

PRELIMINARY OFFICIAL STATEMENT DATED JULY 8, 2026

NEW MONEY

BOND ANTICIPATION NOTES

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended. Bond Counsel is also of the opinion that the interest on the Notes is not treated as an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals. We observe that interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the code. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Notes is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX EXEMPTION" herein.

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

CITY SCHOOL DISTRICT OF THE CITY OF NORTH TONAWANDA NIAGARA COUNTY, NEW YORK

\$20,000,000
BOND ANTICIPATION NOTES, 2026
(the "Notes")

Dated Date: July 30, 2026

Maturity Date: June 15, 2027

The Notes are general obligations of the City School District of the City of North Tonawanda, in Niagara County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Notes and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount.

The Notes will be issued as registered notes, and at the option of the purchaser(s), may be registered to the to the Depository Trust Company ("DTC" or the "Securities Depository") or may be registered in the name of the purchaser(s).

If the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are issued registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes bearing the same rate of interest in the aggregate principal amount awarded to the respective successful bidder at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the District, at such bank or trust company located and authorized to do business in the State of New York as selected by the successful bidder(s).

The Notes are dated July 30, 2026 and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Notes, payable on maturity. The Notes will mature on June 15, 2027. The Notes will not be subject to optional redemption prior to maturity.

Interest on the Notes will be calculated on a 30-day month and 360-day year basis.

The Notes are offered when, as and if issued and received by the purchaser and subject to the approval of the legality thereof by Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery on or about July 30, 2026 .

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE DISTRICT FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

July __, 2026

**CITY SCHOOL DISTRICT OF THE CITY OF NORTH TONAWANDA
NIAGARA COUNTY, NEW YORK**

Board of Education

**Dr. Dennis Garland
President**

Chloe Mulvaugh Vice President
Stephanie Emiliani Trustee
Melissa Kimbrell Trustee
Jeffrey Zellner Trustee
Joshua Krebs Trustee
Amy Usiak Trustee

Dr. Jeffery Jachlewski, Ed.D Superintendent of Schools
Joshua Janese, Ed.D Assistant Superintendent of Administrative Services
Debra Bundt District Clerk

BOND COUNSEL

**HODGSON RUSS LLP
Buffalo, New York**

FINANCIAL ADVISOR



**Capital Markets Advisors, LLC
Long Island * Western New York
(716) 662-3910**

No dealer, broker, salesperson or other person has been authorized by the District to give any information or to make any representations, other than those contained in this Official Statement and if given or made, such other information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained by the District from sources which are believed to be reliable but it is not guaranteed as to accuracy or completeness. The information and expressions of opinion herein are subject to change without notice and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the District since the date hereon.

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OFFICIAL STATEMENT

CITY SCHOOL DISTRICT OF THE CITY OF NORTH TONAWANDA NIAGARA COUNTY, NEW YORK

relating to

\$20,000,000

BOND ANTICIPATION NOTES – 2026 (the “Notes”)

This Official Statement, which includes the cover page, inside cover page, and appendices hereto, presents certain information relating to the City School District of the City of North Tonawanda, in the County of Niagara, in the State of New York (the “District”, “County” and “State,” respectively) in connection with the sale of \$20,000,000 Bond Anticipation Notes - 2026 (the “Notes”).

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

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management’s beliefs as well as assumptions made by, and information currently available to, the District’s management and staff.

THE NOTES

Description

The Notes will be issued as registered notes and, at the option of the purchaser, may be registered to the Depository Trust Company (“DTC” or the “Securities Depository”) or may be registered in the name of the purchaser.

To the extent that the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC in New York, New York, which will act as Securities Depository for the Notes. Individual purchases will be made in book-entry-only form, in the principal amount of \$5,000 or integral multiples thereof. Purchasers of the Notes will not receive certificates representing their ownership interest in the Notes. Payments of principal of and interest on the Notes will be made by the District to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Notes.

If the Notes are registered in the name of the purchaser, principal of and interest on the Notes will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the Notes will be issued in registered form in denominations of \$5,000, or integral multiples thereof, may be determined by such successful bidder.

The Notes are dated July 30, 2026 and bear interest from that date until June 15, 2027 the maturity date, at the annual rate as specified by the purchaser of the Notes. The Notes are not subject to redemption prior to maturity.

Authority for and Purpose of the Notes

The Notes are authorized pursuant to the Constitution and laws of the State of New York, including among others, the Education Law and Local Finance Law and pursuant to a bond resolution duly adopted by the Board of Education of the District (the “Board”) on March 20, 2024 and thereafter approved by qualified voters of the District on May 19, 2024 authorizing the issuance of \$33,900,000 in serial bonds, or other obligations, of the District for a capital improvements project consisting of the reconstruction and renovation, in part, and the

construction of improvements and upgrades to various District buildings and facilities and the sites thereof (the "Project"). The proceeds of the Notes will be the original financing for the Project.

Nature of Obligation

The Notes, when duly issued and paid for, will constitute a contract between the District and the holder thereof.

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest, the District has the power and statutory authorization to levy *ad valorem* taxes on all taxable real property in the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by the Tax Levy Limitation Law); see "TAX INFORMATION-Tax Levy Limitation Law," herein.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. On June 24, 2011, the Tax Levy Limitation Law was adopted in the State. The Tax Levy Limitation Law established certain limitations on the power of local governments and school districts to increase the property tax levy beyond certain prescribed limits (without following certain prescribed procedures). The Tax Levy Limitation Law had its first application with respect to the District's budget for fiscal year 2012-2013. The Tax Levy Limitation Law does make certain allowances for the exclusion of tax levy increases associated with capital expenses by school districts. See "TAX INFORMATION-Tax Levy Limitation Law," herein. Also, certain special protective procedures and remedies available to holders of school district debt remain in place and are not affected by the Tax Levy Limitation Law. See "DISTRICT INDEBTEDNESS—Remedies Upon Default," herein.

Book-Entry Only System

The following applies to the extent that the Notes are issued in book-entry form. DTC, in New York, New York, will act as securities depository for the Notes. The Notes will be issued as fully-registered notes registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued for each Note which bears the same rate of interest and CUSIP number, in the aggregate principal amount of such issue, and will be deposited with DTC. One fully registered note certificate will be issued and deposited with DTC for each maturity of the Notes in the aggregate principal amount of the issue. DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of

their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Notes are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC or the District, subject to any statutory or regulatory requirements as may be in effect from time to time.

Payment of principal and interest payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as depository with respect to the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, note certificates are required to be printed and delivered.

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

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

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

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO: (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE NOTES.

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

Source: The Depository Trust Company

MARKET FACTORS

The financial condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State, including, for example, the seeking by a municipality of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Notes. If a significant default or other financial crisis should occur in the affairs of the State or at any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings and the market for and market value of outstanding debt obligations, including the Notes, could be adversely affected.

Inflation Reduction Act of 2022

On August 16, 2022, former President Biden signed into law the Inflation Reduction Act of 2022 (H.R. 5376). For tax years beginning after 2022, the legislation will impose a minimum tax of 15 percent on the “adjusted financial statement income” of certain large corporations, generally consisting of corporations (other than S corporations, regulated investment companies and real estate investment trusts) with at least \$1 billion in average annual earnings, and certain foreign-parented multinational corporations with at least \$100 million in average annual earnings, determine over a three-year period. For this purpose, adjusted financial statement income tax is not reduced for interest earned on tax-exempt obligations. Prospective holders of the Notes that could be subject to this minimum tax should consult with their own tax advisors regarding the potential consequences of owning the Notes.

