ORCHARD PARK CENTRAL 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

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
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INDEPENDENT AUDITORS' REPORT

The Board of Education
Orchard Park Central 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 Orchard Park Central 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.

Emphasis of Matter

As discussed in Note 2 to the financial statements, the net position and fund balance have been restated due to the correction of an error. Our opinion is not modified with respect to this matter.

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 auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with 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 are not a required part of the basic financial statements.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 13, 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 13, 2026

As management of the Orchard Park Central 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 statements 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 has been reclassified to conform with the 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, community service, 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 12 and 13 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 six individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, School Lunch Fund, Special Aid Fund, Student Activities Fund, Capital Projects Fund, and Debt Service Fund, all of which are considered major funds.

The basic governmental fund financial statements can be found on pages 14-17 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 one fiduciary fund, the Private Purpose Trust Fund.

The fiduciary fund statements can be found on pages 18 and 19 of this report.

Notes to the financial statements—The notes provide additional information that is necessary to acquire a full understanding of the data provided in the financial statements. The District uses notes to present information in greater detail than is possible within the financial statements themselves, explain the nature of amounts reported in the financial statements and how those amounts were determined, and report certain information that does not meet the requirements for inclusion in the financial statements (such as certain contingencies). The notes to the financial statements can be found on pages 20-46 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 related notes to the required supplementary information can be found on pages 47-55 of this report.

Supplementary information is presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 56-58.

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 $49,962,758 at June 30, 2026, as compared to assets and deferred outflows of resources exceeding liabilities and deferred inflows of resources by $41,877,920, as restated, at the close of the year ended June 30, 2025.

Table 1, shown 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 (as restated)
Current and other assets	$ 76,467,899	$ 62,903,118
Capital assets	114,556,143	90,110,610
Total assets	191,024,042	153,013,728
Deferred ouflows of resources	22,553,772	22,127,437
Current liabilities	86,600,902	55,136,426
Long-term liabilities outstanding	59,382,124	67,205,055
Total liabilities	145,983,026	122,341,481
Deferred inflows of resources	17,632,030	10,921,764
Net position:		
Net investment in capital assets	34,074,956	32,634,277
Restricted	3,882,892	3,816,301
Unrestricted	12,004,910	5,427,342
Total net position	$ 49,962,758	$ 41,877,920

The largest portion of the District's net position, $34,074,956, reflects its investment in capital assets (e.g. land, buildings, improvements and equipment), net of accumulated depreciation/amortization and 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 unrestricted net position, $12,004,910, which represents resources that may be used to meet the District's ongoing obligations.

The remaining balance of the District's net position, $3,882,892, 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.

Governmental activities—Current and other assets increased in governmental activities by $13,564,781 from the prior year. During the current year, the District's net pension asset for the Teachers' Retirement System ("TRS") increased by $7,185,325 from the prior year.

Capital assets increased by $24,445,533 due to a large increase in the District's construction in progress.

Current liabilities in governmental activities increased $31,464,476 from the prior year due to the District's issuance of a bond anticipation note for $70,986,016.

Long-term liabilities, which consist of bonds payable, lease liability, installment purchase debt, compensated absences, other postemployment benefits obligation and net pension liability, decreased by $7,822,931 from the previous year. The serial bonds decreased $4,527,000 due to total serial bond issuances of $10,700,000 offset by principal payments of $15,227,000. The net pension liability also decreased by $4,393,274 to a total ending balance of $2,026,647.

The District's overall net position increased $8,084,838 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 (as restated)
Revenues:		
Program revenues:		
Charges for services	$ 908,260	$ 1,636,300
Operating grants and contributions	5,652,096	4,686,363
Capital grants and contributions	1,485,360	-
General revenues:		
Real property taxes and other tax items	75,891,486	72,722,133
Non-property tax items	8,442,417	8,057,365
Use of money and property	2,167,101	1,787,743
State sources—unrestricted	34,871,702	33,881,500
Miscellaneous	2,103,176	1,306,663
Total revenues	131,521,598	124,078,067
Expenses:		
General support	16,274,148	15,895,125
Instruction	93,899,970	97,341,121
Pupil transportation	6,825,685	7,183,915
School food service	2,438,700	1,701,459
Student activities	378,008	350,609
Interest and other fiscal charges	3,620,249	2,322,555
Total expenses	123,436,760	124,794,784
Change in net position	8,084,838	(716,717)
Net position—beginning	41,877,920	44,049,465
Restatement	-	(1,454,828)
Net position—ending	$ 49,962,758	$ 41,877,920

Governmental activities—During the current fiscal year, net position for governmental activities increased $8,084,838 from the prior fiscal year for an ending balance of $41,877,920, as restated. The increase in the overall net position of governmental activities is primarily due to an increase in real property taxes, state and federal aid associated with the School Lunch Fund, coupled with capital grants financing ongoing capital projects.

Revenues increased by $7,443,531 from the prior year. The most significant increase represents the $3,169,353 increase in real property taxes, in accordance with the budget, as well as state and federal aid discussed above.

Expenses decreased by $1,358,024 from the prior year. The decrease was primarily attributed to a decreases in employee benefits due to medical insurance costs and the net pension liability related to the New York State retirement systems.

Detailed Analysis of Governmental Funds

As noted earlier, the District uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The District reports six major funds individually on the governmental fund financial statements, the General Fund, School Lunch Fund, Special Aid Fund, Student Activities Fund, Capital Projects Fund, and Debt Service Fund.

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.

As of June 30, 2026, the District's governmental funds reported a combined ending fund balance deficit of $(22,501,925), a decrease of $23,877,826 from the prior year's fund balance of $1,375,901, as restated. Excluding the Capital Projects Fund deficit of $(39,265,915), approximately 27.8 percent, $3,602,041, of the combined ending fund balances constitutes *unassigned fund balance*, which is available for spending at the District's discretion. The remainder of fund balance is either *nonspendable, restricted*, or *assigned* to indicate that it is: (1) not in spendable form, $73,282, (2) restricted for particular purposes, $6,740,181, or (3) assigned for particular purposes, $6,348,486.

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 $3,602,041, while total fund balance increased to $15,838,653. The fund balance increase of $122,444 was primarily due to greater than anticipated non-property tax revenue, coupled with fewer than expected costs for employee benefits. 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 General Fund expenditures and transfers out. Unassigned fund balance represents approximately 2.3 percent of total General Fund expenditures and transfers out, while total fund balance represents approximately 12.9 percent of that same amount.

The total fund balance of the District's General Fund increased by $122,444 during the current fiscal year. During the annual budget process, the District anticipated utilizing $5,728,731 of fund balance (this included the re-appropriation of prior year's encumbrances and an appropriation (i.e., spenddown) of fund balance). As a result of the items mentioned above, the District's General Fund fund balance ended $5,851,175 greater than anticipated.

School Lunch Fund—The School Lunch Fund total fund balance is $629,712 as of June 30, 2026, of which $3,408 represents inventory and is considered nonspendable. The remainder consists of $626,304, which is assigned for specific use related to school lunch. The fund balance of the District's School Lunch Fund increased by $15,555 in the current fiscal year, due to state and federal aid and food service sales exceeding the costs of sales.

Special Aid Fund—The Special Aid Fund maintains funds that are received by the state and federal governments. During the year ended June 30, 2026, revenues totaled $3,373,458 and were comprised of State and Federal sources, while expenditures totaled $3,643,833 and were used toward the instruction, transportation of students, and general support. The difference between revenues and expenditures is subsidized by transfers in of $270,375 from the General Fund.

Student Activities Fund—The Student Activities Fund total fund balance is $295,625 as of June 30, 2026, and is restricted as these funds represent balances of various organizations ran by the students of the District.

Capital Projects Fund—The fund balance within the Capital Projects Fund decreased by $24,038,123 during the year ended June 30, 2026, to an ending fund balance deficit of $39,265,915. Capital outlay is supported primarily by short-term debt, which is the cause of the deficit.

Debt Service Fund—The Debt Service fund had an ending fund balance of $0. During the year ended June 30, 2026, the District issued refunding bonds in which the proceeds and premium from the issuance were equal to fiscal costs and the payment of principal, continuing to report no fund balance.

