4.00%

* Per the 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.

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Schedule of Capital Projects Expenditures
Year Ended June 30, 2026

Project Title	Original Appropriation	Revised Appropriation	Expenditures to Date: Prior Years	Expenditures to Date: Current Year	Expenditures to Date: Total	Unexpended Balance
2025-2026 Capital Outlay	$ 100,000	$ 100,000	$ -	$ 100,000	$ 100,000	$ -
2025 Capital Project	53,395,000	53,395,000	101,634	1,608,267	1,709,901	51,685,099
Total	$ 53,495,000	$ 53,495,000	$ 101,634	$ 1,708,267	$ 1,809,901	$ 51,685,099

OLEAN CITY SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
June 30, 2026

Capital assets, net of accumulated depreciation/amortization		$ 77,464,073
Add:		
Unspent debt proceeds	$ 7,138,415	
Deduct:		
Serial bonds	(27,145,000)	
Premium on serial bonds	(3,096,846)	
Capital Projects Fund accounts payable	(174,540)	
Bond anticipation notes payable	(6,800,000)	(30,077,971)
Net investment in capital assets		$ 47,386,102

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Drescher & Malecki
Certified Public Accountants

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

The Board of Education
Olean City School District, New York:

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 Olean City School District, New York (the "District") as of and for the year ended June 30, 2026, 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 2, 2026.

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 District's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Drescher & Malecki LLP

October 2, 2026