The District is dependent to a substantial degree on financial assistance from the State in the form of State aid. No delay in payment of State aid for the remainder of the District's current fiscal year is presently anticipated although no assurance can be given that there will not be a delay in payment thereof. If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the District, in this year or future years, the District may be affected by such a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

The Trump administration has publicly discussed dismantling the federal Education Department. It is not possible to know what impact that would have on school districts across the country, including the School District. Additionally, the Trump administration has proposed tariffs on a variety of different nations across the globe. The effects of such tariffs are not known at this time.

CYBERSECURITY

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats

including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls and is enrolled in a standalone cyber insurance policy; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

The District, like many other public and private entities, contracts with third party vendors to provide services to the District. Most, if not all third-party vendors, have their own cybersecurity and operational controls in place. The District provides no assurances that such cybersecurity and operational control measures will be completely successful to guard against cyber threats and attacks.

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Notes is excluded from gross income of the holders thereof for federal income tax purposes and is not an item of tax preference for purposes of the individual alternative minimum tax imposed by the Code. However, such opinion will note that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance of the Notes. We observe that interest on the Notes will be included in the adjusted financial statement income of certain corporations that are subject to the alternative minimum tax under Section 55 of the code. Such opinion will state that interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof (including the City of New York).

In rendering the foregoing opinion, Hodgson Russ LLP will note that the exclusion of the interest on the Notes from gross income for federal income tax purposes is subject to, among other things, continuing compliance by the District with the applicable requirements of Code Sections 141, 148, and 149, and the regulations promulgated thereunder (collectively, the “Tax Requirements”). In the opinion of Hodgson Russ LLP, the tax certificate and the nonarbitrage certificate that will be executed and delivered by the District in connection with the issuance of the Notes (collectively, the “Certificates”) establish requirements and procedures, compliance with which will satisfy the Tax Requirements.

The Tax Requirements referred to above, which must be complied with in order that interest on the Notes remains excluded from gross income for federal income tax purposes, include, but are not limited to:

1. The requirement that the proceeds of the Notes be used in a manner so that the Notes are not obligations which meet the definition of a “private activity bond” within the meaning of Code Section 141;
2. The requirements contained in Code Section 148 relating to arbitrage bonds; and
3. The requirements that payment of principal or interest on the Notes not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code Section 149(b).

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

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

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Notes under Code Section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Notes from gross income for federal income tax purposes.

Bond Counsel has not undertaken to advise in the future whether any events occurring after the date of issuance of the Notes may affect the tax status of interest on the Notes. The Code has been continuously subject to legislative modifications, amendments, and revisions, and proposals for further changes are regularly submitted by leaders of the legislative and executive branches of the federal government. No representation is made as to the likelihood of such proposals being enacted in their current or similar form, or if enacted, the effective date of any such legislation, and no assurances can be given that such proposals or amendments will not materially and adversely affect the economic value of the Notes or the tax consequences of ownership of the Notes. Prospective purchasers are encouraged to consult with their own legal and tax advisors with respect to these matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

Upon delivery of the Notes, the District will furnish certificates, dated the date of delivery of the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Notes, or in any way contesting or affecting the validity of the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Notes. Additional certificates will state that there is no controversy or litigation of any nature now pending or threatened by or against the District wherein an adverse judgment or ruling could have a material adverse impact on the financial condition of the District or adversely affect the power of the District to levy, collect, and enforce the collection of taxes or other revenues for the payment of its Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of Hodgson Russ LLP, Bond Counsel. Such opinion will be available at the time of delivery of the Notes and will be to the effect that the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit, and all the taxable real property within the District is subject to the levy of *ad valorem* real property taxes to pay the Notes and interest thereon, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of the State). Such opinion shall also contain further statements to the effect that (a) the enforceability of rights or remedies with respect to the Notes may be limited by bankruptcy, insolvency, or other laws affecting creditors' rights or remedies heretofore or hereafter enacted, and (b) such law firm has not been requested to examine or review and has not examined or reviewed the accuracy or sufficiency of the Official Statement, or any additional proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District which has been or may have been furnished or disclosed to purchasers of the Notes, and expresses no opinion with respect to such financial or other information, or the accuracy or sufficiency thereof.

Closing Certificates

Upon the delivery of the Notes, the purchaser will be furnished with the following items: (i) a certificate of the President of the Board to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements

herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the District since the date of this Official Statement to the date of issuance of the Notes; and having attached thereto a copy of this Official Statement; (ii) a certificate signed by an officer of the District evidencing payment for the Notes; (iii) a closing certificate evidencing the due execution of the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Notes or the levy and collection of taxes to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Notes were authorized or affecting the validity of the Notes thereunder, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, (c) no authority or proceedings for the issuance of the Notes have been repealed, revoked or rescinded; and (iv) a nonarbitrage certificate and tax certificate executed by the President of the Board, as described under "TAX EXEMPTION" herein.

DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (the "Rule"), unless the Notes are purchased for the purchaser's own account, as principal for investment and not for resale, the District will enter into a Disclosure Undertaking at closing, the form of which is attached hereto as "APPENDIX D." A purchaser buying for its own account shall deliver a municipal securities disclosure certificate that documents its intent to purchase the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

Prior Disclosure History

The District is in compliance with all prior undertakings pursuant to the Rule for the past five years.

CONTINUING DISCLOSURE COMPLIANCE PROCEDURES

The District is establishing procedures designed to ensure that future filings of continuing disclosure information will be in compliance with existing continuing disclosure obligations, including transmitting such filings to the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934 through EMMA.

RATING

Moody's has assigned a rating of "MIG 1" on the Notes.

Moody's Investors Services, Inc. (Moody's) has assigned a rating of "Aa3" to the uninsured outstanding bonded indebtedness of the District.

Such ratings reflect only the view of such organization, and an explanation of the significance of such ratings may be obtained only from such rating agency, at the following address: Moody's Investors Service, Inc., 7 World Trade Center at 250 Greenwich Street, New York, NY 10007. There can be no assurance that such ratings will continue for any specified period of time or that such ratings will not be revised or withdrawn, if in the judgment of Moody's, circumstances so warrant. Any such change or withdrawal of such ratings may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinions or estimates, whether or not so expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the opinions or estimates will be realized. Neither this Official Statement nor any statement which may have been made orally or in writing is to be construed as a contract with the holders of the Notes.

Statements in this Official Statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the

statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District files with the repositories. When used in District documents or oral presentation, the words “anticipate”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, or similar words are intended to identify forward-looking statements.

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

References herein to the Constitution of the State and various State and federal laws are only brief outlines of certain provisions thereof and do not purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Notes, the District will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to a limitation as to information in the Official Statement obtained from sources other than the District.

The Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Orchard Park, New York (the “Municipal Advisor”), is an independent municipal advisor registered with the United States Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor has served as the independent municipal advisor to the District in connection with this transaction.

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement. The Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is not a law firm and does not provide legal advice with respect to this or any debt offerings of the District. The Municipal Advisor is an independent advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities or other public securities and therefore will not participate in the underwriting of the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from Dr. Joshua Janese, Assistant Superintendent for Administrative Services Contact: Phone (716) 807-3511 Email: jjanese@ntschoools.org; Address: 176 Walck Road, North Tonawanda, NY 14120 or from the District's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

Any statements in this Official Statement involving matters of opinion or estimates, whether or not expressly so stated, are intended as such and not as representations of fact. No representation is made that any of such statements will be realized. This Official Statement is not to be construed as a contract or agreement between the District and the original purchasers or holders of any of the Notes.