Significant Capital Asset and Long-Term Financing Activity

Capital assets—The District's investment in capital assets for its governmental activities as of June 30, 2026, amounted to $114,556,143 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, furniture and equipment, vehicles, and intangible assets. All depreciable capital assets were depreciated/amortized from acquisition date to the end of the current year as outlined in the District's capital asset policy. The total increase in capital assets was 27.1 percent.

Capital assets, net of depreciation/amortization for the governmental activities at June 30, 2026 and June 30, 2025 are presented in Table 3 below:

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

	June 30,	
	2026	2025
Land	$ 4,177,050	$ 4,177,050
Construction in progress	61,053,948	37,109,114
Land improvements	1,065,520	1,240,474
Building and improvements	40,912,223	41,056,987
Furniture and equipment	1,826,851	1,710,992
Vehicles	4,493,925	4,254,706
Intangible assets	1,026,626	561,287
Total	$ 114,556,143	$ 90,110,610

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

- Various capital projects increasing construction in progress by $26,343,426
- Completion of a capital projects totaling $2,398,592
- Purchase of various school buses totaling $1,174,593
- Disposal of various school buses and other vehicles for $504,674
- Depreciation totaling $4,589,850

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. When entering into a lease contract, a liability is also recognized, which is included as part of long-term financings discussion below.

Additional information on the District's capital assets is presented in Note 5 to the financial statements.

Long-term financing—At June 30, 2026, the District had total long-term financing liabilities of $41,331,398, composed of serial bonds and premium on serial bonds. During the current year, long-term financing liabilities decreased by $4,839,777.

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

Table 4—Summary of Long-Term Financings

	June 30,	
	2026	2025
Serial bonds	$ 37,995,000	$ 42,522,000
Premiums on serial bonds	3,336,398	3,649,175
Total	$ 41,331,398	$ 46,171,175

The $38.0 million general obligation bonds are bonded debt, backed by the full faith and credit of the government. During the current year, the District issued $1,185,000 of serial bonds and issued $9,515,000 in refunding bonds on the previously issued 2018 serial bonds

The District maintained an "Aa2" rating from Moody's Investors Service, Inc.

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 $643,000,000, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term debt can be found in Note 12 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 4.0 percent. These factors, as well as others, are considered in preparing the District's budget.

The 2026-2027 adopted budget appropriations total of $131,659,368 is an approximate increase of 3.9 percent as compared to the $126,697,638 budgeted appropriations in 2025-2026. The District's total tax levy in 2026-2027 is $77,318,329, compared to $75,362,950 levied during the 2025-2026 year.

Requests 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 the Office of the Assistant Superintendent for Business and Support Services, Orchard Park Central School District, 2240 Southwestern Blvd., West Seneca, New York 14224.

BASIC FINANCIAL STATEMENTS

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ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Net Position
June 30, 2026

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 13,664,731
Restricted cash and cash equivalents	42,125,276
Receivables	1,203,580
Due from fiduciary funds	50
Intergovernmental receivables	5,042,745
Deposits	69,874
Inventories	3,408
Noncurrent net pension asset	14,358,235
Capital assets, not being depreciated/amortized	65,230,998
Capital assets, net of accumulated depreciation/amortization	49,325,145
Total assets	191,024,042
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	21,298,616
Deferred outflows—relating to OPEB	1,255,156
Total deferred outflows of resources	22,553,772
LIABILITIES	
Accounts payable	4,640,452
Retainages payable	1,189,712
Accrued liabilities	3,995,730
Intergovernmental payables	18
Due to retirement systems	5,735,068
Unearned revenue	53,906
Bond anticipation notes payable	70,986,016
Noncurrent liabilities:	
Due within one year	6,262,370
Due in more than one year	53,119,754
Total liabilities	145,983,026
DEFERRED INFLOWS OF RESOURCES	
Deferred gain on refunding	746,264
Deferred inflows—relating to pension plans	15,648,393
Deferred inflows—relating to OPEB	1,237,373
Total deferred inflows of resources	17,632,030
NET POSITION	
Net investment in capital assets	34,074,956
Restricted for:	
Tax certiorari	402,374
Employee benefit accrued liability	1,640,506
Unemployment insurance	989,169
Capital projects	555,218
Student activities	295,625
Unrestricted	12,004,910
Total net position	$ 49,962,758

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

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Activities
Year Ended June 30, 2026

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Governmental activities:					
General support	$ 16,274,148	$ -	$ -	$ -	$ (16,274,148)
Instruction	93,899,970	220,903	3,498,553	1,485,360	(88,695,154)
Pupil transportation	6,825,685	-	-	-	(6,825,685)
School food service	2,438,700	287,051	2,153,543	-	1,894
Student activities	378,008	400,306	-	-	22,298
Interest and other fiscal charges	3,620,249	-	-	-	(3,620,249)
Total primary government	$ 123,436,760	$ 908,260	$ 5,652,096	$ 1,485,360	(115,391,044)
General revenues:					
Real property taxes and other tax items					75,891,486
Non-property tax items					8,442,417
Use of money and property					2,167,101
State sources—unrestricted					34,871,702
Miscellaneous					2,103,176
Total general revenues					123,475,882
Change in net position					8,084,838
Net position—beginning, as previously reported					43,332,748
Restatement for correction of error					(1,454,828)
Net position—beginning, as restated					41,877,920
Net position—ending					$ 49,962,758

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

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Balance Sheet—Governmental Funds
June 30, 2026

ASSETS	General	Special Revenue: School Lunch	Special Revenue: Special Aid	Special Revenue: Student Activities	Capital Projects	Debt Service	Total Governmental Funds
Cash and cash equivalents	$ 12,990,690	$ 268,679	$ 405,362	$ -	$ -	$ -	$ 13,664,731
Restricted cash and cash equivalents	6,488,536	9,926	-	295,625	35,331,189	-	42,125,276
Receivables	1,203,580	-	-	-	-	-	1,203,580
Intergovernmental receivables	3,180,714	357,643	1,504,388	-	-	-	5,042,745
Due from other funds	1,912,622	-	-	-	-	-	1,912,622
Deposits	69,874	-	-	-	-	-	69,874
Inventories	-	3,408	-	-	-	-	3,408
Total assets	$ 25,846,016	$ 639,656	$ 1,909,750	$ 295,625	$ 35,331,189	$ -	$ 64,022,236
LIABILITIES							
Accounts payable	$ 1,032,272	$ -	$ -	$ -	$ 3,608,180	$ -	$ 4,640,452
Accrued liabilities	3,196,043	-	86	-	-	-	3,196,129
Due to other funds	-	-	1,909,664	-	2,908	-	1,912,572
Intergovernmental payables	-	18	-	-	-	-	18
Due to retirement systems	5,735,068	-	-	-	-	-	5,735,068
Unearned revenue	43,980	9,926	-	-	-	-	53,906
Bond anticipation notes payable	-	-	-	-	70,986,016	-	70,986,016
Total liabilities	10,007,363	9,944	1,909,750	-	74,597,104	-	86,524,161
FUND BALANCES (DEFICIT)							
Nonspendable	69,874	3,408	-	-	-	-	73,282
Restricted	6,444,556	-	-	295,625	-	-	6,740,181
Assigned	5,722,182	626,304	-	-	-	-	6,348,486
Unassigned	3,602,041	-	-	-	(39,265,915)	-	(35,663,874)
Total fund balances (deficit)	15,838,653	629,712	-	295,625	(39,265,915)	-	(22,501,925)
Total liabilities and fund balances	$ 25,846,016	$ 639,656	$ 1,909,750	$ 295,625	$ 35,331,189	$ -	$ 64,022,236

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

ORCHARD PARK CENTRAL 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 12) are different because:

Total fund balances (deficit)—governmental funds (page 14)		$ (22,501,925)
The pension asset is not a current financial resource and, therefore, are not reported in the fund statements.		14,358,235
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 $214,152,259 and the accumulated depreciation/amortization is $99,596,116.		114,556,143
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	$ 5,735,068	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	15,563,548	
Deferred inflows of resources related to pension plans	(15,648,393)	5,650,223
Deferred outflows and inflows of resources related to OPEB are applicable to future periods and, therefore, are not reported in the fund statements:		
Deferred outflows related to benefits payments, experience and changes of assumptions	$ 1,255,156	
Deferred inflows related to experience and changes of assumptions	(1,237,373)	17,783
Deferred charges and gains associated with refunding bond issuances 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 and revenue over the life of the related debt.		(746,264)
Retained percentages are not a current liability and, therefore, are not reported in the funds.		(1,189,712)
Net accrued interest expense for serial bonds and bond anticipation notes is not reported in the fund statements.		(799,601)
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	$ (37,995,000)	
Premiums on serial bonds	(3,336,398)	
Lease liability	(1,199,831)	
Installment purchase debt	(95,669)	
Compensated absences	(6,786,743)	
Other postemployment benefits ("OPEB") obligation	(7,941,836)	
Net pension liability	(2,026,647)	(59,382,124)
Net position of governmental activities		$ 49,962,758

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

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

		Special Revenue					Total
	General	School Lunch	Special Aid	Student Activities	Capital Projects	Debt Service	Governmental Funds
REVENUES							
Real property taxes	$ 72,174,429	$ -	$ -	$ -	$ -	$ -	$ 72,174,429
Real property tax items	3,717,057	-	-	-	-	-	3,717,057
Non-property tax items	8,442,417	-	-	-	-	-	8,442,417
Charges for services	220,903	-	-	-	-	-	220,903
Use of money and property	1,324,071	13,661	-	-	829,369	-	2,167,101
Miscellaneous	1,578,589	-	-	-	-	-	1,578,589
State sources	34,871,702	1,551,028	1,833,274	-	1,485,360	-	39,741,364
Federal sources	125,095	602,515	1,540,184	-	-	-	2,267,794
Sales—food service	-	287,051	-	-	-	-	287,051
Student activity collections	-	-	-	400,306	-	-	400,306
Total revenues	122,454,263	2,454,255	3,373,458	400,306	2,314,729	-	130,997,011
EXPENDITURES							
Current:							
General support	11,953,514	-	3,129	-	-	-	11,956,643
Instruction	69,461,100	-	3,472,866	-	-	-	72,933,966
Pupil transportation	5,191,177	-	167,838	-	-	-	5,359,015
Employee benefits	27,714,235	-	-	-	-	-	27,714,235
Debt service:							
Principal	5,529,991	-	-	-	-	10,265,000	15,794,991
Interest and other fiscal charges	3,320,777	-	-	-	-	202,346	3,523,123
Cost of sales (school lunch)	-	2,438,700	-	-	-	-	2,438,700
Student activities	-	-	-	378,008	-		378,008
Capital outlay	-	-	-	-	27,537,852	-	27,537,852
Total expenditures	123,170,794	2,438,700	3,643,833	378,008	27,537,852	10,467,346	167,636,533
Excess (deficiency) of revenues over expenditures	(716,531)	15,555	(270,375)	22,298	(25,223,123)	(10,467,346)	(36,639,522)
OTHER FINANCING SOURCES (USES)							
Transfers in	-	-	270,375	-	-	-	270,375
Transfers out	(270,375)	-	-	-	-	-	(270,375)
Serial bonds issued	-	-	-	-	1,185,000	-	1,185,000
Refunding bonds issued	-	-	-	-	-	9,515,000	9,515,000
Premium on serial bonds issued	70,621	-	-	-	-	-	70,621
Premium on refunding bonds issued	-	-	-	-	-	952,346	952,346
Leases issued (as lessee)	1,038,729	-	-	-	-	-	1,038,729
Total other financing sources	838,975	-	270,375	-	1,185,000	10,467,346	12,761,696
Net change in fund balances	122,444	15,555	-	22,298	(24,038,123)	-	(23,877,826)
Fund balances (deficit)—beginning, as previously reported	15,716,209	614,157	-	273,327	(13,772,964)	-	2,830,729
Restatement for correction of error	-	-	-	-	(1,454,828)	-	(1,454,828)
Fund balances (deficit)—beginning, as restated	15,716,209	614,157	-	273,327	(15,227,792)	-	1,375,901
Fund balances (deficit)—ending	$ 15,838,653	$ 629,712	$ -	$ 295,625	$ (39,265,915)	$ -	$ (22,501,925)

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

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of 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 13) are different because:		
Net change in fund balances (deficit)—total governmental funds (page 16)		$ (23,877,826)
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 capital outlays exceeded depreciation/amortization expense and loss on disposal of capital assets in the current period.		
Capital asset additions	$ 29,053,650	
Loss on disposal of capital assets	(18,267)	
Depreciation/amortization expense	(4,589,850)	24,445,533
Governmental funds report retained percentages expenditures on construction contracts when such a retained percentage is paid. However, in the statement of activities retained percentages on construction contracts is reported as an expense as it accrues.		(1,045,175)
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:		
District pension contributions	$ 6,998,711	
Employee contributions net of benefits earned	(1,023,282)	5,975,429
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. These amounts are shown net of current year amortization.		65,503
Deferred 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.		(746,264)
In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.		(162,019)
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 related items is as follows:		
Serial bonds issued	$ (1,185,000)	
Refunding bonds issued	(9,515,000)	
Repayment of serial bonds	15,227,000	
Premium on serial bonds issued	(70,621)	
Premium on refunding bonds issued	(952,346)	
Amortization of premiums on serial bonds	1,335,744	
Leases issued	(1,038,729)	
Repayment of leases and installment purchase debt	567,991	
Change in compensated absences	(572,069)	
Change in OPEB obligation	(367,313)	3,429,657
Change in net position of governmental activities		$ 8,084,838

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

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Fiduciary Net Position—Private Purpose Trust Fund
June 30, 2026

	Private Purpose Trust
ASSETS	
Restricted cash and cash equivalents	$ 66,457
Total assets	66,457
LIABILITIES	
Due to other funds	50
Total liabilities	50
NET POSITION	
Restricted for scholarships	66,407
Total net position	$ 66,407

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

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Changes in Fiduciary Net Position—Private Purpose Trust Fund
Year Ended June 30, 2026

	Private Purpose Trust
ADDITIONS	
Contributions	$ 3,499
Interest earnings	1,422
Total additions	4,921
DEDUCTIONS	
Scholarships awarded	6,340
Total deductions	6,340
Change in fiduciary net position	(1,419)
Net position—beginning	67,826
Net position—ending	$ 66,407

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 Orchard Park Central 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 are 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 the 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 one of 27 participating school districts in the Erie No. 2 ("Erie 2"), Chautauqua Cattaraugus Board of Cooperative Educational Services ("BOCES"). Formed under Section 1950 of Education Law, a 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 the District can terminate its status as a component of BOCES. All BOCES property is held by the BOCES Board as a corporation under Section 1950(6) of Education Law.

The component school district boards elect the members of the BOCES governing body. There are no equity interests, and no single participant controls the financial or operating policies. In addition, BOCES Boards are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of General Municipal Law.

The BOCES budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES. As of June 30, 2026 there was no debt issued by the District on behalf of BOCES.

During the year ended June 30, 2026, the District was billed $10,169,690 for BOCES administrative and program costs and recognized $217,611 in revenue as a refund from prior years' expenditures paid to BOCES. Audited financial statements are available from the Erie 2 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 latter 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 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 real property taxes and state sources.

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

- *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 with these funds.

- *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.

- *Debt Service Fund*—The Debt Service Fund is used to account for the accumulation of resources that are restricted, committed, or assigned for payment of principal and interest on long-term debt obligations of the governmental funds.

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

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 the 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. 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 and claims and judgments 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, non-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 measureable and available only when cash is received by the District.

The Private Purpose Trust Fund is 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 the date of acquisition. New York State law governs the District's investment policies. Permissible investments include obligations of the United States Treasury, United States Government Agencies, repurchase agreements and obligations of New York State or its localities. The District had no investments at June 30, 2026; however, it is the District's policy to report investments at fair value when applicable.

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

Receivables—Receivables are shown net of an allowance for uncollectible accounts, when applicable. Amounts due from state and federal governments represent amounts owed to the District to reimburse it for expenditures incurred pursuant to state and federally funded programs.

