GOWANDA 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

GOWANDA CENTRAL SCHOOL DISTRICT, NEW YORK
Table of Contents
Year Ended June 30, 2026

Page

Independent Auditors' Report 1
Management's Discussion and Analysis 4

Basic Financial Statements:

Government-wide Financial Statements:
- Statement of Net Position 11
- Statement of Activities 12

Fund Financial Statements:
- Balance Sheet—Governmental Funds 13
- Reconciliation of the Balance Sheet—Governmental Funds to the Government-wide Statement of Net Position 14
- Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds 15
- Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities 16
- Statement of Fiduciary Net Position—Private Purpose Trust Fund 17
- Statement of Changes in Fiduciary Net Position—Private Purpose Trust Fund 18

Notes to the Financial Statements 19

Required Supplementary Information:

Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—Teachers' Retirement System 45
Schedule of the District's Contributions—Teachers' Retirement System 46
Schedule of the District's Proportionate Share of the Net Pension Liability/(Asset)—Employees' Retirement System 47
Schedule of the District's Contributions—Employees' Retirement System 48
Schedule of Changes in the District's Total OPEB Liability and Related Ratios 49
Schedule of Revenues, Expenditures, and Changes in Fund Balance—Budget (Non-GAAP Basis) and Actual—General Fund 50
Notes to the Required Supplementary Information 52

(continued)

GOWANDA CENTRAL SCHOOL DISTRICT, NEW YORK
Table of Contents
Year Ended June 30, 2026

(concluded)

Page

Supplementary Information:

Schedule of Change from Adopted Budget to Final Budget and the Real Property Tax Limit—General Fund 54

Schedule of Capital Project Expenditures 55

Net Investment in Capital Assets 56

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* 57

DRESCHER & MALECKI LLP
2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178

Drescher & Malecki
Certified Public Accountants

INDEPENDENT AUDITORS' REPORT

The Board of Education
Gowanda 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 Gowanda 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.

Responsibilities of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and GAS, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The Supplementary Information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The Supplementary Information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Supplementary Information, as listed in the table of contents, 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 9, 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 the District's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Brecher & Malecki LLP

October 9, 2026

As management of the Clarence 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 year 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 11 and 12 of this report.

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

> ***Governmental funds***—*Governmental funds* are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available

at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

The District maintains six individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the General Fund, Special Aid Fund, School Lunch Fund, Student Activities Fund, Debt Service Fund, and Capital Projects Fund, all of which are presented as major funds.

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

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

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

Notes to the financial statements—The notes provide additional information that is essential to a full understanding of the data provided in the 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 19-44 of this report.

Other information—In addition to the basic financial statements and accompanying notes, this report also presents certain r*equired supplementary information* concerning the District's net pension liability/(asset), the changes in the District's total other postemployment benefits ("OPEB") obligation, and the District's budgetary comparison for the General Fund. Required Supplementary Information and the related notes to the required supplementary information can be found on pages 45-53 of this report.

Supplementary information is presented immediately following the Required Supplementary Information in the Supplementary Information section of this report on pages 54-56 of this report.

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 $72,135,513 at the close of the most recent fiscal year, as compared to $66,564,247, at the close of the fiscal year ended June 30, 2025.

Table 1, shown on the following page, presents a condensed statement of net position compared to the prior year.

Table 1—District's Net Position

	June 30,	
	2026	2025
Current and other assets	$ 42,784,729	$ 39,734,149
Capital assets	55,251,523	52,917,034
Total assets	98,036,252	92,651,183
Deferred outflows of resources	7,006,929	6,254,973
Current liabilities	3,875,198	3,034,198
Long-term liabilities outstanding	24,228,910	26,045,838
Total liabilities	28,104,108	29,080,036
Deferred inflows of resources	4,803,560	3,261,873
Net position:		
Net investment in capital assets	37,637,509	34,438,807
Restricted	26,578,285	27,218,269
Unrestricted	7,919,719	4,907,171
Total net position	$ 72,135,513	$ 66,564,247

The largest portion of the District's net position, $37,637,509 reflects its investment in capital assets (e.g. land, buildings, improvements, equipment, and right-to-use leased assets), 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 net position, $26,578,285, represents resources that are subject to external restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

The remaining balance of the District's net position, $7,919,719, represents unrestricted net position and may be used to meet the District's ongoing operations.

Governmental activities—Current and other assets increased in governmental activities by $3,050,580 from the prior year. During the current year, the District incurred an increase in the net pension asset related to TRS of $1,785,872 from the prior year.

Current liabilities in governmental activities increased $841,000 from the prior year. During the current year, the District had an increase in accounts payable of $780,740 due to significant activity on various capital projects throughout the District.

Long-term liabilities, which consist of serial bonds, premium on serial bonds, other postemployment benefit obligations, compensated absences, and net pension liability, decreased by $1,816,928 from the previous year. The serial bonds and related premiums decreased $1,549,329 due to scheduled principal payments and premium amortization.

The District's overall net position increased $5,571,266 from the prior fiscal year. The reasons for this overall increase are discussed in the following sections for governmental activities.

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

Table 2—District's Changes in Net Position

	Year Ended June 30,	
	2026	2025
Revenues:		
Program revenues:		
Charges for services	$ 3,195,258	$ 2,674,512
Operating grants and contributions	6,607,746	7,241,491
Capital grants and contributions	106,765	113,370
General revenues:		
Real property taxes and other tax items	5,441,378	5,379,917
Non-property tax items	1,138,877	1,075,681
Use of money and property	1,010,945	964,801
Sale of property and compensation for loss	62,876	79,784
Miscellaneous	227,046	651,531
State sources—unrestricted	26,977,137	26,108,146
Total revenues	44,768,028	44,289,233
Expenses:		
General support	6,821,220	5,388,913
Instruction	27,191,599	28,127,890
Pupil transportation	3,192,299	3,066,329
School food service	1,125,937	1,028,244
Student activities	227,658	229,418
Interest and other fiscal charges	638,049	695,733
Total expenses	39,196,762	38,536,527
Change in net position	5,571,266	5,752,706
Net position—beginning	66,564,247	60,811,541
Net position—ending	$ 72,135,513	$ 66,564,247

Governmental activities—During the current fiscal year, net position for governmental activities increased $5,571,266 from the prior fiscal year for an ending balance of $66,564,247. The increase in the overall net position of governmental activities is primarily due to the $1,785,872 increase of the net pension asset for TRS coupled with increase capital project expenditures that increase the construction in progress balance by $3,285,677.

Revenues increased by $478,795 from the prior year. The increase primarily occurred within charges for services, and state aid relating to increased native American tuition and basic formula aid in the current fiscal year.

Expenses increased by $660,235 from the prior year. The most significant increase was $1,432,307 in the general support function due primarily to information technology improvements district-wide.

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, the Special Aid Fund, the School Lunch Fund, the Student Activities Fund, the Debt Service Fund, and the Capital Projects 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 of $35,245,951, an increase of $408,917 from the prior year. Approximately 18.6 percent, or $6,539,931, of this amount 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, $61,719, (2) restricted for particular purposes, $26,578,285 or (3) assigned for particular purposes, $2,066,016.

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 $6,539,931, while total fund balance decreased to $25,879,562. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures and transfers out. Unassigned fund balance represents 14.0 percent of total General Fund expenditures and transfers out, while total fund balance represents 55.3 percent of that same amount.