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and

neither the District nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

This Official Statement is submitted only in connection with the sale of the Notes by the District and may not be reproduced or used in whole or in part for any other purpose.

**City School District of the City of North Tonawanda
Niagara County, New York**

By: _____
Dr. Dennis Garland
President of the Board of Education

DATED: July __, 2026

APPENDIX A

THE DISTRICT

General Information

The District, with an area of approximately 11 square miles and an estimated population of 31,110, is located midway between the cities of Buffalo and Niagara Falls at the junction of the Niagara River and the New York State Barge Canal in the southern part of Niagara County. The District encompasses the entire City of North Tonawanda.

Located in the center of the industrial area of the Niagara Frontier, the City of North Tonawanda has been primarily an industrial community. Major companies include Jensen Fittings and Chesapeake Packaging Co. Highways include the New York State Thruway and Interstate 290. Major airlines operate from the nearby Buffalo Niagara International Airport. In addition, public transportation is provided by the Niagara Frontier Transportation Authority's Metro Bus System.

Sewer, sanitation and water facilities are furnished by the City of North Tonawanda. Gas and electric services are provided by National Fuel Gas Corporation and National Grid Power Corporation.

Numerous cultural and recreational attractions are available to the residents of the District in surrounding communities, including the world famous Niagara Falls, Buffalo Museum of Science, Buffalo Historical Museum, Buffalo Zoological Gardens, Albright-Knox Art Gallery, and Kleinhan's Music Hall. In addition, professional sport teams represent the City of Buffalo in football, baseball and ice hockey.

District Organization

The Board of Education, which is the policy-making body of the District, consists of seven members with overlapping three-year terms so that as nearly and equal number as possible is elected to the Board each year. The President and the Vice President are selected by the Board members.

The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by the Board, include the Superintendent of Schools, the Executive Director of Education Services and the Assistant Superintendent for Administrative Services.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Assistant Superintendent of Administrative Services and the District Treasurer.

District Facilities

The District operates eight schools; statistics relating to each are shown below.

TABLE 1
School Statistics

<u>Name</u>	<u>Capacity</u>	<u>Year of Construction</u>	<u>Year of Last Addition</u>	<u>Insurable Amount</u>
Administration Building ⁽¹⁾	621	1926	1958	\$16,388,794
Spruce Elementary	567	1954	1993	21,618,123
Drake Elementary	470	1956	1993	11,968,704
Ohio Elementary	540	1962	1988	16,915,526
Middle School ⁽²⁾	600	1962	1995	23,016,997
Intermediate School	1,015	1967	2010	45,131,053
High School ⁽²⁾	1,975	1962	2001	82,661,958

(1) Formerly Gilmore Elementary

(2) North Tonawanda Middle School & North Tonawanda High School are insured as one building – Meadow Complex - \$105,678,955

Source: District Officials.

Employees

The District provides services through 678 employees all of whom are represented by the following organizations.

TABLE 2
Employees

<u>Number of</u> <u>Employees</u>	<u>Organization</u>	<u>Contract</u> <u>Expiration Date</u>
292	North Tonawanda United Teachers	6/30/2030
118	Per Diem Substitute Teachers Association	6/30/2027
98	Local #872 CSEA – Clerical	6/30/2028
52	Local #872 CSEA – Custodian/Maintenance	6/30/2030
59	Local #872 CSEA – Bus Drivers/Attendants	6/30/2027
14	North Tonawanda Administrators Association	6/30/2029
7	Managerial / Confidential	6/30/2028
9	Clerical / Confidential	6/30/2028
6	Individual Contracts (Director of Tech, Director of HR, Director of Student Services, Director of Curriculum, Executive Director for Educational Services, Assistant Superintendent for Administrative Services)	6/30/2029

Source: District Officials.

Employee Pension Benefits

New York State Certified (teachers and administrators) are members of the New York State Teachers Retirement System (“TRS”). Payments to the TRS are generally deducted from State aid payments. All non-certified employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System (“ERS”).

Both the TRS and ERS (the “State Retirement System” or “SRS”) are noncontributory with respect to members hired prior to July 1, 1976. All members of the respective systems that were hired on or after July 1, 1976 and before December 31, 2009, with less than 10 year’s full-time service, contribute 3% of their gross annual salary toward the cost of retirement programs.

The following table details the District’s contractually required contributions to the ERS for the preceding three audited fiscal years, and the estimated amount for the fiscal years ending March 31, 2026 and March 31, 2027 (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.):

<u>Fiscal Year End 3/31</u>	<u>ERS</u>
2027 <i>(Budgeted)</i>	\$1,603,658
2026 <i>(Budgeted)</i>	1,543,825
2025	1,151,301
2024	991,472
2023	849,928

Source: Audited Financial Statements and District Officials

The following table details the District’s actual required contributions to the TRS for the preceding three audited fiscal years ended June 30 and budgeted amounts for the current and ensuing fiscal years:

Fiscal Year	
<u>End 6/30</u>	<u>TRS</u>
2027 (Budgeted)	\$2,896,464
2026 (Budgeted)	2,759,441
2025	2,909,645
2024	2,873,881
2023	2,906,593

Source: Audited Financial Statements and District Officials

On December 10, 2009, then Governor Paterson signed into law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010. New ERS employees will now contribute 3% of their salaries and new TRS employees will contribute 3.5% of their salaries. There is no provision for these contributions to cease after a certain period of service.

On March 16, 2012, former Governor Cuomo signed into law the new Tier 6 pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from 3 years to 5 years. Tier 6 employees will vest in the system after ten years of employment and will continue to make employee contributions throughout employment.

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. Under the previous method, the District was unsure of how much it paid to the system until after its budget was implemented. Under the current method the contribution for a given fiscal year will be based on the value of the pension fund on the prior April 1 instead of the following April 1 so that the District will be able to include the cost of the contribution more accurately into its budget. The reform legislation also (i) required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible and (ii) moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004.

The New York State ERS rate to 2024-25 was 15.2%. The 2025-26 ERS increased to 16.5%. The 2025-26 TRS rate is 9.6%. The 2026-27 ERS is estimated to be 17.6%. The 2026-27 TRS is estimated to be 8.24%.

Due to poor performance of the investment portfolio of the State Retirement System, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rates for required pension contributions to the SRS will continue to increase. To help mitigate the impact of their ERS increases, legislation has been enacted that permits local governments and school district to amortize a portion of such contributions. Under such legislation, local governments and school district that choose to amortize a portion of their ERS contributions will be required to set aside and reserve funds with the SRS for certain future rate increases.

In Spring 2013, the State and TRS approved a Stable Contribution Option (“SCO”) that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates (“ARCs”). ERS followed suit and modified its existing SCO, which was adopted in 2010. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. The plan, which was approved in Governor Cuomo’s 2016-17 budget would let districts contribute 14.13% of employee costs toward pensions. The District has not opted into the pension smoothing plan.

The TRS SCO deferral plan is available to school districts. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in its ability to create a stable and reliable fiscal plan.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. School Districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

Effective July 1, 2017, the District adopted GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB), which supersedes GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions. This statement requires the District to recognize the total OPEB liability and related deferred outflows and deferred inflows of resources. The cumulative effect of implementing this required change in accounting principle resulted in a restatement of beginning net position as detailed in Note 2 to the financial statements. This statement addresses accounting and financial reporting for other postemployment benefits offered by the District and requires various note disclosures and required supplementary information.