Deposits—Represents payment made to the School and Municipal Energy Cooperative of Western New York to participate in the cooperative.

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, furniture and equipment, vehicles and intangible lease equipment, are reported in the government-wide financial statements. Capital assets are defined by the District as assets with an initial individual cost of more than an established threshold for the type of asset and an estimated useful life in excess of one year. 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, or payments for BOCES, are capitalized as projects are completed.

Right-to-use lease equipment are copiers and laptops, and are amortized on a straight line basis over their useful lives.

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:

Assets	Capitalization/ Amortization Threshold	Estimated Useful Life (Years)
Land	$ 1	n/a
Land improvements	50,000	20-40
Building and improvements	50,000	15-40
Furniture and equipment	1,000	5-20
Vehicles	14,000	8
Right-to-use lease equipment	1,000	3-5

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, related to pensions, is 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, the difference during the measurement periods between the District's contributions, its proportionate share of total contributions 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 reflects the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain 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, 2026, the District reports three deferred inflows of resources on the government-wide financial statements. The first item represents the effect of the net change in the District's proportion of the collective net pension liability 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 represents the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The third item is a deferred gain on refunding, which the District reports within its

governmental activities. A deferred gain on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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 of 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 the Assistant Superintendent for Business and Support Services 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 as of July 1st by the Board of Education and attached as an enforceable lien. Uncollected real property taxes are subsequently enforced by the County of Erie. 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 $43,980 and $9,926 of unearned revenues in the General Fund and School Lunch Fund, respectively. The District received money in advance for summer programs and funding related to prepayments of student lunches.

Compensated Absences—The District labor agreements and District rules and regulations provide for sick leave, vacations, and other miscellaneous paid absences. Upon retirement, certain eligible employees qualify for paid hospitalization insurance premiums and/or 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 liability, 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 7.

Other Postemployment Benefits—In addition to providing pension benefits, the District provides health insurance coverage for certain retired employees as discussed in Note 8.

Other

Estimates—The preparation of the financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the 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 reported a deficit fund balance at June 30, 2026 totaling $39,265,915. This deficit exists because the District issued bond anticipation notes ("BANs"), which do not qualify for treatment as a long-term liability. Accordingly, the BANs are reported as a fund liability in the Capital Projects Fund balance sheet (rather than an inflow on the statement of revenues, expenses, and fund balances.) When the cash from the BANs is spent, expenditures are reported and fund balance is reduced. 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 BANs or retire the BANs.

2. RESTATEMENT OF NET POSITION AND FUND BALANCE

During the year ended June 30, 2026, the District re-evaluated the treatment of capital projects expenditures. As a result of the correction of an error, the District restated net position and fund balance as of June 30, 2025. The effect of the restatement to the District's governmental activities and Capital Projects Fund is summarized as follows:

	Governmental Activities	Capital Projects Fund
Net position/fund balance–June 30, 2025, as previously stated	$ 43,332,748	$ (13,772,964)
Correction of error	(1,454,828)	(1,454,828)
Net position/fund balance–June 30, 2025, as restated	$ 41,877,920	$ (15,227,792)

3. CASH, CASH EQUIVALENTS AND INVESTMENTS

The District's investment policies are governed by New York 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 as follows:

	Governmental Funds	Fiduciary Funds	Total
Deposits	$ 55,790,007	$ 66,457	$ 55,856,464
Total	$ 55,790,007	$ 66,457	$ 55,856,464

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

	Bank Balance	Carrying Amount
FDIC insured	$ 1,000,000	$ 1,000,000
Uninsured:		
Collateral held by pledging bank's agent in the District's name	53,197,344	54,856,464
Total	$ 54,197,344	$ 55,856,464

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 amounts to support restricted fund balances, unearned revenue, unspent dent proceeds, and amounts held on behalf of others as restricted cash and cash equivalents. At June 30, 2026, the District reported $42,125,276 and $66,457 of restricted cash within its governmental and fiduciary funds, respectively.

Investments—The District reported no investments at June 30, 2026.

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.

4. RECEIVABLES

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

Receivables—Represents health insurance claims and settlements, amounts due from BOCES and other miscellaneous reimbursements. At June 30, 2026, the District reported $1,203,580 of accounts receivable in the General Fund.

Intergovernmental Receivables—Represents 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 below.

General Fund:		
New York State excess cost aid	$ 879,036	
New York State general aid	488,495	
BOCES aid	1,767,224	
Miscellaneous	45,959	$ 3,180,714
School Lunch Fund:		
Breakfast and lunch programs		357,643
Special Aid Fund:		
Summer Handicapped Program	1,041,841	
Special Education - Grants to States	150,152	
Universal Pre-K	260,588	
Title I Grants to Local Educational Agencies	20,147	
Special Education - Preschool Grants	6,653	
Supporting Effective Instruction - State Grants	22,190	
Student Support and Academic Enrichment	2,817	1,504,388
Total governmental funds		$ 5,042,745

5. 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	$ 4,177,050	$ -	$ -	$ 4,177,050
Construction in progress	37,109,114	26,343,426	2,398,592	61,053,948
Total capital assets, not being depreciated/amortized	41,286,164	26,343,426	2,398,592	65,230,998
Capital assets, being depreciated/amortized:				
Land improvements	5,955,952	20,413	-	5,976,365
Buildings and improvements	119,504,299	2,398,592	-	121,902,891
Furniture and equipment	7,340,865	370,720	37,000	7,674,585
Vehicles	10,900,342	1,280,362	548,698	11,632,006
Intangible assets				
Lease assets - equipment	1,525,908	1,038,729	829,223	1,735,414
Total capital assets, being depreciated/amortized	145,227,366	5,108,816	1,414,921	148,921,261
Less accumulated depreciation/amortization for:				
Land improvements	4,715,478	195,367	-	4,910,845
Buildings and improvements	78,447,312	2,543,356	-	80,990,668
Furniture and equipment	5,629,873	236,594	18,733	5,847,734
Vehicles	6,645,636	1,041,143	548,698	7,138,081
Intangible assets				
Lease assets - equipment	964,621	573,390	829,223	708,788
Total accumulated depreciation/amortization	96,402,920	4,589,850	1,396,654	99,596,116
Total capital assets being depreciated/ amortized, net	48,824,446	518,966	18,267	49,325,145
Governmental activities capital assets, net	$ 90,110,610	$ 26,862,392	$ 2,416,859	$ 114,556,143

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

Governmental activities:	
General support	$ 608,082
Instruction	3,709,223
Pupil transportation	272,545
Total	$ 4,589,850

6. ACCRUED LIABILITIES

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

	General Fund	Special Aid Fund	Total Governmental Funds
Salaries and employee benefits	$ 1,361,695	$ 86	$ 1,361,781
Health claims	1,834,348	-	1,834,348
Total accrued liabilities	$ 3,196,043	$ 86	$ 3,196,129

7. 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/(Asset), 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/(asset) 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)	$ (14,358,235)	$ 2,026,647
District's portion of the Plan's total net pension liability	0.242494%	0.035922%

For the year ended June 30, 2026, the District recognized pension expense/(income) of $(859,640) and $2,457,034 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 the following sources:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	TRS	ERS	TRS	ERS
Difference between expected and actual experiences	$ 7,526,916	$ 1,159,767	$ -	$ -
Changes of assumptions	5,683,978	347,886	154,805	-
Net difference between projected and actual earnings on pension plan investments	-	-	11,213,746	3,633,890
Changes in proportion and differences between the District's contributions and proportionate share of contributions	6,164	838,837	271,353	374,599
District contributions subsequent to the measurement date	5,067,920	667,148	-	-
Total	$ 18,284,978	$ 3,013,638	$ 11,639,904	$ 4,008,489

District contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability/(asset) 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 shown on the following page.

Year Ending June 30,	TRS	ERS
2027	$ 7,174,125	$ 972,192
2028	(3,137,136)	(1,173,528)
2029	(3,271,092)	(695,277)
2030	(687,406)	(765,386)
2031	1,235,610	-
Thereafter	263,053	-

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, 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 MP-2021, 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 as shown 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 below 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)	$ 27,589,530	$ (14,358,235)	$ (49,655,067)

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension liability/(asset)	$ 13,841,445	$ 2,026,647	$ (7,851,047)

Pension Plan Fiduciary Net Position—The components of the current-year net pension liability 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	$ (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 $5,067,920.