The total fund balance of the District's General Fund decreased by $6,533,311 during the current fiscal year. During the annual budget process, the District anticipated utilizing $4,122,910 of fund balance (this included the re-appropriation of prior year's encumbrances and an appropriation (i.e., spenddown) of fund balance, including use of reserves). Largely as a result of budget revisions for an increase in transfers out to the Capital Projects Fund, the District's General Fund fund balance ended $2,410,401 lower than originally anticipated.

Special Aid Fund—The Special Aid Fund maintains funds that are received from the State and Federal governments. Total revenues amounted to $2,869,740 and were comprised of State and Federal sources. Expenditures totaled $2,933,940 and were used toward the instruction and transportation of students. During the year ended June 30, 2026, the General Fund transferred $64,200 to the Special Aid Fund to cover additional program costs.

School Lunch Fund—The School Lunch Fund total fund balance is $145,775 as of June 30, 2026, of which $48,151 represents inventory and is considered nonspendable. The remaining portion of fund balance, $97,624, or 67.0 percent of total fund balance, is considered assigned for school lunch purposes. The fund balance of the District's School Lunch Fund decreased $94,203 during the current fiscal year as a result of increased cost of sales.

Student Activities Fund—The Student Activities Fund reports a fund balance of $134,246 at June 30, 2026, an increase of $16,474 from the prior year. This total fund balance amount is classified as restricted fund balance for the future payment of extraclassroom activities on behalf of the students and future payments towards the District's flexible spending plans.

Debt Service Fund—The Debt Service Fund reports a fund balance of $181,086, at June 30, 2026, an increase of $5,677 from the prior year due to the interest earnings. This total fund balance amount is classified as restricted fund balance for the future payment of debt principal and interest.

Capital Projects Fund—The fund balance in the Capital Projects Fund increased $7,014,280 from the prior year, resulting in ending fund balance of $8,905,282 as of June 30, 2026. The District had transfers in from the General Fund in the amount of $10,100,000 and incurred capital outlay expenditures of $3,285,677 during the fiscal year ended June 30, 2026. At the end of the current fiscal year, the District had five open capital projects covering capital outlay, smart schools bond act, pool repair, emergency hail storm, and general capital improvements.

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 $55,251,523 (net of accumulated depreciation/amortization). This investment in capital assets includes land, construction in progress, land improvements, buildings and improvements, equipment and vehicles, and right-to-use leased equipment and vehicles. All depreciable/amortizable capital assets were depreciated/amortized from acquisition date to the end of the current year as outlined in the District's capital asset policy.

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

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

	Year Ended June 30,	
	2026	2025
Land	$ 162,200	$ 162,200
Construction in progress	2,202,427	401,184
Buildings and improvements	49,847,111	50,411,211
Furniture and equipment	2,697,643	1,608,780
Intangible assets:		
Lease assets - equipment and vehicles	342,142	333,659
Total	$ 55,251,523	$ 52,917,034

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

- Capital projects increasing construction in progress by $3,285,677
- Completion of a capital outlay project totaling $1,484,434
- Purchase of various school buses totaling $1,259,372
- Disposal of fully depreciated school buses totaling $329,567
- Depreciation/amortization expense totaling $2,921,896

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

Long-term financing—At June 30, 2026, the District reported total long-term financing liabilities of $16,928,898, composed of serial bonds and premium on serial bonds. During the current year, long-term financing liabilities decreased by $1,549,329.

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 Financing

	Year Ended June 30,	
	2026	2025
Serial bonds	$ 15,105,000	$ 16,500,000
Premium on serial bonds	1,823,898	1,978,227
Total	$ 16,928,898	$ 18,478,227

The $15,105,000 million general obligation bonds are bonded debt, backed by the full faith and credit of the government.

The District maintained an "MIG 1" rating from Moody's Investors Service for general obligation debt.

State statutes limit the amount of general obligation debt a governmental entity may issue to 10 percent of the average full valuation of taxable property within the jurisdiction. The current debt limitation for the District is $39,072,378, which is significantly more than the District's outstanding general obligation debt.

Additional information on the District's long-term liabilities can be found in Note 9 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 unemployment rate of 4.6 percent. These factors are considered in preparing the District's budget.

The 2026-2027 adopted budget appropriations total of $40,655,630 is an approximate increase of 4.1 percent as compared to the $39,040,816 budgeted appropriations in 2025-2026. The District's total tax levy in 2026-2027 is $5,488,398, compared to $5,423,318 levied during the 2025-2026 year.

Requests for Information

This financial report is designed to provide a general overview of the District's finances and to show the District's accountability for the money it receives. If you have any questions about this report or need additional financial information, contact School Business Administrator, 10674 Prospect Street Gowanda, New York 14070.

** THIS PAGE INTENTIONALLY LEFT BLANK **

BASIC FINANCIAL STATEMENTS

*** THIS PAGE INTENTIONALLY LEFT BLANK***

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

	Primary Government
	Governmental Activities
ASSETS	
Cash and cash equivalents	$ 5,474,121
Restricted cash and cash equivalents	27,170,383
Receivables	14,640
Intergovernmental receivables	6,213,673
Prepaid items	13,568
Inventories	48,151
Noncurrent net pension assets	3,850,193
Capital assets not being depreciated/amortized	2,364,627
Capital assets, net of accumulated depreciation/amortization	52,886,896
Total assets	98,036,252
DEFERRED OUTFLOWS OF RESOURCES	
Deferred outflows—relating to pension plans	5,730,395
Deferred outflows—relating to OPEB	1,276,534
Total deferred outflows of resources	7,006,929
LIABILITIES	
Accounts payable	1,487,729
Accrued liabilities	732,452
Due to retirement systems	1,640,612
Intergovernmental payables	658
Unearned revenue	13,747
Noncurrent liabilities:	
Due within one year	1,753,762
Due within more than one year	22,475,148
Total liabilities	28,104,108
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows—relating to pension plans	4,335,313
Deferred inflows—relating to OPEB	468,247
Total deferred inflows of resources	4,803,560
NET POSITION	
Net investment in capital assets	37,637,509
Restricted:	
Retirement contribution	4,822,201
Unemployment insurance	151,498
Insurance	200,047
Employee benefit accrued liabilities	2,430,870
Capital projects	12,019,969
Transportation	5,489,148
Repairs	1,149,220
Debt service	181,086
Student activities	134,246
Unrestricted	7,919,719
Total net position	$ 72,135,513

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

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

Function/Program	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions	Net (Expense) Revenue and Changes in Net Position: Primary Government: Governmental Activities
Governmental activities:					
General support	$ 6,821,220	$ -	$ -	$ -	$ (6,821,220)
Instruction	27,191,599	2,850,434	5,560,024	106,765	(18,887,906)
Pupil transportation	3,192,299	-	-	-	(3,192,299)
School food service	1,125,937	100,692	1,047,722	-	22,477
Student activities	227,658	244,132	-	-	16,474
Interest and other fiscal charges	638,049	-	-	-	(638,049)
Total primary government	$ 39,196,762	$ 3,195,258	$ 6,607,746	$ 106,765	(29,286,993)
General revenues:					
Real property taxes and other tax items					5,441,378
Non property tax items					1,138,877
Use of money and property					1,010,945
Sale of property and compensation for loss					62,876
Miscellaneous					227,046
State sources—unrestricted					26,977,137
Total general revenues					34,858,259
Change in net position					5,571,266
Net position—beginning					66,564,247
Net position—ending					$ 72,135,513