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.

The District is in compliance with the requirements of GASB 75, and a summary of the actuarial valuation is included in the District's June 30, 2025 Financial Audit attached herein. The following table summarizes the District's annual OPEB statements for the year ended June 30, 2025:

Information on beginning of year deferred outflows and deferred inflows of resources, and all information for the prior year, is not available and therefore such amounts have not been restated.

	Total OPEB Liability
Balance as of June 30, 2024	<u>\$9,132,271</u>
Changes for the year:	
Service cost	196,863
Interest	343,430
Changes of assumptions	(217,108)
Differences between expected and actual experience	286,432
Benefit payments	<u>(700,236)</u>
Net changes	<u>(90,619)</u>
Balance as of June 30, 2025	<u>\$9,041,652</u>

Source: Audited Financial Statements

Investment Policy/Permitted Investments

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit moneys in banks and trust companies located and authorized to do business in the State. All such deposits, including special time deposit accounts and certificates of deposit, in excess of the amount insured under the Federal Deposit Insurance Act, are required to be secured in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

The Board of Education had adopted an investment policy and such policy conforms with applicable laws of the State governing the deposit and investment of public moneys. All deposits and investments of the District are made in accordance with such policy.

FINANCIAL FACTORS

Revenues

District finances are operated through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. The District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Property Tax Revenue

The District derives a major portion of its revenues from a tax on real property. Property taxes accounted for 39.0% total general fund revenues for the fiscal year ended June 30, 2025, while State aid accounted for 57.2%. Over the last five fiscal years, property tax revenues increased by 0.6% while State aid decreased by 0.4%.

The following table sets forth information regarding real property tax revenues during the last five fiscal years and budgeted for the previous and current fiscal years.

Table 3
Property Taxes

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2021	\$74,466,439	\$29,303,678	39.4%
2022	75,861,801	29,814,538	39.3%
2023	77,553,122	30,174,224	38.9%
2024	79,748,581	30,601,795	38.4%
2025	80,575,278	31,427,649	39.0%
2026 (Budget)	78,200,494	31,575,000	40.4%
2027 (Budget)	79,086,288	32,365,000	40.9%

Source: Audited Financial Statements and Adopted Budget.

State Aid

The District also receives a significant portion of its revenues in the form of State aid for operating purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

The following table sets forth State aid revenues during the last five fiscal years and budgeted for the previous and current fiscal years.

Table 4			
<u>State Aid</u>			
<u>Fiscal Year</u>	<u>Total General Fund Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2021	\$74,466,649	\$42,060,649	56.5%
2022	75,861,801	43,993,579	58.0%
2023	77,553,122	45,205,119	58.3%
2024	79,748,581	45,925,780	57.6%
2025	80,575,278	46,071,554	57.2%
2026 (<i>Budget</i>)	78,200,494	44,503,541	56.9%
2027 (<i>Budget</i>)	79,086,288	44,025,928	55.7%

Source: Audited Financial Statements and Adopted Budget.

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “STAR – School Tax Exemption” herein). The District expects to receive timely STAR aid from the State for the current fiscal year.

The State’s 2021-22 Enacted Budget and the State’s 2022-23 Enacted Budget included significant amounts of federal funding. The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision. Reductions in federal funding levels could have an a materially adverse impact on the State budget. To date, school districts have received significant funding because of the COVID-19 pandemic from federal stimulus packages and reinstatement of State Foundation Aid, however, the additional federal funding ceased after the 2023-24 fiscal year.

As part of the 2025–26 Enacted State Budget, the Governor and Legislature made targeted adjustments to the Foundation Aid formula. While the formula itself remains largely intact, the budget includes a hold harmless provision ensuring that no district receives less Foundation Aid than in the prior year. Additionally, all districts are guaranteed at least a 2% year-over-year increase in Foundation Aid. The enacted budget also includes formula modifications intended to provide enhanced support for high-need and disadvantaged school districts.

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. The State aid appropriated and apportioned to the District can be paid only if the State has such monies available, therefore. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor.

No delays in payment of State aid for the District’s 2026-27 fiscal year is presently anticipated, although no assurance can be given that there will not be a delay in payment thereof. Should the District fail to receive monies expected from the State in the amounts or at the times expected, the District is permitted to issue notes in anticipation of the receipt of delayed State aid.

The State receives a substantial amount of federal aid for health care, education, transportation and other governmental purposes, as well as federal funding to respond to, and recover from, severe weather events and other disasters. Many of the policies that drive this federal aid may be subject to change under the federal administration and Congress. Current federal aid projections, and the assumptions on which they rely, are subject to revision in the future as a result of changes in federal policy, the general condition of the global and national economies and other circumstances, including the diversion of federal resources to address the current COVID-19 outbreak.

Recent Events Affecting New York School Districts

School district fiscal year (2022-2023): For the 2022-2023 school year, the State's Enacted Budget provides \$31.3 billion in State funding to school districts for the 2022-2023 school year the highest level of State aid ever. This represents a year-to-year funding increase of \$2.1 billion or 7.07%. and includes \$21.4 billion of Foundation Aid which increased 8.1% from 2021-22. The 2022-2023 school year increase in Foundation Aid primarily reflects the second year of the three-year phase-in of full funding of the current Foundation Aid formula. The Enacted Budget also increases the State's annual investment in prekindergarten to \$1.1 billion, an increase of \$125 million, or 13%. The Budget also includes a total of \$100 million of matching funds over two years to be provided to school districts and BOCES with the highest needs to address student wellbeing and learning loss in response to the trauma brought about by the COVID-19 pandemic. This includes support for extended school day or school year programs, afterschool programs, mental health professionals and other locally determined initiatives.

School district fiscal year (2023-2024): The Governor's Enacted State budget provided \$34.5 billion in School Aid for the 2023-2024 fiscal year, an increase of \$3.1 billion (10.0 percent). Foundation Aid is increased by \$2.7 billion (12.8 percent). This is the third year of the Foundation Aid Formulation, a three-year phase-in of the restoration of the full Foundation Aid formula to finally fulfill the State's commitments from the Campaign for Fiscal Equity case from the early 2000s. The budget continued the expansion of full-day prekindergarten that will provide funding to 200 school districts with an increase of \$1.2 million from the 2022-2023 fiscal year. The total funding for the Universal Pre- Kindergarten included \$25 million in expansion grants supported by the American Rescue Plan Act.

School district fiscal year (2024-2025): The Governor's Enacted State budget provided \$35.9 billion in School Aid, an increase of \$1.3 billion, including \$24.9 billion in Foundation Aid for the 2024-2025 fiscal year. Governor Hochul is lowering the inflation factor from 4.1 percent to 2.8 percent in the formula to right-size funding for the 2024-2025 school year. The Budget also commissioned a Rockefeller Institute study to examine the Foundation Aid formula to prepare for changes in following years.

School district fiscal year (2025-2026): For the 2025-2026 school year, the Enacted Budget provides \$37.6 billion in State funding to school districts, the highest level of State aid ever. This represents an increase of \$1.7 billion or 4.9 percent compared to the 2024-2025 school year and includes a \$1.4 billion, or 5.9 percent, Foundation Aid increase. Although recommended to be phased-out in the previously mentioned report done by the Rockefeller Institute, the State's 2025-2026 Enacted Budget maintains the "save harmless" provision, which ensures a school district receives at least the same amount of Foundation Aid as it received in the prior year. The State's 2025-2026 Enacted Budget includes a 2% minimum increase in Foundation Aid to all school districts and makes a number of alterations to the Foundation Aid formula designed to reflect low-income student populations and provide additional aid to low-wealth school districts.