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 $667,148.

8. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description and Benefits Provided—The District may pay for a portion of eligible retirees' health insurance dependent upon such factors as age, years of service, accumulated sick leave and associated group or union. While benefits and contributions change over time as union contracts are renegotiated, current benefits are as follows:

(1) *Orchard Park Teachers Association* and *Orchard Park School Related Professionals Association* – must be eligible to retire under the NYSTERS or NYSERS, as applicable; employees may retain District health coverage, but must pay the full premium cost. Employees may convert the value of accrued sick time to use towards postemployment health premiums.

(2) *Orchard Park Principals' Association* – must be eligible to retire under the NYSTERS or NYSERS, as applicable and have 200 accumulated sick days. Employees with a minimum of twelve years of service to the District receive $4,000 or $2,000 per year for family or single coverage, respectively, for life. Employees with a minimum of twenty years of service to the District receive $4,500 or $2,300 per year for family or single coverage, respectively, for life. Surviving spouses will receive a stipend equal to that of single coverage for life under the same plan as their spouse.

(3) *Orchard Park Central Office Administrators' Association* – must be eligible to retire under the NYSTERS or NYSERS, as applicable. Employees with a minimum of ten years of service to the District receive $4,500 or $2,300 per year for family or single coverage, respectively, for life. Surviving spouses shall receive $2,150 per year for life.

(4) *Superintendent of Schools* – as a life benefit, the District pays 85% of the health insurance premium for coverage. Surviving spouses are eligible for single coverage at the same rate.

(5) *Assistant Superintendents* – must be eligible to retire under the NYSTERS and have been employed by the District a minimum of five years as the Assistant Superintendent. The District will provide 50% of the cost of health coverage for retirees with five years of service and for each additional year of service will provide an additional 5% of such cost, up to a maximum of 75%. Surviving spouses are eligible for the same coverage as retirees.

Employees Covered by Benefit Terms—At June 30, 2026, the following employees were covered by the benefit terms. Plan participants were measured on February 1, 2026:

Inactive employees or beneficiaries currently receiving benefit payments	99
Active employees	685
Total	784

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 $7,941,836 was measured three months prior to fiscal year end, and was determined by an actuarial valuation dated April 29, 2026, utilizing participant data measured on February 1, 2026.

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 April 29, 2026 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 4.39% as of June 30, 2025 to 4.41% effective June 30, 2026. The salary scale remained unchanged at 3.30%. The 2021 New York State Teachers' Retirement System rates were used for mortality rates and retirement rates. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 6.10%, while the ultimate healthcare cost trend rate is 3.70%.

The retirement and termination actuarial assumptions used in the April 29, 2026 actuarial valuation reflect general published tables based on large scale retirement plan population data. The plan's estimated termination and retirement experience is analyzed and the base table is adjusted accordingly. Mortality tables are used without adjustment.

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

	Total OPEB Liability
Balance at June 30, 2025	$ 7,574,523
Changes for the year:	
Service cost	343,205
Interest	338,782
Differences between expected and actual experience	(101,321)
Changes of assumptions	(12,766)
Benefit payments	(200,587)
Net changes	367,313
Balance at June 30, 2026	$ 7,941,836

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 (3.41%)	Current Discount Rate (4.41%)	1% Increase (5.41%)
Total OPEB liability	$ 8,717,824	$ 7,941,836	$ 7,260,144

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 (6.10%) and ultimate (3.70%) healthcare cost trend rates.

	1% Decrease (5.10% / 2.70%)	Healthcare Cost Trend Rates (6.10% / 3.70%)	1% Increase (7.10% / 4.70%)
Total OPEB liability	$ 7,150,762	$ 7,941,836	$ 8,870,789

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 funds contributed $200,587 for the fiscal year ended June 30, 2026.

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 employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability. The table on the following page presents the District's deferred outflows and deferred inflows of resources at June 30, 2026.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 1,205,009	$ 720,057
Changes of assumptions	-	517,316
Contributions subsequent to the measurement date	50,147	-
Total	$ 1,255,156	$ 1,237,373

The District's benefit payments subsequent to the measurement date will be recognized as a 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	$ (69,491)
2028	(27,588)
2029	(27,588)
2030	(27,588)
2031	(27,588)
Thereafter	147,479

9. RISK MANAGEMENT

The District is exposed to various risks of losses related to damage and destruction of assets, vehicle liability, injuries to employees, health insurance, and unemployment insurance. The District purchases commercial insurance to cover such potential risks. There have not been any significant changes in any type of insurance coverage from the prior year, nor have there been any settlements which have exceeded insurance coverage in the past three fiscal years. The general liability insurance is limited to $1 million per occurrence and a $3 million aggregate. All other policies have limits ranging from $5,000 to $30,000,000.

10. LEASES

The District is a lessee for a noncancellable lease of various equipment. The District recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. The District recognizes lease liabilities that are significant individually, or in the aggregate, to the financial statements.

At the commencement of a lease, the District initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is 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. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the District determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The District uses the interest rates charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the District generally uses its estimated incremental borrowing rate as the discount rate for leases.

- The lease terms include the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the District is reasonably certain to exercise.

The District monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Leased assets are reported with other capital assets and lease liabilities are reported with noncurrent liabilities on the statement of net position.

The District previously entered into long-term lease agreements as the lessee for the acquisition and use of various equipment. As of June 30, 2026, the value of the total outstanding lease liability was $1,199,831. The District is required to make annual principal and interest payments on the equipment ranging from $6,347 to $134,293. The leases have interest rates ranging from 1.39% to 6.00%. The value of the right-to-use lease assets as of the end of the current fiscal year was $1,735,414 and had accumulated amortization of $708,788.

11. 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 the District's short-term debt for the fiscal year ended June 30, 2026 follows:

Description	Interest Rate	Maturity Date	Balance 7/1/2025	Additions	Reductions	Balance 6/30/2026
Capital Projects Fund:						
Capital Project BAN	4.25%	5/1/2026	$ 41,401,016	$ -	$ 41,401,016	$ -
Capital Project BAN	4.00%	4/30/2027	-	70,986,016	-	70,986,016
Total			$ 41,401,016	$ 70,986,016	$ 41,401,016	$ 70,986,016

12. 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 bonds payable, lease liability, installment purchase contract, compensated absences, other postemployment benefits obligation 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 at June 30, 2026 follows:

	Balance 7/1/2025	Additions	Reductions	Balance 6/30/2026	Due Within One Year
Serial bonds	$ 42,522,000	$ 10,700,000	$ 15,227,000	$ 37,995,000	$ 4,990,000
Premiums on serial bonds	3,649,175	1,022,967	1,335,744	3,336,398	462,645
Bonds payable, net	46,171,175	11,722,967	16,562,744	41,331,398	5,452,645
Lease liability	700,634	1,038,729	539,532	1,199,831	526,352
Installment purchase debt	124,128	-	28,459	95,669	30,110
Compensated absences*	6,214,674	572,069	-	6,786,743	253,263
OPEB obligation	7,574,523	681,987	314,674	7,941,836	-
Net pension liability*	6,419,921	-	4,393,274	2,026,647	-
Total	$ 67,205,055	$ 14,015,752	$ 21,838,683	$ 59,382,124	$ 6,262,370

(*Changes to the compensated absences/net pension liability are shown net of additions/reductions.)

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 original maturities that range from 5 to 17 years.

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.

On September 4, 2025, the District issued $1,185,000 of serial bonds with an interest rate of 5.00 percent. Principal payments begin on September 1, 2025 and mature on September 1, 2030. The serial bonds were issued at a premium totaling $70,621.