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

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

	General	Special Revenue: Special Aid	Special Revenue: School Lunch	Special Revenue: Student Activities	Debt Service	Capital Projects	Total Governmental Funds
ASSETS							
Cash and cash equivalents	$ 5,358,700	$ 76,508	$ 38,913	$ -	$ -	$ -	$ 5,474,121
Restricted cash and cash equivalents	17,357,671	9,713	4,034	134,246	181,086	9,483,633	27,170,383
Receivables	9,525	-	5,115	-	-	-	14,640
Due from other funds	1,995,670	-	-	-	-	-	1,995,670
Intergovernmental receivables	3,137,668	2,874,319	94,921	-	-	106,765	6,213,673
Prepaid items	13,568	-	-	-	-	-	13,568
Inventories	-	-	48,151	-	-	-	48,151
Total assets	$ 27,872,802	$ 2,960,540	$ 191,134	$ 134,246	$ 181,086	$ 9,590,398	$ 40,930,206
LIABILITIES							
Accounts payable	$ 789,098	$ 6,866	$ 6,649	$ -	$ -	$ 685,116	$ 1,487,729
Accrued liabilities	506,844	33,050	5,945	-	-	-	545,839
Due to other funds	-	1,987,908	7,762	-	-	-	1,995,670
Due to retirement systems	697,298	923,003	20,311	-	-	-	1,640,612
Intergovernmental payables	-	-	658	-	-	-	658
Unearned revenue	-	9,713	4,034	-	-	-	13,747
Total liabilities	1,993,240	2,960,540	45,359	-	-	685,116	5,684,255
FUND BALANCES							
Nonspendable	13,568	-	48,151	-	-	-	61,719
Restricted	17,357,671	-	-	134,246	181,086	8,905,282	26,578,285
Assigned	1,968,392	-	97,624	-	-	-	2,066,016
Unassigned	6,539,931	-	-	-	-	-	6,539,931
Total fund balances	25,879,562	-	145,775	134,246	181,086	8,905,282	35,245,951
Total liabilities and fund balances	$ 27,872,802	$ 2,960,540	$ 191,134	$ 134,246	$ 181,086	$ 9,590,398	$ 40,930,206

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

GOWANDA 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 11) are different because:

Total fund balances—governmental funds (page 13)		$ 35,245,951
Net pension assets are not current financial resources and, therefore, are not reported in the fund statements.		3,850,193
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 $90,985,552 and the accumulated depreciation/amortization is $35,734,029.		55,251,523
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	$ 1,462,544	
Deferred outflows related to experience, changes of assumptions, investment earnings, and changes in proportion	4,267,851	
Deferred inflows of resources related to pension plans	(4,335,313)	1,395,082
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 employer contributions	$ 54,266	
Deferred outflows related to experience and changes of assumptions	1,222,268	
Deferred inflows related to experience and changes of assumptions	(468,247)	808,287
Net accrued interest expense for serial bonds is not reported in the fund statements.		(186,613)
Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the fund statements. The effect of these items are:		
Serial bonds	$ (15,105,000)	
Premium on serial bonds	(1,823,898)	
Compensated absences	(5,507,004)	
OPEB obligation	(1,174,597)	
Net pension liability	(618,411)	(24,228,910)
Net position of governmental activities		$ 72,135,513

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

GOWANDA CENTRAL SCHOOL DISTRICT, NEW YORK
Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds
Year Ended June 30, 2026

	General	Special Revenue			Debt Service	Capital Projects	Total Governmental Funds
		Special Aid	School Lunch	Student Activities			
REVENUES							
Real property taxes and tax items	$ 5,441,378	$ -	$ -	$ -	$ -	$ -	$ 5,441,378
Non property tax items	1,138,877	-	-	-	-	-	1,138,877
Charges for services	2,850,434	-	-	-	-	-	2,850,434
Use of money and property	934,106	-	2,970	-	5,677	68,192	1,010,945
Sale of property and compensation for loss	37,876	-	-	-	-	25,000	62,876
Interfund revenues	2,901	-	-	-	-	-	2,901
Miscellaneous	195,181	26,903	2,061	-	-	-	224,145
State sources	27,410,568	1,593,731	122,172	-	-	106,765	29,233,236
Federal sources	2,283,756	1,249,106	925,550	-	-	-	4,458,412
Sales—food service	-	-	100,692	-	-	-	100,692
Student activity collections	-	-	-	244,132	-	-	244,132
Total revenues	40,295,077	2,869,740	1,153,445	244,132	5,677	199,957	44,768,028
EXPENDITURES							
Current:							
General support	6,059,462	-	-	-	-	-	6,059,462
Instruction	18,451,888	1,938,525	-	-	-	-	20,390,413
Pupil transportation	2,743,959	995,415	-	-	-	-	3,739,374
Employee benefits	7,171,710	-	186,469	-	-	-	7,358,179
Debt service:							
Principal	1,395,000	-	-	-	-	-	1,395,000
Interest	807,169	-	-	-	-	-	807,169
Cost of sales	-	-	1,096,179	-	-	-	1,096,179
Student activities	-	-	-	227,658	-	-	227,658
Capital outlay	-	-	-	-	-	3,285,677	3,285,677
Total expenditures	36,629,188	2,933,940	1,282,648	227,658	-	3,285,677	44,359,111
Excess (deficiency) of revenues over expenditures	3,665,889	(64,200)	(129,203)	16,474	5,677	(3,085,720)	408,917
OTHER FINANCING SOURCES (USES)							
Transfers in	-	64,200	35,000	-	-	10,100,000	10,199,200
Transfers out	(10,199,200)	-	-	-	-	-	(10,199,200)
Total other financing sources (uses)	(10,199,200)	64,200	35,000	-	-	10,100,000	-
Net change in fund balances	(6,533,311)	-	(94,203)	16,474	5,677	7,014,280	408,917
Fund balances—beginning	32,412,873	-	239,978	117,772	175,409	1,891,002	34,837,034
Fund balances—ending	$ 25,879,562	$ -	$ 145,775	$ 134,246	$ 181,086	$ 8,905,282	$ 35,245,951

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

GOWANDA CENTRAL SCHOOL DISTRICT, NEW YORK
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances—Governmental Funds to the Government-wide Statement of Activities
Year Ended June 30, 2026

Amounts reported for governmental activities in the statement of activities (page 12) are different because:			
Net change in fund balances—total governmental funds (page 15)			$ 408,917
Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay exceeded depreciation/amortization and loss on disposals in the current period.			
Capital asset additions	$	5,299,284	
Loss on disposal and reclassification of assets		(42,899)	
Depreciation/amortization expense		(2,921,896)	2,334,489
Net differences between pension contributions recognized on the fund financial statements and the government-wide financial statements are as follows:			
District pension contributions	$	1,918,990	
Employee contributions net of benefits earned		(456,169)	1,462,821
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.			911,085
In the statement of activities, interest expense is recognized as it accrues, regardless of when it is paid.			14,791
The issuance of long-term debt provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. Additionally, in the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds, however, expenditures for these items are measured by the amount of financial resources used (essentially, the amounts actually paid). The net effect of these differences in the treatment of long-term debt and the related items is as follows:			
Repayment of serial bonds	$	1,395,000	
Amortization of premium on serial bonds		154,329	
Change in compensated absences		(185,199)	
Change in OPEB obligation		(924,967)	439,163
Change in net position of governmental activities			$ 5,571,266

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

GOWANDA 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	551,079
Total assets	551,079
NET POSITION	
Restricted for scholarships	551,079
Total net position	$ 551,079

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

GOWANDA 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	
Gifts and contributions	$ 1,468
Investment earnings	17,764
Total additions	19,232
DEDUCTIONS	
Scholarships and awards	25,000
Change in fiduciary net position	(5,768)
Net position—beginning	556,847
Net position—ending	$ 551,079

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

*** THIS PAGE INTENTIONALLY LEFT BLANK***

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The basic financial statements of Gowanda 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 supported by taxes, intergovernmental revenues and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The District reports no business-type activities or component units.