Provisions in the State's 2025-2026 Enacted Budget grant the State Budget Director the authority to withhold all or some of the amounts appropriated therein, including amounts that are to be paid on specific dates prescribed in law or regulation (such as State aid) if, on a cash basis of accounting, a "general fund imbalance" has or is expected to occur in fiscal year 2025-2026. Specifically, the State's 2025-2026 Enacted Budget provides that a "general fund imbalance" has occurred, and the State Budget Director's powers are activated, if any State fiscal year 2025-2026 quarterly financial plan update required by Subdivision 4 of Section 23 of the New York State Finance Law reflects, or if at any point during the final quarter of State fiscal year 2025-2026 the State Budget Director projects, that estimated general fund receipts and/or estimated general fund disbursements have or will vary from the estimates included in the

State's 2025-26 Enacted Budget financial plan required by sections 22 and 23 of the New York State Finance Law results in a cumulative budget imbalance of \$2 billion or more. Any significant reductions or delays in the payment of State aid could adversely affect the financial condition of school districts in the State.

School district fiscal year (2026-2027): The Governor's Enacted State budget provided \$39.3 billion in School Aid, an increase of \$1.6 billion, including \$27.1 billion in Foundation Aid for the 2026-2027 fiscal year. The growth in Foundation Aid fully funds the current formula and ensures that each school district receives at least one percent year to year increase.

The State budget for the 2026-2027 fiscal year provides \$45.06 million of State Aid to the District, a 1.21% decrease from the District's 2025-26 fiscal year.

The District presently anticipates an increase of \$649,042 in its Foundation Aid for its 2026-2027 fiscal year.

It should also be noted that the District receives federal aid for certain programs. In its last audited fiscal year, the District received \$224,597 in such direct federal aid. It is not possible to predict whether such aid will continue in the future, or if continued, whether it will be funded at present levels.

The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "*Market Factors Affecting Financing of the State and School Districts of the State*" herein).

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the District's 2026-27 fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

Budgetary Procedure

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central staff. During the winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors.

Effective September 1, 1996, the Education Law was amended to require all small city school districts in cities with populations under 125,000, including the District, to provide for the submission of their annual budgets for approval of the school district voters in the same manner as other non-city school districts in the State. Under current law, the budget is submitted to voter referendum on the third Tuesday of May each year.

The voters approved the District's 2026-27 budget on May 19, 2026.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and

patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in “significant fiscal stress”, in “moderate fiscal stress,” as “susceptible to fiscal stress” or “no designation”. Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of “no designation.” This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity’s financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the District as “No Designation.” (<https://wwe1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm>)

New York State Comptroller’s Audit

Many school districts throughout the state can be subject to an audit of the New York State Office of the Comptroller (“OSC”) pursuant to Article V, Section 1 of the State Constitution, and the State Comptroller’s authority as set forth in Article 3 of the New York State General Municipal Law.

On November 3, 2023, OSC, Division of Local Government and School Accountability released an audit of the District to review whether the District officials properly secured user account access to the network and managed user account permissions in financial and student information applications. The audit’s resulting opinion was that the District officials did properly manage user account permissions in the financial application. The District officials did not properly secure user account access to the network or manage user account permissions in the student information application. This could result in network resources and student information being inappropriately altered, accessed, or used. The District did not disable 246 unnecessary network user accounts, properly manage 517 user accounts in student information applications, educate users on data privacy and security awareness, and develop an IT contingency plan.

The OSC recommended that the District disable unnecessary network user accounts that are no longer needed and lock or disable user accounts in the student information application when employee separates from the District. The District agrees with the OSC’s recommendations and have initiated a corrective plan.

The link to this OSC report is:

<https://www.osc.ny.gov/files/local-government/audits/2023/pdf/north-tonawanda-central-school-district-2023-102.pdf>

The OSC has not conducted any other audits of the District in the past 5 years.

Independent Audit

The financial statements of the District are audited each year by an independent public accountant and are available for public inspection upon request. A copy of the District’s most recent audited financial statement appears in Appendix C, herein.

TAX INFORMATION

Real Property Tax Assessments and Rates

The City Assessor maintains the assessment records and prepares the annual assessment roll for the District. The following table sets for the assessed and full valuation of taxable property, rates of tax per \$1,000 assessed valuation, and the District’s real property tax levy for the five most recent fiscal years.

Table 5
Real Property Tax Rates and Tax Levy*
(Fiscal Years Ending June 30)

	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Tax Levy	\$29,300,750	\$29,711,000	\$30,127,000	\$30,730,000	\$31,575,000
Tax Rate ⁽¹⁾	22.93	23.01	23.12	23.42	23.94

(1) Per \$1,000 Assessed Value.

Table 6
Assessed and Full Valuation
(Fiscal Years Ending June 30)

<u>Year of Assessment Roll</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Fiscal Year for Taxes</u>	<u>2021-22</u>	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>
Assessed Value	\$1,285,835,260	\$1,291,251,520	\$1,303,112,381	\$1,312,102,903	\$1,318,807,544
Equalization Rate	65.00%	55.00%	52.00%	47.00%	44.00%
Full Value	\$1,978,208,092	\$2,347,730,036	\$2,505,985,348	\$2,791,708,304	\$2,997,289,873

Source: School Officials and State Department of Real Property Services.

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. The District is not subject to constitutional real property taxing limitations. (See “*Tax Levy Limitation Law*,” below.)

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the New York Laws of 2011 (herein referred to as the “Tax Levy Limit Law” or “Law”) was signed by the Governor. The Tax Levy Limit Law modified previous law by imposing a limit on the amount of real property taxes that a school district may levy. The Law is effective for the District’s 2012-2013 fiscal year, commencing July 1, 2012, and thereafter.

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

Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district’s budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, such as the Bonds, and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

On February 20, 2013, the New York State United Teachers (“NYSUT”) and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On

September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limitation Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015 a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limitation Law. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016, by the Court of Appeals, NY's highest court, on the grounds that no substantial constitutional question was directly involved, and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

Tax Collection Procedure

Taxes are due and payable without penalty during the month of September. Taxes paid during the month of October are subject to a 1% penalty and an additional one-half of one percent each month thereafter. A certified list of unpaid taxes compiled on or about November 1, is returned to the City Treasurer who is responsible for the enforcement of unpaid school taxes. The City is required to remit moneys received from the collection of unpaid school taxes at least once each month.

If the City bids on the delinquent property, the District receives the full amount of the unpaid tax. Otherwise, the District receives only the amount collected by the City through legal proceedings. The Real Property Tax Law provides for additional remittances for unpaid school taxes and properties included in a tax sale conducted by either the City or the County. In general, the District must receive the full amount of its unpaid taxes within two years after the return of the statement of unpaid taxes.

STAR - School Tax Exemption

The Basic and Enhanced STAR (School Tax Relief) Property Tax Exemptions are homestead exemptions. Basic STAR is available to anyone who owns and lives in his or her own home. Enhanced STAR is available to senior homeowners whose incomes do not exceed the statewide standard.

For the 2026-27 school year, homeowners, subject to certain household income limitations, are eligible for an enhanced exemption and basic exemption as follows:

<u>Municipality:</u>	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>
City of North Tonawanda	\$38,940	\$13,200
<i>Date Certified: 04/10/2026</i>		

The enhanced or basic STAR exemption is the amount that an assessment will be reduced prior to the levy of school taxes. For example, if a home is assessed at \$150,000 and the enhanced STAR exemption for a municipality is \$50,000, the school taxes on the property would be paid on a taxable assessment of \$100,000 (\$150,000 - \$50,000 = \$100,000).