On January 8, 2026, the District issued $9,515,000 in School District Refunding Serial Bonds, which refunded $10,265,000 of the previously issued 2018 School District Serial Bonds. The refunding bonds were issued at a premium of $952,346 and included issuance costs of $105,381. The bonds mature on April 1, 2032, and carry an interest rate of 5.00 percent. The District redeemed the bonds on April 1, 2026 and as a result, the bonds are considered refunded and the liability of these bonds, $10,265,000, has been removed from the financial statements. The refunding bonds provide a net economic benefit to the District of $319,431.

A summary of additions and payments for the year ended June 30, 2026 is presented below:

Description	Year of Issue/ Maturity	Amount of Original Issue	Interest Rate (%)	Balance 7/1/2025	Additions	Payments	Refunding	Balance 6/30/2026
2014A Issue	2014/2028	$ 11,405,000	2.00-5.00	$ 3,170,000	$ -	$ 875,000	$ -	$ 2,295,000
2018 Issue	2018/2032	21,840,000	3.00-5.00	11,825,000	-	1,560,000	10,265,000	-
2019 Issue	2019/2032	3,392,999	2.00-5.00	1,930,000	-	260,000	-	1,670,000
2020 Issue	2020/2025	794,000	1.00-1.13	165,000	-	165,000	-	-
2021 Issue	2021/2036	9,425,000	2.00-5.00	7,470,000	-	550,000	-	6,920,000
2021 Issue	2021/2026	818,000	0.50-1.00	335,000	-	165,000	-	170,000
2022 Issue	2022/2028	920,000	3.12-3.25	575,000	-	185,000	-	390,000
2023 Issue	2023/2040	15,660,000	4.00	14,940,000	-	745,000	-	14,195,000
2024 Issue	2024/2029	1,085,000	5.00	900,000	-	210,000	-	690,000
2025 Issue	2024/2030	1,212,000	7.00	1,212,000	-	222,000	-	990,000
2026 Issue	2025/2031	1,212,000	5.00	-	1,185,000	-	-	1,185,000
2026 Refunding Bonds	2026/2032	9,515,000	5.00	-	9,515,000	25,000	-	9,490,000
Total				$ 42,522,000	$ 10,700,000	$ 4,962,000	$ 10,265,000	$ 37,995,000

Premiums on Serial Bonds—The District's premiums are being amortized on a straight-line basis over the life of the related bonds. The total unamortized premiums as of June 30, 2026 was $3,336,398.

Lease Liability—The District entered into long-term leases for various equipment. The outstanding balance at June 30, 2026 was $1,199,831. Refer to Note 10 for additional information related to the District's leases.

Installment Purchase Debt—The District entered into an agreement for the financing of certain equipment. At June 30, 2026, the liability for the installment purchase debt totaled $95,669. The value of the assets as of the end of the current fiscal year was $75,514 and had accumulated amortization of $75,514.

Compensated Absences—The District records the value of compensated absences in the government-wide financial statements. The liability for compensated absences consists of unpaid accumulated annual sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and other employees expected to become eligible in the future to receive such payments are included. The amount recorded in the government-wide financial statements at June 30, 2026 for governmental activities is $6,786,743. Management estimates that $253,263 is due within one year. The annual budgets of the operating funds provide for these benefits as they become due.

OPEB Obligation—As explained in Note 8, the District provides health insurance coverage for certain retirees. The District's annual other postemployment benefit ("OPEB") obligation is measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The long-term OPEB obligation is estimated to be $7,941,836 at June 30, 2026.

Net Pension Liability—The District reported a liability, totaling $2,026,647, for its proportionate share of the net pension liability for the Employees' Retirement System. Refer to Note 7 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	Lease Liability	Installment Purchase Debt	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2027	$ 4,990,000	$ 462,645	$ 526,352	$ 30,110	$ 253,263	$ -	$ -	$ 6,262,370
2028	5,005,000	454,096	464,198	31,856	-	-	-	5,955,150
2029	4,470,000	365,997	209,281	33,703	-	-	-	5,078,981
2030	3,940,000	346,433	-	-	-	-	-	4,286,433
2031	3,825,000	343,490	-	-	-	-	-	4,168,490
2032-2036	10,885,000	1,005,095	-	-	-	-	-	11,890,095
2037-2040	4,880,000	358,642	-	-	-	-	-	5,238,642
Thereafter	-	-	-	-	6,533,480	7,941,836	2,026,647	16,501,963
Total	$ 37,995,000	$ 3,336,398	$ 1,199,831	$ 95,669	$ 6,786,743	$ 7,941,836	$ 2,026,647	$ 59,382,124

Interest requirements on serial bonds, lease liability, and installment purchase debt are as follows:

Year Ending June 30,	Serial Bonds	Lease Liability	Installment Purchase Debt	Total
2027	$ 1,549,375	$ 47,091	$ 5,548	$ 1,602,014
2028	1,300,850	22,664	3,802	1,327,316
2029	1,090,600	4,682	1,954	1,097,236
2030	892,400	-	-	892,400
2031	722,769	-	-	722,769
2032-2036	1,926,456	-	-	1,926,456
2037-2040	497,400	-	-	497,400
Total	$ 7,979,850	$ 74,437	$ 11,304	$ 8,065,591

13. 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, including infrastructure, 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 represents 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.

- ***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:

- ***Deposits***—Represents fund balance maintained for deposits with a municipality electric organization in the amount of $69,874.

- ***Inventories***—Represents the portion of fund balance, $3,408, 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 grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation. Restricted fund balance maintained by the District at June 30, 2026 includes:

	General Fund	Student Activities Fund	Total
Tax certiorari	$ 402,374	$ -	$ 402,374
Employee benefit accrued liability	1,640,506	-	1,640,506
Unemployment insurance	989,169	-	989,169
Capital reserve	555,218	-	555,218
Student activities	-	295,625	295,625
Debt service	2,857,289	-	2,857,289
Total	$ 6,444,556	$ 295,625	$ 6,740,181

- ***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.

- ***Employee Benefit Accrued Liability***—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.

- ***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.

- ***Capital Reserve***—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. An additional portion of the reserve represents donor restricted proceeds.

- ***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.
- ***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. Additionally, a portion of the reserve represents unspent proceeds of debt, premiums and amounts restricted by Board resolution restricted for debt service payments. A portion of this amount, $1,000,000, has been appropriated within the 2026-2027 budget.

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 balances.

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	$ 5,700,000	$ -	$ 5,700,000
Encumbrances	22,182	-	22,182
Specific use	-	626,304	626,304
Total	$ 5,722,182	$ 626,304	$ 6,348,486

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

If the District must use funds for emergency expenditures the Board of Education shall authorize the Assistant Superintendent for Business 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.

14. 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 as follows:

	Interfund	
Fund	Receivable	Payable
Governmental Funds:		
General Fund	$ 1,912,622	$ -
Special Aid Fund	-	1,909,664
Capital Projects Fund	-	2,908
Total governmental funds	1,912,622	1,912,572
Fiduciary Fund:		
Private-Purpose Trust Fund	-	50
Total	$ 1,912,622	$ 1,912,622

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.

The District made the following transfers during the year ended June 30, 2026:

	Transfers in:	
	Special Aid	
Transfers out:	Fund	Total
General Fund	$ 270,375	$ 270,375

Transfers are used to finance certain special aid programs.

15. SCHOLARSHIPS—PRIVATE PURPOSE TRUST

Within the Private-Purpose Trust, the District maintains various scholarships funds. The funds are increased through interest earnings and contributions and decreased through annual awards. A summary of the Private-Purpose Trust Fund balances in the accounts at June 30, 2026 is presented below:

Currey Scholarship Fund	$ 1,553
Worth Scholarship Fund	137
Huppuch Scholarship Fund	17,820
Gow Scholarship Fund	592
Donation Fund	1,480
Brown Scholarship Fund	3,857
Carnevale Scholarship Fund	1,882
Gillis Scholarship Fund	25,654
Heinike Scholarship Fund	227
Orchard Park Senior Class Service	1,002
Minias Scholarship Fund	2,704
Kelly Anne Ryan Scholarship Fund	9,549
Total scholarships	$ 66,457

16. LABOR CONTRACTS

District employees are represented by four bargaining units with the balance governed by Board of Education rules and regulations. The Orchard Park Teachers Association is negotiated through August 31, 2029, the Orchard Park Central Office Administrators Association is negotiated through June 30, 2028, the Orchard Park Principals Association contracts is negotiated through June 30, 2031, and the Orchard Park School Related Professionals Association is negotiated through June 30, 2027.