Reporting Entity

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

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

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

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

Joint Venture—The District is one of 27 participating school districts in the Erie 2 Board of Cooperative Education Services ("BOCES"). Formed under Section 1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares 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 fiscal year ended June 30, 2026, the District was billed $4,496,448 for BOCES administrative and program costs. The District's share of BOCES aid and refunds amounted to $1,754,842 for the year ended June 30, 2026. 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 revenues for the General Fund is state sources.

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

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

- *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.

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

Additionally, the District reports the following fund types:

- *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 ad 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 and certain grant revenues to be available if they are expected to be collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, claims and judgments, and pensions are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital 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 Agencies, repurchase agreements and obligations of New York State or its localities. The District had no investments at June 30, 2026; however, when the District does have investments they are recorded at fair value in accordance with GASB.

Restricted Cash and Cash Equivalents—Restricted cash and cash equivalents represent amounts to support unearned revenues, restricted fund balances, and amounts held on behalf of others.

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

Prepaid Items—Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenses/expenditures when consumed rather than when purchased.

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, buildings, land improvements, furniture and equipment, vehicles, and intangible lease assets 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 ($5,000) for the type of asset and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost. The reported value excludes normal maintenance and repairs, which are essentially amounts spent in relation to capital assets that do not increase the capacity or efficiency of the item or increase its estimated useful life. Donated capital assets are recorded at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are completed. Right-to-use lease assets are initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Those assets are amortized over the shorter of the lease term or its useful life.

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

	Capitalization Threshold	Estimated Useful Life (Years)
Buildings	$ 5,000	50
Land improvements	5,000	25-30
Furniture and equipment	5,000	5-20
Vehicles	5,000	5-8
Right-to-use leased assets	5,000	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).

Leases—The District recognizes lease liabilities with an initial, individual value of $5,000 or more. At the commencement of a lease, the District initially measures the lease liability at the present value of any remaining payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of the lease payments made, as applicable. As of June 30, 2026, all lease payments were made at or before commencement of the respective leases. Accordingly, there are no remaining payments expected and the District reports no lease liability at June 30, 2026.

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 $9,713 and $4,034 of unearned revenue in the Special Aid Fund and School Lunch Fund, respectively. The District received monies in advance but has not performed the services and therefore recognizes a liability.

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

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. At June 30, 2026, the District reports two deferred inflows of resources on the government-wide financial statements related to pensions and OPEB, respectively. The first item represents the effect of the net change in the District's proportion of the collective net pension liability/(asset) and the difference during the measurement periods between the District's contributions, and its proportionate share of total contributions to the pension systems not included in pension expense. The second represents the effects of the change in the District's proportion of the collective OPEB liability and difference during the measurement period between certain of the employer's contributions and its proportionate share of the total of certain contributions from employers included in the collective OPEB liability.

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

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

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

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

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/(asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the defined benefit pension plans, and changes thereof, have been determined on the same basis as they are reported by the respective defined benefit pension plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with benefit terms. Investments are reported at fair value. More information regarding pensions is included in Note 6.

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

Other

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

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

Future Impacts of Accounting Pronouncements—The District has not completed the process of evaluating the impact that will result from adopting GASB Statement No. 105, *Subsequent Events*, effective for the fiscal 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.

2. CASH, CASH EQUIVALENTS, AND INVESTMENTS

The District's investment policies are governed by State statutes. District monies must be deposited in FDIC-insured commercial banks or trust companies located within New York State. The District's School Business Administrator 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 deposit, time deposit 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 at June 30, 2026, are presented below:

	Governmental Funds	Fiduciary Funds	Total
Petty cash (uncollateralized)	$ 507	$ -	$ 507
Deposits	32,643,997	551,079	33,195,076
Total	$ 32,644,504	$ 551,079	$ 33,195,583

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

	Bank Balance	Carrying Amount
FDIC insured	$ 750,000	$ 750,000
Uninsured:		
Collateral held by pledging bank's agent in the District's name	33,097,651	32,445,076
Total	$ 33,847,651	$ 33,195,076

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

Restricted Cash and Cash Equivalents—The District reports unspent proceeds of debt and amounts to support unearned revenues, restricted fund balances, and amounts held on behalf of others as restricted cash and cash equivalents. At June 30, 2026, the District reported $27,170,383 and $551,079 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.

3. RECEIVABLES

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

Receivables—Primarily represents amounts due from various sources for out-of-District tuition, commissions, reimbursements and other services provided. The District reported amounts of $9,525 and $5,115 in the General Fund and School Lunch Fund, respectively.

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 - BOCES aid	$ 938,465	
New York State - General aid	564,443	
New York State - Medicaid	24,283	
Erie County - sales tax	38,885	
Native American Tuition	1,571,592	$ 3,137,668
Special Aid Fund:		
New York State - MBK	16,911	
New York State - ESEA Title 1	152,968	
New York State - Title VI	49,367	
New York State - Title IV A	12,613	
New York State - ESEA Title II, Part A	21,095	
New York State - Universal Pre-K	114,923	
New York State - Native American Tuition	2,089,082	
New York State - St. Mary's	72,385	
New York State - Summer Handicap Program	87,781	
New York State - Recovery from COVID Grant	59,564	
New York State - Other	1,326	
Federal - IDEA - 611	183,362	
Federal - IDEA - 619	12,942	2,874,319
School Lunch Fund:		
New York State - breakfast and lunch program		94,921
Capital Projects Fund:		
New York State - Smart Schools Bond Act		106,765
Total governmental funds		$ 6,213,673

4. 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	$ 162,200	$ -	$ -	$ 162,200
Construction in progress	401,184	3,285,677	1,484,434	2,202,427
Total capital assets, not being depreciated/amortized	563,384	3,285,677	1,484,434	2,364,627
Capital assets, being depreciated/amortized:				
Buildings and improvements	79,380,494	1,824,023	41,252	81,163,265
Furniture and equipment	5,812,483	1,555,354	399,906	6,967,931
Intangible assets				
Leased assets - equipment and vehicles	485,922	118,664	114,857	489,729
Total capital assets, being depreciated/amortized	85,678,899	3,498,041	556,015	88,620,925
Less accumulated depreciation/amortization for:				
Buildings and improvements	28,969,283	2,383,998	37,127	31,316,154
Furniture and equipment	4,203,703	459,178	392,593	4,270,288
Intangible assets				
Leased assets - equipment and vehicles	152,263	78,720	83,396	147,587
Total accumulated depreciation/amortization	33,325,249	2,921,896	513,116	35,734,029
Total capital assets, being depreciated/amortized, net	52,353,650	576,145	42,899	52,886,896
Governmental activities capital assets, net	$ 52,917,034	$ 3,861,822	$ 1,527,333	$ 55,251,523

Depreciation and amortization expenses were charged to the functions and programs of governmental activities as follows:

General support	$ 291,655
Instruction	2,242,143
Pupil transportation	388,098
Total	$ 2,921,896

5. ACCRUED LIABILITIES

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

	General Fund	Special Aid Fund	School Lunch Fund	Total Governmental Funds
Salaries and employee benefits	$ 506,844	$ 33,050	$ 5,945	$ 545,839

6. 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/(asset) 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)	$ (3,850,193)	$ 618,411
District's portion of the Plan's total Net pension liability	0.065025%	0.01019613%

For the year ended June 30, 2026, the District recognized pension expenses of $(214,217) and $681,510 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	$ 2,018,360	$ 353,891	$ -	$ -
Changes of assumptions	1,524,172	106,154	41,511	-
Net difference between projected and actual earnings on pension plan investments	-	-	3,006,991	1,108,846
Changes in proportion and differences between the District's contributions and proportionate share of contributions	200,288	64,986	113,222	64,743
District contributions subsequent to the measurement date	1,273,725	188,819	-	-
Total	$ 5,016,545	$ 713,850	$ 3,161,724	$ 1,173,589

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

Year Ending June 30,	TRS	ERS
2027	$ 1,957,824	$ 242,813
2028	(812,497)	(400,866)
2029	(859,171)	(231,284)
2030	(148,922)	(259,221)
2031	363,505	-
Thereafter	80,357	-

***Actuarial Assumptions*—**The total pension liability/(asset) 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 actuarial assumptions below:

	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, 2024 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 strategies	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/(asset) 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/(asset).

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)	$ 7,398,195	$ (3,850,193)	$ (13,315,127)

ERS	1% Decrease (4.90%)	Current Assumption (5.90%)	1% Increase (6.90%)
Employer's proportionate share of the net pension liability/(asset)	$ 4,223,580	$ 618,411	$ (2,395,670)

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 $1,430,519.

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 $210,093.

7. OTHER POSTEMPLOYMENT BENEFITS ("OPEB") OBLIGATION

Plan Description—In addition to pension benefits, the District provides group health, vision, and dental insurance benefits to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

Employees Covered by Benefit Terms—At June 30, 2026, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefit payments	10
Active employees	195
Total	205

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 $1,174,597 was measured as of June 30, 2026, and was determined by an actuarial valuation as of June 30, 2025.

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 June 30, 2025 actuarial valuation, the entry age normal method, over a level percent of pay was used. The single discount rate changed from 3.97% to 4.71% effective June 30, 2026. The salary scale was 3.0% effective June 30, 2026. The mortality rates changed to MP-2021 mortality improvement scale on a generational basis, while the retirement rates remained unchanged using the Pub-2010 Public Retirement Plan. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 7.75%, while the ultimate healthcare cost trend rate is 4.04%.

The actuarial assumptions used in the June 30, 2025 valuation were based on the results of an actuarial experience study of plan participants for the period July 1, 2024 through June 30, 2025.

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

	Total OPEB Liability
Balance at June 30, 2025:	$ 249,630
Changes for the year:	
Service cost	12,313
Interest	9,548
Difference between expected and actual experience	960,353
Changes of assumptions	(14,345)
Benefit payments	(42,902)
Net changes	924,967
Balance at June 30, 2026	$ 1,174,597

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:

	Decrease (3.71%)	Discount Rate (4.71%)	Increase (5.71%)
Total OPEB liability	$ 1,339,699	$ 1,174,597	$ 1,036,380

Additionally, healthcare costs can be subject to considerable volatility over time. The table below presents the effect on the total OPEB liability of a 1% change in the initial (7.75%) and ultimate (4.04 %) healthcare cost trend rates.

	1% Decrease (6.75% / 3.04%)	Healthcare Cost Trend Rates (7.75% / 4.04%)	1% Increase (8.75% / 5.04%)
Total OPEB liability	$ 1,008,027	$ 1,174,597	$ 1,383,013

Funding Policy—Authorization for the District to pay a portion of retiree health insurance premiums was enacted through various contracts, which were ratified by the District's Board of Education. Upon retirement, the District generally pays a portion of the cost of the employee's current coverage at the time of retirement until an employee reaches the age of 65. At 65, retirees are assumed to elect the Encompass 65 plan. The District recognizes the cost of providing these benefits by expensing the annual insurance premiums when invoiced by the health insurance provider. The District's governmental activities contributed $42,902 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 due to differences during the measurement period between the employer's contributions and its proportionate share of the total contributions from employers included in the collective total OPEB liability are required to be determined. The table below presents the District's deferred outflows of resources at June 30, 2026.

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ 885,920	$ 377,019
Changes of assumptions	336,348	91,228
Benefit payments subsequent to the measurement date	54,266	-
Total	$ 1,276,534	$ 468,247

The 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	$ 46,287
2028	46,287
2029	48,907
2030	49,346
2031	96,655
Thereafter	466,539

8. RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage for the past two years.

Risk Sharing Pools—For its employee health and accident coverage, the District is a participant in the NY 44 Health Trust, a public entity risk pool operated for the benefit of Erie County and surrounding counties governmental units. The School District pays monthly premiums to the Plan for this health coverage.

The Plan is authorized to assess supplemental premiums to the participating districts. The Medical Plan obtains independent coverage for insured events in excess of this amount.

The District also participates in Erie 2 Area Schools Self-Funded Workers' Compensation Plan, a risk-sharing pool, to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law, to finance liability and risks related to Workers' Compensation claims. The Erie 2 Area Schools Self-Funded Workers' Compensation Plan is considered a self-sustaining risk pool that will provide coverage for its members up to $500,000 per insured event and the District has transferred all related risk to the Plan. The excess expenses of any claim above the coverage amount will be paid by the carrier. The Plan has a liability for unbilled and open claims, for which the District has not made a provision for this its share of the liability. Administrators of the Plan have indicated that the Plan's reserves are believed to be in excess of estimated unbilled and open claims

9. LONG-TERM LIABILITIES

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

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

The District's outstanding long-term liabilities include bonds payable, compensated absences, OPEB obligation and net pension liability. The bonds payable of the District are secured by its general credit and revenue raising powers, as per State statute.

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

	Balance 7/1/2025	Additions	Reductions	Balance 6/30/2026	Due Within One Year
Serial bonds	$ 16,500,000	$ -	$ 1,395,000	$ 15,105,000	$ 1,420,000
Premium on serial bonds	1,978,227	-	154,329	1,823,898	154,329
Bonds payable, net	18,478,227	-	1,549,329	16,928,898	1,574,329
Compensated absences*	5,321,805	185,199	-	5,507,004	179,433
OPEB obligation	249,630	982,214	57,247	1,174,597	-
Net pension liability*	1,996,176	-	1,377,765	618,411	-
Total	$ 26,045,838	$ 1,167,413	$ 2,984,341	$ 24,228,910	$ 1,753,762

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

Serial Bonds—The District issues general obligation bonds to provide funds for the acquisition, construction, and renovation of major capital facilities. Serial bonds have been issued for governmental activities. General obligation bonds are direct obligations and pledge the full faith and credit of the District. These bonds generally are issued as serial bonds with equal amounts of principal maturing each year with original maturities that range from 12 to 15 years.