Since the 2011-12 school tax bills, there has been a 2% limit on STAR savings increases, the savings results from the Basic or Enhanced STAR exemptions are limited to a 2% increase over the prior year. When school district initially calculates their tax bills, for each municipal segment they will compare the amount of STAR savings to the maximum. If the STAR savings exceeded the maximum, the school district will use the maximum when calculating tax bills for the segment.

The maximum savings for each of the municipalities within the District for the 2026-27 are as follows:

<u>Municipality</u>	<u>Basic Maximum Savings</u>	<u>Enhanced Maximum Savings</u>
City of North Tonawanda	\$338	\$969

Updated: 04/11/2025

The District expects to receive full reimbursement of such exempt taxes from the State during the 2026-27 fiscal year.

Ten of the Largest Taxpayers

The following table presents the taxable assessments of the District's ten largest taxpayers for the 2025 Assessment Roll.

Table 7			
<u>Taxable Assessments</u>			
<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u> ⁽¹⁾
National Grid	Utility	\$20,371,571	1.54%
National Fuel Gas	Utility	10,533,882	0.80%
IT Mid City Plaza LLC	Plaza	11,210,600	0.85%
Walmart	Retail	9,339,700	0.71%
NT Senior Housing	Housing	4,979,000	0.38%
CSX	Railroad	3,770,557	0.29%
Fortistar	Development	3,600,000	0.27%
Bishop Gibbons Assoc.	Apartments	3,313,000	0.25%
Smith Boys	Marina	3,081,500	0.23%
Budwey	Retail	2,811,400	0.21%
Total:		<u>\$73,011,210</u>	<u>5.54%</u>

⁽¹⁾ The District's total estimated assessed value for the 2025-26 fiscal year is \$1,318,807,544.

DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

The New York State Constitution and Local Finance Law limit the power of the District (and other municipalities and school districts of the State) to issue obligations and to contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District and to the Bonds.

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose (as determined by statute) or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment unless the District determines to issue debt amortized on the basis of substantially level or

declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

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

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds or notes in anticipation of bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 until the plans and specifications for such projects have been approved by the Commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution, except for alleged constitutional violations. The District has complied with such procedure with respect to the Bonds.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of bonds and notes. However, such finance board may delegate the power to sell the bonds or notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is \$299,728,987. This is calculated by taking 10% of the current full value of the taxable real property of the District.

Table 8
Statutory Debt Limit and Net Indebtedness
(As of July 8, 2026)

Full Valuation of Taxable Real Property	\$2,997,289,873
Debt Limit (10% of Full Valuation)	\$299,728,987
<u>Inclusions:</u>	
Outstanding Indebtedness (Principal Only):	
Serial Bonds	\$15,830,000
Bond Anticipation Notes	<u>0</u>
Total Gross Inclusions	\$15,830,000
<u>Exclusions:</u>	
Appropriations:	0
Less: Exclusions for estimated building aid ⁽¹⁾	<u>0</u>
Total Gross Exclusions	0
Total Net Indebtedness	<u>\$15,830,000</u>
Net Debt-Contracting Margin	<u>\$283,898,987</u>
Percentage of Debt-Contracting Margin Exhausted	<u>5.28%</u>

- (1) The District has received and expects to continue to receive State Aid on a portion of existing indebtedness contracted for school building purposes pursuant to Section 121.20 of the Local Finance Law, but, under the Local Finance Law, as a small city school district, it is not permitted to deduct such anticipated State building aid from its outstanding indebtedness. However, as a matter of information, State aid for building purposes is currently estimated by District officials at 79.7%.

Source: District Officials.

Revenue and Tax Anticipation Notes

The District has not issued TANs or RANs in recent years.

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. Table 10 presents the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

Table 9
Statement of Direct and Overlapping Indebtedness

<u>Issuer</u>	<u>Net Debt Outstanding</u>	<u>As of:</u>	<u>District Share</u>	<u>Amount Applicable To District</u>
Niagara County	\$20,605,000	06/23/2025	14.33%	\$2,952,697
City of North Tonawanda	35,429,785	04/23/2026	100.00%	<u>35,429,785</u>
Total Net Overlapping Debt				\$38,382,482
Total Net Direct Debt				<u>\$15,830,000</u>
Net Direct and Overlapping Debt				<u>\$54,212,482</u>

Source: Official Statements of City and County

Debt Ratios

The following table presents certain debt ratios relating to the District's direct and overlapping indebtedness.

Table 10
Debt Ratios

	<u>Debt Per Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$15,830,000	\$509	0.53%
Net Direct and Overlapping Debt	\$54,212,482	\$1,743	1.81%

(1) The population of the District is estimated by District officials to be approximately 31,110.
(2) The District's estimated full value taxable real property for fiscal year ending June 30, 2026 is \$2,997,289,873.

Other Long-Term Obligations

In June 1996 and December 2003, the District entered into leases under performance contracts for energy savings programs. In July 2002, the District refinanced the 1996 energy performance contract. The leased property represents primarily energy savings improvements to District owned properties. Pursuant to Section 9-103 of the Energy Law, these contracts do not create any legal or moral obligation to request, appropriate or make available monies for the purpose of the contracts. Quarterly payments of and \$56,197 continue through November 21, 2019. During the year ended June 30, 2020, the District made the final payment on its capital leases.

In February 2020, the District entered into a lease under performance contracts for energy savings programs. Payments begin July 2021 through July 2035.

Short-Term Obligations

Following the issuance of the Notes, the District will have \$20,000,000 of bond anticipation notes maturing on June 15, 2027.

Authorized but Unissued Indebtedness

A majority of the qualified voters of the District voting at the Annual District Meeting and Election duly called and held on May 21, 2024, authorized the issuance of \$33,900,000 serial bonds of the District to finance the improvements of various District facilities and sites. Following the issuance of the Notes, the District will have \$13,900,000 remaining authorized but unissued

Debt Service Schedule

Table 1 shows the debt service requirements to maturity on the District's outstanding bonded indebtedness (as of July 8, 2026).

Table 11
Bond Principal and Interest Maturity Table

<u>Fiscal Year Ending 6/30:</u>	<u>Principal</u>	<u>Interest</u>	<u>Debt Service</u>
2027	\$2,285,000	\$284,950	\$2,569,950
2028	2,340,000	243,950	2,583,950
2029	2,400,000	201,250	2,601,250
2030	2,450,000	156,850	2,606,850
2031	2,510,000	110,750	2,620,750
2032	2,570,000	62,750	2,632,750
2033	1,275,000	19,125	1,294,125
	<u>\$15,830,000</u>	<u>\$1,079,625</u>	<u>\$16,909,625</u>

ECONOMIC AND DEMOGRAPHIC DATA

School Enrollment Trends

The following table presents the past and projected school enrollment for the District.

TABLE 12
School Enrollment Trends

<u>Fiscal Year</u>	<u>Actual Enrollment</u>	<u>Fiscal Year</u>	<u>Projected Enrollment</u>
2023-24	3,236	2026-27	3,250
2024-25	3,243	2027-28	3,250
2025-26	3,228	2028-29	3,225

Source: District Officials.

Population

The estimated population of the District is 31,110 according to District officials. The following table presents population trends for the City, which is contiguous with the District, the County and the State, based upon recent census data.