17. 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 $10,000. As of June 30, 2026, the District reported no significant encumbrances.

18. TAX ABATEMENTS

The District is subject to tax abatements granted by the Erie County Industrial Development Agency ("ECIDA"). These programs have the stated purpose of increasing business activity and employment in the region. Economic development agreements are entered into by the ECIDA 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 ECIDA, the District collected $508,249 during the 2025-2026 fiscal year in payments in lieu of taxes ("PILOT"), these collections were made in lieu of $571,074 in property taxes.

19. 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 business, 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 the granting of funds. Any disallowed expenditures resulting from such audits could become a liability of the governmental funds. While the amount of expenditures, if any, which may be disallowed cannot be determined at this time, management expects any amounts to be immaterial.

Other—The District is involved in litigation 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 operation.

20. SUBSEQUENT EVENTS

On September 1, 2026, the District issued $1,400,000 of serial bonds with a 5.00 percent interest rate. These bonds mature on September 1, 2031.

Management has evaluated subsequent events through October 13, 2026, which is the date the financial statements are available for issuance, and have determined, except as disclosed above, there are no subsequent events that require disclosure under generally accepted accounting principles.

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REQUIRED SUPPLEMENTARY INFORMATION

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ORCHARD PARK CENTRAL 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)	0.242494%	0.240411%	0.239259%	0.238882%	0.236341%	0.227015%	0.227663%	0.228007%	0.226767%	0.222106%
District's proportionate share of the net pension liability/(asset)	$ (14,358,235)	$ (7,172,910)	$ 2,736,132	$ 4,583,878	$ (40,955,603)	$ 6,273,036	$ (5,914,688)	$ (4,122,969)	$ (1,723,654)	$ 2,378,849
District's covered payroll	$ 48,482,785	$ 46,869,730	$ 45,121,590	$ 43,189,918	$ 40,804,062	$ 39,325,521	$ 39,011,445	$ 38,037,905	$ 36,777,108	$ 35,281,333
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	(29.6%)	(15.3%)	6.1%	10.6%	(100.4%)	16.0%	(15.2%)	(10.8%)	(4.7%)	6.7%
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%

ORCHARD PARK CENTRAL 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	$ 4,597,847	$ 4,814,123	$ 4,480,450	$ 4,547,403	$ 4,147,544	$ 3,822,923	$ 3,413,902	$ 4,035,595	$ 3,639,700	$ 4,211,592
Contributions in relation to the contractually required contribution	(4,597,847)	(4,814,123)	(4,480,450)	(4,547,403)	(4,147,544)	(3,822,923)	(3,413,902)	(4,035,595)	(3,639,700)	(4,211,592)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 50,422,096	$ 48,482,785	$ 46,869,730	$ 45,121,590	$ 43,189,918	$ 40,804,062	$ 39,325,521	$ 39,011,445	$ 38,037,905	$ 36,777,108
Contributions as a percentage of covered payroll	9.1%	9.9%	9.6%	10.1%	9.6%	9.4%	8.7%	10.3%	9.6%	11.5%

ORCHARD PARK CENTRAL 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)	0.0359223%	0.0374433%	0.0407802%	0.0383372%	0.0374707%	0.0360136%	0.0343773%	0.0364427%	0.0378406%	0.0365738%
District's proportionate share of the net pension liability/(asset)	$ 2,026,647	$ 6,419,921	$ 6,004,497	$ 8,221,045	$ (3,063,075)	$ 35,860	$ 9,103,318	$ 2,582,075	$ 1,221,285	$ 3,436,551
District's covered payroll	$ 17,132,010	$ 16,238,876	$ 16,289,512	$ 15,896,153	$ 14,060,779	$ 12,580,839	$ 12,750,876	$ 12,062,524	$ 12,063,733	$ 11,663,747
District's proportionate share of the net pension liability/(asset) as a percentage of its covered payroll	11.8%	39.5%	36.9%	51.7%	(21.8)%	0.3%	71.4%	21.4%	10.1%	29.5%
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%

ORCHARD PARK CENTRAL 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	$ 2,400,864	$ 2,222,706	$ 1,821,742	$ 1,467,918	$ 1,960,311	$ 1,795,210	$ 1,680,698	$ 1,715,884	$ 1,685,390	$ 1,658,630
Contributions in relation to the contractually required contribution	(2,400,864)	(2,222,706)	(1,821,742)	(1,467,918)	(1,960,311)	(1,795,210)	(1,680,698)	(1,715,884)	(1,685,390)	(1,658,630)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	$ 18,495,245	$ 17,614,519	$ 16,633,162	$ 15,703,409	$ 14,269,123	$ 13,144,380	$ 12,751,009	$ 12,602,993	$ 12,230,241	$ 11,505,521
Contributions as a percentage of covered payroll	13.0%	12.6%	11.0%	9.3%	13.7%	13.7%	13.2%	13.6%	13.8%	14.4%

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ORCHARD PARK CENTRAL 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	$ 343,205	$ 285,937	$ 190,678	$ 232,864	$ 258,158	$ 280,913	$ 261,647	$ 160,754	$ 166,352	$ 200,551
Interest	338,782	290,907	211,934	193,903	156,976	192,640	250,139	183,062	191,817	202,312
Differences between expected and actual experience	(101,321)	238,677	1,482,377	(1,127,837)	228,987	(1,254,557)	(564,055)	2,124,661	(189,417)	350,158
Changes of assumptions	(12,766)	(264,276)	(97,600)	(316,368)	(458,371)	177,787	808,221	(86,214)	100,977	(1,439,651)
Benefit terms	-	-	-	-	-	-	-	(1,719)	-	-
Benefit payments	(200,587)	(180,144)	(185,356)	(223,997)	(226,542)	(278,968)	(280,905)	(240,983)	(270,524)	(269,047)
Net changes in total OPEB liability	367,313	371,101	1,602,033	(1,241,435)	(40,792)	(882,185)	475,047	2,139,561	(795)	(955,677)
Total OPEB liability—beginning	7,574,523	7,203,422	5,601,389	6,842,824	6,883,616	7,765,801	7,290,754	5,151,193	5,151,988	6,107,665
Total OPEB liability—ending	$ 7,941,836	$ 7,574,523	$ 7,203,422	$ 5,601,389	$ 6,842,824	$ 6,883,616	$ 7,765,801	$ 7,290,754	$ 5,151,193	$ 5,151,988
Plan fiduciary net position										
Contributions—employer	$ 200,587	$ 180,144	$ 185,356	$ 223,997	$ 226,542	$ 278,968	$ 280,905	$ 240,983	$ 270,524	$ 269,047
Benefit payments	(200,587)	(180,144)	(185,356)	(223,997)	(226,542)	(278,968)	(280,905)	(240,983)	(270,524)	(269,047)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's net OPEB liability—ending	$ 7,941,836	$ 7,574,523	$ 7,203,422	$ 5,601,389	$ 6,842,824	$ 6,883,616	$ 7,765,801	$ 7,290,754	$ 5,151,193	$ 5,151,988
Plan's fiduciary net position as a percentage of total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	$51,591,159	n/a	n/a	$ 45,470,425	$ 39,247,388	$ 37,942,177	$ 36,758,552	$ 35,236,599	$ 34,107,636	$ 34,107,636
District's net OPEB liability as a percentage of covered-employee payroll	15.4%	n/a	n/a	12.3%	17.4%	18.1%	21.1%	20.7%	15.1%	15.1%

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

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures and Changes in Fund Balance—
Budget (Non-GAAP Basis) 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	$ 72,362,950	$ 72,362,950	$ -	$ 72,174,429	$ 188,521
Real property tax items	3,655,000	3,655,000	-	3,717,057	(62,057)
Non-property tax items	7,500,000	7,500,000	-	8,442,417	(942,417)
Charges for services	361,000	361,000	-	220,903	140,097
Use of money and property	852,000	852,000	-	1,324,071	(472,071)
Miscellaneous	270,000	270,000	-	1,578,589	(1,308,589)
State sources:			-		-
Basic formula and excess cost aid	16,049,630	16,049,630	-	16,763,490	(713,860)
Lottery aid	9,000,000	9,000,000	-	8,335,934	664,066
Excess cost aid	5,808,717	5,808,717	-	6,180,052	(371,335)
BOCES aid	2,847,796	2,847,796	-	3,067,716	(219,920)
Tuition and transportation	-	-	-	10,858	(10,858)
Textbook aid	305,871	305,871	-	255,732	50,139
Computer hardware	73,195	73,195	-	61,779	11,416
Computer software	78,660	78,660	-	56,251	22,409
Library / loan program	32,819	32,819	-	30,843	1,976
Miscellaneous	-	-	-	109,047	(109,047)
Federal sources:					
Medicaid assistance	100,000	100,000	-	125,095	(25,095)
Total revenues	119,297,638	119,297,638	-	122,454,263	(3,156,625)
OTHER FINANCING SOURCES					
Premium on serial bonds issued	-	-		70,621	(70,621)
Installment purchase debt	-	-		1,038,729	(1,038,729)
Appropriated reserves	1,700,000	1,700,000	-	-	1,700,000
Total other financing sources	1,700,000	1,700,000	-	1,109,350	590,650
Total revenues and other financing sources	$ 120,997,638	$ 120,997,638	$ -	$ 123,563,613	$ (2,565,975)

(continued)

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Revenues, Expenditures, and Changes in Fund Balance—
Budget (Non-GAAP Basis) 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)
	Original	Final	Original Budget	Amounts	Encumbrances	Budgetary Actual
EXPENDITURES						
General support:						
Board of education	$ 29,700	$ 16,551	$ (13,149)	$ 9,682	$ -	$ 6,869
Central administration	393,100	406,249	13,149	396,129	-	10,120
Finance	808,638	938,492	129,854	891,568	-	46,924
Staff	969,000	902,181	(66,819)	887,757	-	14,424
Central services	8,155,428	8,186,755	31,327	8,016,531	2,823	167,401
Special items	1,698,120	1,758,737	60,617	1,751,847	-	6,890
Instruction:			-			
Instruction, administration and improvements	5,034,051	5,267,740	- 233,689	5,250,185	-	17,555
Teaching—regular school	38,763,946	38,918,400	154,454	38,573,758	11,773	332,869
Programs for pupils with handicapping conditions	14,540,000	13,685,352	- (854,648)	13,171,142	5,900	508,310
Occupational education	1,835,000	1,884,000	49,000	1,879,673	-	4,327
Teaching—special school	277,200	248,597	(28,603)	219,803	-	28,794
Instructional media	4,162,662	4,324,159	161,497	4,165,509	24	158,626
Pupil services	5,083,962	6,300,386	1,216,424	6,201,030	1,662	97,694
Pupil transportation	5,860,510	5,422,850	(437,660)	5,191,177	-	231,673
Employee benefits	30,484,500	29,180,225	(1,304,275)	27,714,235	-	1,465,990
Debt service:						
Principal	4,937,000	5,529,991	592,991	5,529,991	-	-
Interest and other fiscal charges	3,063,552	3,380,838	317,286	3,320,777	-	60,061
Total expenditures/encumbrances	126,096,369	126,351,503	255,134	123,170,794	22,182	3,158,527
OTHER FINANCING USES						
Transfers out	630,000	374,866	(255,134)	270,375	-	104,491
Total expenditures/encumbrances and other financing uses	126,726,369	126,726,369	-	123,441,169	22,182	3,263,018
Net change in fund balance*	(5,728,731)	(5,728,731)	-	122,444		
Fund balance—beginning	15,716,209	15,716,209	-	15,716,209		
Fund balance—ending	$ 9,987,478	$ 9,987,478	$ -	$ 15,838,653		

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

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

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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.

2. OPEB LIABILITY

Changes of Assumptions—Changes of assumptions reflect the effects of changes in the long-term bond rate and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity Municipal Go AA 20-Year Bond rate as of the measurement date, which increased from 4.39% to 4.41% at June 30, 2026. Finally, the initial healthcare cost trend rate increased from 5.30% to 6.10%, and the ultimate rate decreased from 3.71% to 3.70% at June 30, 2026.

3. BUDGETARY INFORMATION

Budgetary Basis of Accounting—An annual budget is 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 School Lunch Fund, the Special Aid Fund, and Student Activities Fund. A budget is maintained for the School Lunch Fund as a management tool for internal control purposes. Appropriation limits, where applicable, for the Special Aid Fund is maintained based on individual grants and donations or fundraising revenues 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.

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 exceeding $10,000 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.

4. GENERAL FUND BUDGETARY HIGHLIGHTS

Original budget compared to final budget—During the year ended June 30, 2026, the District made significant budget transfers to increase expenditures to cover increased costs for special education services, pupil services, and increased salary costs related to instruction. Additional budget transfers were made for an increase in debt service expenditures related to leases. The District did not make any budget amendments during the year.

F*inal budget compared to actual results*—The most significant difference between estimated revenues and actual revenues included miscellaneous, non-property tax items, and basic formula and excess cost aid. Miscellaneous revenue was greater than anticipated due to the bond anticipation note premium during the year. Non-property tax items was more than anticipated due to additional sales tax revenues. Basic formula and excess cost aid was more than anticipated due to an additional BOCES excess cost aid for increased special education services during the year.

The most significant difference between estimated expenditures and actual expenditures included employee benefits and programs for pupils with handicapping conditions. Employee benefits and teaching costs were less than anticipated as the District budgets conservatively to account for rate changes and medical insurance increases. Programs for pupils with handicapping conditions costs were less than expected due to the District budgeting conservatively for special education tuition costs.

SUPPLEMENTARY INFORMATION

ORCHARD PARK CENTRAL 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

Change from Adopted Budget to Final Budget

Adopted budget, 2025-2026		$ 126,697,638
Add: Prior year's encumbrances		28,731
Original budget, 2025-2026		126,726,369
Final budget, 2025-2026		$ 126,726,369

Section 1318 of Real Property Tax Law Limit Calculation

2026-2027 Voter-approved expenditure budget	$ 131,659,368	
Maximum allowed (4% of 2026-2027 budget)		$ 5,266,375
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	$ 5,722,182	
Unassigned fund balance	3,602,041	
Total unrestricted fund balance		$ 9,324,223
Less:		
Appropriated fund balance	$ 5,700,000	
Encumbrances included in assigned fund balance	22,182	
Total adjustments		5,722,182
General Fund fund balance subject to Section 1318 of Real Property Tax Law		$ 3,602,041
Actual percentage		2.74%

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

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Capital Project Expenditures
Year Ended June 30, 2026

Description	Original Appropriation	Revised Appropriation	Expenditures to Date: Prior Years	Expenditures to Date: Current Year	Expenditures to Date: Total	Unexpended Balance
Bus - transportation 2025 (H6)	1,194,426	1,194,426	-	1,194,426	1,194,426	-
District Wide Capital Improvement (H15)	114,000,000	114,000,000	34,725,770	26,343,426	61,069,196	52,930,804
Total	$ 115,194,426	$ 115,194,426	$ 34,725,770	$ 27,537,852	$ 62,263,622	$ 52,930,804

ORCHARD PARK CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
June 30, 2026

Capital assets, net of accumulated depreciation/amortization		$ 114,556,143
Add:		
Unspent debt premiums	$ 2,857,289	
Unspent debt proceeds	33,811,868	36,669,157
Deduct:		
Serial bonds issued for capital assets	(37,995,000)	
Unamortized premium on serial bonds	(3,265,648)	
Lease liability	(1,199,831)	
Installment purchase debt	(95,669)	
Capital Projects Fund accounts payable	(3,608,180)	
Bond anticipation notes issued for capital assets	(70,986,016)	(117,150,344)
Net investment in capital assets		$ 34,074,956

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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
Orchard Park Central 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 ("*Government Auditing Standards"*), the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Orchard Park Central 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 13, 2026 (which report includes an emphasis of matter paragraph regarding the restatement for the correction of an error).

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 13, 2026