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

Description	Original Issue	Interest Rate (%)	Year of Issue/ Maturity	Balance 7/1/2025	Increase	Decrease	Balance 6/30/2026
2015 serial bonds	$ 4,075,000	1.00-2.75%	2015/2027	$ 730,000	$ -	$ 375,000	$ 355,000
Serial Bond Series 2023A	17,700,000	5.00	2023/2038	15,770,000	-	1,020,000	14,750,000
Total				$ 16,500,000	$ -	$ 1,395,000	$ 15,105,000

Premiums on Serial Bonds—Premiums on bond issuances are being amortized on a straight-line basis over the life of their respective bonds. The unamortized premium as of June 30, 2026 was $1,823,898.

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 $5,507,004. Management estimates that $179,433 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 7, the District provides health insurance coverage for certain retirees. The District's annual postemployment benefit ("OPEB") cost 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 $1,174,597 at June 30, 2026.

Net Pension Liability—The District reported a liability, totaling $618,411, for its proportionate share of the net pension liability for the Employees' Retirement System. Refer to Note 6 for additional information related to the District's net pension liability.

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

Year Ending June 30,	Serial Bonds	Premium on Serial Bonds	Compensated Absences	OPEB Obligation	Net Pension Liability	Total
2027	$ 1,420,000	$ 154,329	$ 179,433	$ -	$ -	$ 1,753,762
2028	1,120,000	151,779	-	-	-	1,271,779
2029	1,175,000	151,779	-	-	-	1,326,779
2030	1,240,000	151,779	-	-	-	1,391,779
2031	1,300,000	151,779	-	-	-	1,451,779
2032-2036	7,375,000	758,895	-	-	-	8,133,895
2037-2041	1,475,000	303,558	-	-	-	1,778,558
Thereafter	-	-	5,327,571	1,174,597	618,411	7,120,579
Total	$ 15,105,000	$ 1,823,898	$ 5,507,004	$ 1,174,597	$ 618,411	$ 24,228,910

Interest requirements on serial bonds are as follows:

Year Ending June 30,	Interest
2027	$ 747,263
2028	684,250
2029	628,250
2030	569,500
2031	507,500
2032-2036	1,494,750
2037-2041	81,500
Total	$ 4,713,013

10. 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 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:

- ***Prepaid Items*—**Representing the portion of fund balance, $13,568 composed of prepaid items for the General Fund. This balance is nonspendable as the balance does not represent an available source.

- ***Inventories***—Represents the portion of fund balance, $48,151 composed of inventory for the School Lunch Fund. 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 grants, 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	Debt Service Fund	Capital Projects Fund	Total
Retirement contribution	$ 4,822,201	$ -	$ -	$ -	$ 4,822,201
Unemployment insurance	151,498	-	-	-	151,498
Insurance	200,047	-	-	-	200,047
Employee benefit accrued liabilities	2,430,870	-	-	-	2,430,870
Capital projects	3,114,687	-	-	8,905,282	12,019,969
Transportation	5,489,148	-	-	-	5,489,148
Repairs	1,149,220	-	-	-	1,149,220
Debt service	-	-	181,086	-	181,086
Student activities	-	134,246	-	-	134,246
Total	$ 17,357,671	$ 134,246	$ 181,086	$ 8,905,282	$ 26,578,285

- ***Retirement Contribution***—According to General Municipal Law Section 6-r, this restriction must be used to pay "retirement contributions," which are defined as all or any portion of the amount payable to the ERS ($3,396,140), pursuant to Sections 17 or 317 of the NYSSRL, and to the TRS ($1,426,061), pursuant to the newly amended Section 6-r. The restriction may be established by Board resolution; there are no referendum requirements to create the funds or expend money from the funds. The Board may authorize the transfer of the moneys to a reserve fund established pursuant to Sections 6c-g of the GML or Section 3651 of Education Law.

- ***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.

- ***Insurance***—According to General Municipal Law Section 6-n, this restriction must be used to pay liability, casualty, and other types of uninsured losses, except losses incurred for which the following types of insurance may be purchased: life, accident, health, annuities, fidelity and surety, credit, title residual value, and mortgage guarantee. The reserve is funded by budgetary appropriations or funds from other reserves subject to permissive referendum. Annual contribution(s) to this reserve may not exceed the greater of $33,000 or 5 percent of the budget.

- ***Employee Benefit Accrued Liabilities***—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.

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

- ***Transportation***—Similar to the restriction for capital projects, according to Education Law Section 3651, this restriction must be used to pay the cost of any object or purpose for which bonds may be issued. The creation of a transportation reserve fund requires authorization by a majority of the voters establishing the purpose of the restriction, 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.

- ***Repairs***—According to General Municipal Law Section 6-d, this restriction must be used to pay the cost of repairs to capital improvements or equipment, which repairs are a type not recurring annually. The Board of Education, without voter approval, may establish a repair reserve fund by a majority vote of its members. Voter approval is required to fund this reserve (Opinion of the New York State Comptroller 81-401). Expenditures from this restriction may be made only after a public hearing has been held, except in emergency situations. If no hearing is held, the amount expended must be repaid to the reserve fund over the next two subsequent fiscal years.

- ***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 and unspent debt proceeds and premiums.

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

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

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

	General Fund	School Lunch Fund	Total
Subsequent year's expenditures	$ 1,219,509	$ -	$ 1,219,509
Encumbrances	748,883	-	748,883
Specific use	-	97,624	97,624
Total	$ 1,968,392	$ 97,624	$ 2,066,016

- ***Assigned to Subsequent Year's Expenditures***—Representing available fund balance being appropriated to meet expenditure requirements in the 2026-2027 fiscal year.

- ***Assigned to Encumbrances***—Represents 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 of Business and Support Services 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.

11. 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:

Fund	Interfund Receivable	Interfund Payable
Governmental Funds:		
General Fund	$ 1,995,670	$ -
Special Aid Fund	-	1,987,908
School Lunch Fund	-	7,762
Total governmental funds	$ 1,995,670	$ 1,995,670

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:

Fund	Special Aid Fund	School Lunch Fund	Capital Projects Fund	Total
Transfers out:				
General Fund	$ 64,200	$ 35,000	$ 10,100,000	$ 10,199,200
Total	$ 64,200	$ 35,000	$ 10,100,000	$ 10,199,200

Transfers are used primarily to finance various capital projects, special aid programs, and school lunch operations.

12. LABOR CONTRACTS

District employees are represented by four bargaining units, with the balance governed by Board of Education rules and regulations. Negotiated contracts are in place through June 30, 2026 for the Gowanda Central School Non-Teaching Personnel Association, through June 30, 2027 for the Gowanda Administrators' Association, and through June 30, 2028 for the Gowanda Non-Teaching Supervisors' Association.

13. COMMITMENTS

Encumbrances—Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrances 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 executor 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 to be significant for amounts that are encumbered in excess of $10,000. As of June 30, 2026, the District reports the following significant encumbrances within the General Fund:

Description	Amount Encumbered
General Fund:	
Vehicles and buses	$ 694,747
Equipment	27,607
Improvements	11,000

14. 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 $6,321 during the 2025-2026 fiscal year in payments in lieu of taxes ("PILOT"), these collections were made in lieu of $7,877 in property taxes.

15. 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.

16. SUBSEQUENT EVENTS

Management has evaluated subsequent events through October 9, 2026, which is the date the financial statements are available for issuance and have determined there are no subsequent events that require disclosure under generally accepted accounting principles.

* * * * * *

REQUIRED SUPPLEMENTARY INFORMATION

*** THIS PAGE INTENTIONALLY LEFT BLANK***

GOWANDA 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 proporiation of the net pension liability/(asset)	0.065025%	0.069189%	0.068752%	0.069257%	0.065210%	0.068228%	0.068627%	0.066642	0.067586%	0.066369%
District's proportionate share of the net pension liability/(asset)	$ (3,850,193)	$ (2,064,321)	$ 786,243	$ 1,328,966	$ (11,300,231)	$ 1,885,317	$ (1,782,922)	$ (1,205,058)	$ (513,719)	$ 710,836
District's covered employee payroll	13,082,169	13,483,649	13,067,469	12,505,419	11,068,195	11,580,406	11,454,887	10,855,194	10,710,119	10,241,357
District's proportionate share of the net pension liability/(asset) as a percentage of its covered employee payroll	(29.4%)	(15.3%)	6.0%	10.6%	(102.1%)	16.3%	(15.6%)	(11.1%)	(4.8%)	6.9%
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%

GOWANDA CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the District's Contributions—
Teachers' Retirement System
Last Ten Fiscal Years

	Year Ended June 30,									
	2026	2025	2024	2023	2022	2021	2020	2019	2018	2017
Contractually required contribution	$ 1,290,819	$ 1,289,352	$ 1,306,623	$ 1,202,368	$ 1,054,799	$ 1,054,799	$ 1,023,024	$ 1,216,509	$ 1,063,809	$ 1,255,226
Contribution in relation to the contractually required contribution	(1,290,819)	(1,289,352)	(1,306,623)	(1,202,368)	(1,054,799)	(1,054,799)	(1,023,024)	(1,216,509)	(1,154,407)	(1,255,226)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	13,638,302	13,082,169	13,483,649	13,067,469	12,505,419	11,068,195	11,580,406	11,454,887	10,855,194	10,710,119
Contributions as a percentage of covered-employee payroll	9.5%	9.9%	9.7%	9.2%	8.4%	9.5%	8.8%	10.6%	10.6%	11.7%

GOWANDA 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 proporiation of the net pension liability/(asset)	0.0109613%	0.0116424%	0.0112867%	0.0113642%	0.0115218%	0.0113423%	0.0116533%	0.0121882%	0.0124873%	0.0118466%
District's proportionate share of the net pension liability/(asset)	$ 618,411	$ 1,996,176	$ 1,661,857	$ 2,436,943	$ (941,863)	$ 11,294	$ 3,085,865	$ 863,573	$ 403,022	$ 1,113,134
District's covered employee payroll	4,312,273	4,167,038	4,034,466	3,413,443	3,686,886	3,881,854	3,882,718	3,780,882	3,347,609	3,261,406
District's proportionate share of the net pension liability/(asset) as a percentage of its covered employee payroll	14.3%	47.9%	41.2%	71.4%	25.5%	0.29%	79.5%	22.8%	12.0%	34.1%
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%

GOWANDA CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of the 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	628,171	556,233	471,147	404,294	555,458	544,992	550,921	538,429	522,942	502,641
Contribution in relation to the contractually required contribution	(628,171)	(556,233)	(471,147)	(404,294)	(555,458)	(544,992)	(550,921)	(538,429)	(522,942)	(502,641)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's covered payroll	4,364,327	4,173,312	4,034,466	3,413,443	3,868,886	3,881,854	3,882,718	3,780,882	3,347,609	3,261,406
Contributions as a percentage of covered-employee payroll	14.4%	13.3%	11.7%	11.8%	14.4%	14.0%	14.2%	14.2%	15.6%	15.4%

*** THIS PAGE INTENTIONALLY LEFT BLANK***

GOWANDA CENTRAL SCHOOL DISTRICT, NEW YORK
Schedule of Changes in the District's Total OPEB Liability and Related Ratios—
Last Nine Fiscal Years*

	Year Ended June 30,								
	2026	2025	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability									
Service cost	$ 12,313	$ 10,437	$ 7,151	$ (9,762)	$ (1,858)	$ 7,945	$ 44,198	$ 43,142	$ 45,586
Interest	9,548	8,504	11,375	2,256	3,417	10,260	32,985	32,152	27,469
Differences between expected and actual experience	960,353	-	(104,370)	-	25,170	-	(819,685)	-	-
Changes of assumptions	(14,345)	35,298	47,748	264,754	30,296	(150,717)	243,258	(1,079)	(33,068)
Benefit payments	(42,902)	(28,971)	(77,317)	(89,481)	(52,664)	(39,361)	(56,415)	(78,077)	(72,176)
Net changes in total OPEB liability	924,967	25,268	(115,413)	167,767	4,361	(171,873)	(555,659)	(3,862)	(32,189)
Total OPEB liability—beginning	249,630	224,362	339,775	172,008	167,647	339,520	895,179	899,041	931,230
Total OPEB liability—ending	$ 1,174,597	$ 249,630	$ 224,362	$ 339,775	$ 172,008	$ 167,647	$ 339,520	$ 895,179	$ 899,041
Plan fiduciary net position									
Contributions—employer	$ 42,902	$ 28,971	$ 77,317	$ 89,481	$ 52,664	$ 39,361	$ 56,415	$ 78,077	$ 72,176
Benefit payments	(42,902)	(28,971)	(77,317)	(89,481)	(52,664)	(39,361)	(56,415)	(78,077)	(72,176)
Net change in plan fiduciary net position	-	-	-	-	-	-	-	-	-
Plan fiduciary net position—beginning	-	-	-	-	-	-	-	-	-
Plan fiduciary net position—ending	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
District's total OPEB liability—ending	$ 1,174,597	$ 249,630	$ 224,362	$ 339,775	$ 172,008	$ 167,647	$ 339,520	$ 895,179	$ 899,041
Plan's fiduciary net position as a percentage of the total OPEB liability	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Covered-employee payroll	$ 17,371,064	$ 16,701,665	$ 16,731,925	$ 14,597,618	n/a	n/a	n/a	n/a	n/a
District's total OPEB liability as a percentage of covered-employee payroll	6.8%	1.5%	1.3%	2.3%	n/a	n/a	n/a	n/a	n/a

*Information prior to the year ended June 30, 2018 is not available.

The notes to the required supplementary information are an integral part of this schedule.

GOWANDA 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 and tax items	$ 5,437,218	$ 5,437,218	$ -	$ 5,441,378	$ (4,160)
Non property tax items	850,000	850,000	-	1,138,877	(288,877)
Charges for services	2,325,500	2,325,500	-	2,850,434	(524,934)
Use of money and property	151,020	151,020	-	934,106	(783,086)
Sale of property and compensation for loss	1,400	1,400	-	37,876	(36,476)
Interfund revenue	20,000	20,000	-	2,901	17,099
Miscellaneous	168,000	168,000	-	195,181	(27,181)
State sources:					
Basic formula - general aid	18,882,938	18,882,938	-	18,682,450	200,488
Basic formula - excess cost aid	3,131,652	3,131,652	-	3,345,438	(213,786)
Lottery aid	1,870,413	1,870,413	-	1,800,198	70,215
Cannabis aid	94,267	94,267	-	-	94,267
Mobile sports agering aid	703,464	703,464	-	970,836	(267,372)
Commercial gaming aid	847,548	847,548	-	858,259	(10,711)
BOCES aid	1,762,321	1,762,321	-	1,640,366	121,955
Tuition aid	20,000	20,000	-	7,036	12,964
Textbook aid	63,027	63,027	-	62,969	58
Computer software/hardware	35,753	35,753	-	36,448	(695)
Library loan program	6,444	6,444	-	6,568	(124)
Federal sources:					
Impact aid	1,040,000	1,040,000	-	2,163,809	(1,123,809)
Medicaid assistance	90,000	90,000	-	119,947	(29,947)
Total revenues	37,500,965	37,500,965	-	40,295,077	(2,794,112)
OTHER FINANCING SOURCES					
Appropriated reserves	505,000	505,000	-	-	505,000
Total other financing sources	505,000	505,000	-	-	505,000
Total revenues and other financing sources	$ 38,005,965	$ 38,005,965	$ -	$ 40,295,077	$ (2,289,112)

(continued)

GOWANDA 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	$ 49,250	$ 49,250	$ -	$ 32,250	$ -	$ 17,000
Central administration	314,112	314,112	-	308,912	-	5,200
Finance	471,835	475,535	3,700	464,797	2,561	8,177
Staff	288,311	288,311	-	154,043	3,689	130,579
Central services	4,642,063	4,952,064	310,001	4,649,852	29,180	273,032
Special items	433,912	453,912	20,000	449,608	-	4,304
Instruction:			-			
Instruction, administration			-			
and improvement	1,545,477	1,607,582	62,105	1,496,667	11,300	99,615
Teaching—regular school	9,428,821	9,324,716	(104,105)	8,216,020	1,175	1,107,521
Programs for students with disabilities	5,967,913	5,833,213	(134,700)	5,037,761	-	795,452
Occupational education	887,395	923,395	36,000	921,405	-	1,990
Teaching—special schools	219,320	267,320	48,000	189,170	-	78,150
Instructional media	992,943	992,943	-	925,885	16	67,042
Pupil services	2,010,236	2,019,236	9,000	1,664,980	6,216	348,040
Pupil transportation	3,916,540	4,611,287	694,747	2,743,959	694,746	1,172,582
Employee benefits	7,948,578	7,948,578	-	7,171,710	-	776,868
Debt service:			-			
Principal	1,395,000	1,395,000	-	1,395,000	-	-
Interest	807,169	807,169	-	807,169	-	-
Total expenditures/encumbrances	41,318,875	42,263,623	944,748	36,629,188	748,883	4,885,552
OTHER FINANCING USES						
Transfers out	305,000	10,305,000	10,000,000	10,199,200	-	105,800
Total expenditures/encumbrances						
and other financing uses	41,623,875	52,568,623	10,944,748	46,828,388	748,883	4,991,352
Net change in fund balances*	(3,617,910)	(14,562,658)		(6,533,311)		
Fund balance—beginning	32,412,873	32,412,873		32,412,873		
Fund balance—ending	$ 28,794,963	$ 17,850,215		$ 25,879,562		

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

The notes to the required supplementary information are an integral part of this schedule.

*** THIS PAGE INTENTIONALLY LEFT BLANK***

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, 2024 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, the mortality rate, and the healthcare cost trend rate. The long-term bond rate is based on the Fidelity General Obligation 20-year AA Municipal Bond Index rate as of the measurement date, which increased from 3.97% to 4.71% at June 30, 2026. The mortality rates changed to MP-2021 mortality improvement scale on a generational basis, while the retirement rates remained unchanged using the Pub-2010 Public Retirement Plan. In order to estimate the change in the cost of healthcare, the actuaries initial healthcare cost trend rate used is 7.75%, while the ultimate healthcare cost trend rate is 4.04%.

3. BUDGETARY INFORMATION

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

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

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

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

4. EXCESS OF EXPENDITURES OVER APPROPRIATIONS

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

5. GENERAL FUND BUDGETARY HIGHLIGHTS

Original Budget Compared to Final Budget—During the year ended June 30, 2026, the District did not make significant budget adjustments to revenues. The District made significant budget transfers to increase expenditures to cover increased costs of repairs, building upgrades, and the purchase of buses. Additional budget transfers were made for transfers to Capital Projects Fund. The District made a budget amendment of $10,944,748 for the voter approved use of various reserves.

Final Budget Compared to Actual Results—The most significant variances between estimated revenues and actual revenues included impact aid and use of money and property. Impact aid revenue was more than anticipated due to the District receiving additional formula grant revenue than anticipated. Use of money and property was more than anticipated due to the District budgeting conservatively for interest earnings due to varying rates and cash available.

The most significant variances between estimated expenditures and actual expenditures included teaching—regular school, programs for students with disabilities, and pupil transportation. Teaching—regular school were less than anticipated as the District had less full-time teachers employed during the year than expected. Programs for students with disabilities were less than expected due to the District budgeting conservatively for special education services provided by BOCES as unexpected costs may arise. Pupil transportation were less than expected due to less buses being available for purchase.

SUPPLEMENTARY INFORMATION

GOWANDA 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

Adopted budget 2025-2026		$ 39,040,816
Add: Prior year's encumbrances		2,583,059
Original budget		41,623,875
Budget revisions:		
Capital projects	$ 10,000,000	
Central services	250,000	
Pupil transportation	694,748	10,944,748
Final budget 2025-2026		$ 52,568,623

Section 1318 of Real Property Tax Law Limit Calculation

2025-2026 voter approved expenditure budget	$ 40,655,630	
Maximum allowed (4% of 2025-2026 budget)		$ 1,626,225
General Fund fund balance subject to Section 1318 of Real Property Tax Law*:		
Unrestricted fund balance:		
Assigned fund balance	$ 1,968,392	
Unassigned fund balance	6,539,931	
Total unrestricted fund balance		8,508,323
Less:		
Appropriated fund balance	$ (1,219,509)	
Encumbrances included in assigned fund balance	(748,883)	
Total adjustments		(1,968,392)
General Fund fund balance subject to Section 1318 of Real Property Tax Law		$ 6,539,931
Actual percentage		16.09%

* 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.

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

Description	Original Appropriation	Revised Appropriation	Expenditures to Date			Unexpended Balance
			Prior Years	Current Year	Total	
Capital outlay - 2025-26	$ 100,000	$ 100,000	$ -	$ 100,000	$ 100,000	$ -
Smart Schools Bond Act	986,630	1,548,724	922,021	106,765	1,028,786	519,938
Emergency Pool Repair - Phase II	1,700,000	2,200,000	-	1,868,396	1,868,396	331,604
Emergency Hail Storm	-	245,079	-	245,079	245,079	-
2025 Capital Improvement Project	44,500,000	44,500,000	-	965,437	965,437	43,534,563
Total	$ 47,286,630	$ 48,593,803	$ 922,021	$ 3,285,677	$ 4,207,698	$44,386,105

GOWANDA CENTRAL SCHOOL DISTRICT, NEW YORK
Net Investment in Capital Assets
Year Ended June 30, 2026

Capital assets, net of accumulated depreciation/amortization		$ 55,251,523
Deduct:		
Serial bonds	$ (15,105,000)	
Premium on bonds payable	(1,823,898)	
Capital projects payable	(685,116)	(17,614,014)
Net investment in capital assets		$ 37,637,509

*** THIS PAGE INTENTIONALLY LEFT BLANK***

DRESCHER & MALECKI LLP
2721 Transit Road, Suite 111
Elma, New York 14059
Telephone: 716.565.2299
Fax: 716.389.5178

Drescher & Malecki
Certified Public Accountants

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

The Board of Education
Gowanda 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, the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the Gowanda 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 9, 2026.

Report on Internal Control Over Financial Reporting

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

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

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

Report on Compliance and Other Matters

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

Purpose of this Report

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

Brescher & Malecki LLP

October 9, 2026