TABLE 13
Population Trend

	<u>2010</u>	<u>2020</u>	<u>Percentage Change</u>
City	31,568	30,496	(3.5)%
County	216,469	212,666	(1.8)%
State	19,378,102	20,201,249	4.3 %

Source: U.S. Census Bureau

Income

The following table presents per capita money income for the City which is contiguous with the District, the County and the State.

TABLE 14
Per Capita Money Income

	<u>2010</u>	<u>2020</u>	<u>00/10</u>
City	\$24,957	31,590	26.6%
County	24,224	30,971	27.9%
State	30,948	39,326	27.1%

Source: New York State Department of Commerce; New York State Department of Economic Development.

Employment and Unemployment

The following tables provide information concerning employment and unemployment in the County and the State and are not necessarily representative of the District.

TABLE 15
Civilian Labor Force
(Thousands)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
City	14.3	14.6	14.7	14.5	14.5
County	93.0	94.9	95.9	94.6	94.9
State	8,914.3	9,266.1	9,452.5	9,514.5	9,575.2

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

TABLE 16
Yearly Average Unemployment Rates

<u>Year</u>	<u>City</u>	<u>County</u>	<u>State</u>
2021	4.9%	5.6%	7.1%
2022	3.4%	3.8%	4.3%
2023	3.3%	3.8%	4.0%
2024	3.7%	4.2%	4.2%
2025	4.0%	4.4%	4.3%

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

TABLE 17
Monthly Unemployment Rates

<u>Month</u>	<u>City</u>	<u>County</u>	<u>State</u>
May 2025	3.3%	3.6%	3.8%
June	3.6%	3.8%	4.1%
July	4.2%	4.5%	4.8%
August	4.3%	4.6%	4.9%
September	3.8%	4.1%	4.7%
October	NA	NA	NA
November	3.8%	4.2%	4.4%
December	3.9%	4.4%	4.3%
January 2026	4.5%	5.3%	4.7%
February	5.1%	5.9%	5.2%
March	4.4%	5.2%	4.4%
April	3.8%	4.5%	4.2%

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

TABLE 18
Major Employers in the District

<u>Name of Employer</u>	<u>Type of Business</u>	<u>Approx. Number of Employees</u>
North Tonawanda City Schools	Education	663
DeGraff Memorial Hospital	Health Care	500
City of North Tonawanda	Government	257
Tops Supermarkets	Retail	230
Smurfit – Stone	Manufacturing	152
Buffalo Pumps	Manufacturing	120
Swaglock	Manufacturing	100
Niagara Cutter, Inc.	Manufacturing	100
Confer Plastics	Manufacturing	100
Walmart	Retail	100

Source: The District and North Tonawanda Chamber of Commerce

LITIGATION

The District is subject to a number of lawsuits in the ordinary conduct of its affairs. The District does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Bonds or the levy and collection of taxes or

assessments to pay same, or in any way contesting or affecting the validity of the Bonds or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Bonds or contesting the corporate existence or boundaries of the District.

The District is presently defending 4 litigation matters that were brought in response to the recently enacted Child Victims Act. At this time, the District does not yet have sufficient information to determine if the potential claims are meritorious. The lawsuits have some level of insurance coverage subject to a reservation of rights, while zero has no coverage. At this time the scope of any potential damages cannot be predicted, and it is not yet clear whether any damages that are ultimately awarded will be covered, in whole or in part, by insurance.

End of Appendix A

APPENDIX B

SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

CITY SCHOOL DISTRICT OF THE CITY OF NORTH TONAWANDA, NY
Statement of Budgeted Appropriations, Estimated Revenues and
Appropriated Fund Balance
General Fund
Fiscal Year Ending June 30

	Adopted Budget 2025-26	Adopted Budget 2026-27
Estimated Revenues:		
Real Property Tax	\$31,575,000	\$32,365,000
Real Property Tax Items	432,591	418,000
Charges for Services	82,500	85,000
Use of Money & Property	524,860	924,360
Sale of Property and Compensation for Loss	255,000	255,000
Miscellaneous	397,002	463,000
State Aid	44,503,541	44,025,928
Interfund Transfers	215,000	250,000
Federal Aid	215,000	300,000
Total Estimated Revenues	<u>78,200,494</u>	<u>79,086,288</u>
Appropriated Fund Balance	<u>4,799,506</u>	<u>5,313,712</u>
Total Estimated Revenues and Fund Balance	<u><u>\$83,000,000</u></u>	<u><u>\$84,400,000</u></u>
Appropriations:		
General Support	2,599,876	2,797,194
Operations and Maintenance	7,469,880	7,930,091
Instruction	42,605,139	43,884,909
Pupil Transportation	5,203,000	5,150,400
Employee Benefits	20,541,416	21,364,177
Debt Service	4,355,689	3,008,229
Interfund Transfers	225,000	265,000
Total Appropriations	<u><u>\$83,000,000</u></u>	<u><u>\$84,400,000</u></u>

Source: Adopted Budgets

CITY SCHOOL DISTRICT OF THE CITY OF NORTH TONAWANDA, NY
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Fiscal Year Ending June 30

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
<u>Revenues:</u>					
Real Property Taxes	\$29,303,678	\$29,814,538	\$30,174,224	\$30,601,795	\$31,427,649
Charges for Services	150,384	190,644	200,792	693,547	566,702
Use of Money & Property	325,258	278,688	751,907	1,465,455	1,635,654
Sale of Prop & Comp for Loss	9,964	0	0	0	0
Miscellaneous	1,682,536	1,043,876	973,088	715,347	649,122
State Aid	42,060,649	43,993,579	45,205,119	45,925,780	46,071,554
Federal Sources	<u>933,970</u>	<u>540,476</u>	<u>247,992</u>	<u>346,657</u>	<u>224,597</u>
Total Revenues	\$74,466,439	\$75,861,801	\$77,553,122	\$79,748,581	\$80,575,278
<u>Expenditures:</u>					
General Support	\$6,977,246	\$7,430,029	\$7,623,877	\$8,335,204	\$8,719,278
Instruction	42,143,539	38,507,686	38,129,533	39,362,829	40,871,602
Pupil Transportation	3,520,186	3,076,772	3,411,700	4,211,489	4,305,156
Employee Benefits	15,172,924	13,549,588	13,216,455	16,689,643	16,919,625
Debt Service	<u>5,129,523</u>	<u>5,693,612</u>	<u>6,847,239</u>	<u>6,727,697</u>	<u>6,732,167</u>
Total Expenditures	\$72,943,418	\$68,257,687	\$69,228,804	\$75,326,862	\$77,547,828
Excess (deficiency) of Revenues Over Expenditures and Other Uses	1,523,021	7,604,114	8,324,318	4,421,719	3,027,450
<u>Other Sources and Uses:</u>					
Issuance of Lease	0	0	0	464,461	0
Interfund Transfers	45,289	183,336	84,413	227,333	251,714
Operating Transfers Out	<u>(1,703,214)</u>	<u>(1,508,228)</u>	<u>(413,659)</u>	<u>(211,404)</u>	<u>(6,261,578)</u>
Total Other Sources and Uses	(1,657,925)	(1,324,892)	(329,246)	480,390	(6,009,864)
Excess (deficiency) of Revenues Over Expenditures and Other Uses	(134,904)	6,279,222	7,995,072	4,902,109	(2,982,414)
Fund Balance - Beg. Of Year	<u>18,494,798</u>	<u>18,359,894</u>	<u>24,639,116</u>	<u>32,634,188</u>	<u>37,536,297</u>
Fund Balance - End of Year	<u>\$18,359,894</u>	<u>\$24,639,116</u>	<u>\$32,634,188</u>	<u>\$37,536,297</u>	<u>\$34,553,883</u>

Source: Audited Financial Statements
Summary not audited

CITY SCHOOL DISTRICT OF THE CITY OF NORTH TONAWANDA, NY
Balance Sheet
General Fund
Fiscal Year Ending June 30

	<u>2024</u>	<u>2025</u>
Assets:		
Cash and Cash Equivalents	\$4,974,972	\$5,842,792
Restricted Cash and Cash Equivalents	28,292,295	27,531,645
Receivables	947,552	1,017,311
Intergovernmental Receivables	2,990,043	2,514,567
Due From Other Funds	5,998,404	5,180,383
Prepaid Expenses	382,255	2,862
Cash value of Life Insurance	85,052	45,742
Total Assets	<u>\$43,670,573</u>	<u>\$42,135,302</u>
Liabilities and Fund Balance:		
Accounts Payable	\$934,366	\$1,346,810
Accrued Liabilities	1,244,945	2,159,874
Due to Retirement System	3,354,598	3,448,632
Unearned Revenue	<u>0</u>	<u>0</u>
Total Liabilities	<u>5,533,909</u>	<u>6,955,316</u>
Deferred Inflows of Resources:		
Unavailable revenues - taxes	<u>600,367</u>	<u>626,103</u>
Total deferred inflows of resources	600,367	626,103
Fund Balance - (deficit):		
Nonspendable	467,307	48,604
Restricted	28,292,295	27,531,645
Assigned	5,436,296	3,653,634
Unassigned	<u>3,340,399</u>	<u>3,320,000</u>
Total Fund Balance	<u>37,536,297</u>	<u>34,553,883</u>
Total Liabilities and Fund Balance	<u>\$43,670,573</u>	<u>\$42,135,302</u>

Source: Audited Financial Statements
Summary not audited

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2025**

**Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:**

<https://emma.msrb.org/P21978986-P21509005-P21962511.pdf>

**The audited financial statements referenced above are hereby incorporated into the
attached Official Statement.**

*** Such Financial Statements and opinion are intended to be representative only as
of the date thereof. Drescher & Malecki LLP has not been requested by the District
to further review and/or update such Financial Statements or opinion in connection
with the preparation and dissemination of this Official Statement.**

APPENDIX D

FORM OF DISCLOSURE UNDERTAKING

DISCLOSURE UNDERTAKING

This undertaking to provide notice of certain designated events (the “Disclosure Undertaking”) is executed and delivered by The City School District of the City of North Tonawanda, Niagara County, New York (the “Issuer”) in connection with the issuance of its \$20,000,000 Bond Anticipation Note(s), 2026 or interests therein (such Note(s), including any interests therein, being collectively referred to herein as the “Security”). The Security has a stated maturity of 18 months or less. The Issuer hereby covenants and agrees as follows:

Section 1. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes (for the benefit of Security Holders) to provide (or cause to be provided either directly or through a dissemination agent) to EMMA (or any successor thereto) in an electronic format (as prescribed by the MSRB) in a timely manner (not in excess of ten business days after the occurrence of any such event) notice of any of the following events with respect to the Security:

- (1) Principal and interest payment delinquencies;
- (2) Non-payment related defaults, if material;
- (3) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (4) Unscheduled draws on credit enhancements reflecting financial difficulties;
- (5) Substitution of credit or liquidity providers, or their failure to perform;
- (6) Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Security, or other material events affecting the tax status of the Security;
- (7) Modifications to rights of Security Holders, if material;
- (8) Bond (or Note) calls, if material, and tender offers;
- (9) Defeasances;
- (10) Release, substitution, or sale of property securing repayment of the Security, if material;
- (11) Rating changes;
- (12) Bankruptcy, insolvency, receivership or similar event of the obligated person;

Note to paragraph (12): For the purposes of the event identified in paragraph (12) of this section, the event is considered to occur when any of the following occur: The appointment of a receiver, fiscal agent or similar officer for an obligated person in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the obligated person, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the obligated person.

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

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

(15) Incurrence of a Financial Obligation of the obligated person, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a Financial Obligation of the obligated person, any of which affect Security Holders, if material; and

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

(b) The Issuer may choose to disseminate other information in addition to the information required as part of this Disclosure Undertaking. Such other information may be disseminated in any manner chosen by the Issuer. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated pursuant to this Disclosure Undertaking.

(c) The Issuer may choose to provide notice of the occurrence of certain other events, in addition to those listed in Section 1(a) above, if the Issuer determines that any such other event is material with respect to the Security; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any material event except those events listed above.

Section 2. Definitions.

“EMMA” means Electronic Municipal Market Access System implemented by the MSRB.

“Financial Obligation” means a (A) debt obligation; (B) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (C) guarantee of (A) or (B). Financial Obligation shall not include municipal securities as to which a final official statement has been provided to the MSRB consistent with Rule 15c2-12.

“MSRB” means the Municipal Securities Rulemaking Board established in accordance with the provisions of Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of the MSRB contemplated by this Disclosure Undertaking.

“Purchaser” means the financial institution referred to in a certain Certificate of Determination that is being delivered by the Issuer in connection with the issuance of the Security.

“Rule 15c2-12” means Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended through the date of this Disclosure Undertaking, including any official interpretations thereof.

“Security Holder” means any registered owner of the Security and any beneficial owner of the Security within the meaning of Rule 13d-3 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934.

Section 3. Remedies. If the Issuer fails to comply with any provision of this Disclosure Undertaking, then any Security Holder may enforce, for the equal benefit and protection of all Security Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Disclosure Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Disclosure Undertaking; provided that the sole and exclusive remedy for breach of this Disclosure Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Disclosure Undertaking shall not constitute an event of default on the Security.

Section 4. Parties in Interest. This Disclosure Undertaking is executed to assist the Purchaser to comply with paragraph (b)(5) of Rule 15c2-12 and is delivered for the benefit of the Security Holders. No other person has any right to enforce the provisions hereof or any other rights hereunder.

Section 5. Amendments. Without the consent of any Security Holders, at any time while this Disclosure Undertaking is outstanding, the Issuer may enter into any amendments or changes to this Disclosure Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes to Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided as part of this Disclosure Undertaking and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Security Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Disclosure Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 5 shall adversely affect the interests of the Security Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 6. Termination. (a) This Disclosure Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Security shall have been paid in full or the Security shall have otherwise been paid or legally defeased in accordance with their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to EMMA. Such notice shall state whether the Security has been defeased to maturity or to redemption and the timing of such maturity or redemption.

(b) In addition, this Disclosure Undertaking, or any provision hereof, shall be null and void in the event that those portions of Rule 15c2-12 which require this Disclosure Undertaking, or such provision, as the case may be, do not or no longer apply to the Security, whether because such portions of Rule 15c2-12 are invalid, have been repealed, or otherwise.

Section 7. Undertaking to Constitute Written Agreement or Contract. This Disclosure Undertaking shall constitute the written agreement or contract for the benefit of Security Holders, as contemplated under Rule 15c2-12.

Section 8. Governing Law. This Disclosure Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, I have hereunto set my signature and affixed the seal of the Issuer to this Disclosure Undertaking as of July 30, 2026.

THE CITY SCHOOL DISTRICT OF THE CITY OF NORTH
TONAWANDA NIAGARA COUNTY, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk