

PRELIMINARY OFFICIAL STATEMENT DATED SEPTEMBER 16, 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 LACKWANNA ERIE COUNTY, NEW YORK

\$56,200,000
BOND ANTICIPATION NOTES, 2026
(the "Notes")

Dated Date: October 6, 2026

Maturity Date: October 6, 2027

The Notes are general obligations of the City School District of the City of Lackawanna, in Erie 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 October 6, 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 October 6, 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 October 6, 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.

October __, 2026

**CITY SCHOOL DISTRICT OF THE CITY OF LACKAWANNA
ERIE COUNTY, NEW YORK**

Board of Education

Azaldeen Mohamed
President

Dr. Mohamed Munassar..... Vice President
Shokey Albaneh..... Board Member
Michael Algawani..... Board Member
Kimberly Bukaty..... Board Member
Zennat Habir Board Member
Abdulrahman Umar Board Member

Nadia A. Nashir Superintendent of Schools
Daniel Grant..... Assistant Superintendent for Administrative Services
Ryann Rizzo..... Board 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 LACKAWANNA
ERIE COUNTY, NEW YORK
relating to
\$56,200,000
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 Lackawanna, in the County of Erie, in the State of New York (the “District”, “County” and “State,” respectively) in connection with the sale of \$56,200,000 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.

The Notes are dated October 6, 2026 and bear interest from that date until October 6, 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 October 19, 2023 and thereafter approved by qualified voters of the District on December 12, 2023 authorizing the issuance of \$56,200,000 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; 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.

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 "A2" 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 Mr. Daniel Grant, Assistant Superintendent of Administrative Services and Paying Agent; Contact: Phone (716) 821-5610 ext. 7748 ; Email: dgrant@lackawannaschools.org ; Address: 245 South Shore Boulevard, Lackawanna, New York 14218 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 Lackawanna
Erie County, New York**

By: _____
Azaldeen Mohamed
President of the Board of Education

DATED: October __, 2026

APPENDIX A

THE DISTRICT

General Information

The District is located entirely within the boundaries of the City of Lackawanna (“City”) which has an area of approximately 6.1 square miles and a 2020 estimated population of 19,949 (U.S. Census). The City is located immediately south of the City of Buffalo on the eastern shore of Lake Erie.

The City was established to serve the iron and steel industry of the early 20th century. Major industrial and commercial entities include Mittal Steel, South Buffalo Railroad and the Gateway Trade Center. Residents find employment in these and other local firms in nearby Buffalo and the surrounding region.

The District’s transportation needs are served by the New York State Thruway (Interstate 90) and Route 5 (Hamburg Turnpike). The Niagara Frontier Transportation Authority provides bus service to the area. The Gateway Trade Center maintains, through the Lackawanna Ship Canal, the area’s Port of Buffalo operations. The area is also served by six railroad line operators and air transportation is available at the Buffalo-Niagara International Airport.

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 an 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 District Clerk, the District Treasurer, the District Attorney and the Assistant Superintendent of 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 four buildings; statistics relating to each are shown below.

TABLE 1
School Statistics

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year of Construction</u>	<u>Last Addition</u>
Truman Elementary	Pre-K – 1	660	1967	
Martin Road Elementary	2 – 5	926	2003	
McKinley Elementary	Administration	568	1938	
Middle/High School	6 – 12	1916	1956	1986

Source: District Officials.

Employees

The District provides services to full and part-time employees represented by the following organizations.

TABLE 2
Employees

<u>Number of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date</u>
320	New York United Teachers (Teachers)	6/30/2026*
23	AFL/CIO (Administrative Council)	6/30/2026*
34	National Education Assoc. (Competitive Education Secretaries)	6/30/2026*
185	AFL/CIO (CSEA)(72 full-time/32 part-time)	6/30/2028
4	AFL/CIO (Nurses Association)	6/30/2030
1	Assistant Superintendent - Personnel/Safety	9/17/2026
1	Assistant Superintendent for Admin. Svcs.	6/30/2031
1	Superintendent	6/30/2030
1	Assistant Superintendent - School Improvement	2/11/2027
1	Assistant Superintendent - Instructional Services	8/22/2027
1	Director of Facilities II	Vacant
1	Board Clerk	06/30/2026**
1	Claims Auditor (part-time)	06/30/2026**

*Currently under negotiations.

**Annual appointment.

Source: District Officials.

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York and Local Employees' Retirement System ("ERS").

Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS"). Payments to TRS are deducted from the School District's State aid payments.

Both the ERS and the TRS are non-contributing with respect to members hired prior to July 27, 1976. Other than members of Tier V and Tier VI (described below) the ERS and TRS are non-contributory with respect to members working ten or more years. All members working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs except for Tier VI members, whose contributions range from 3-6%.

The following table details the District's estimated required contributions to the ERS for the current budgeted fiscal year and the actual required contributions for the preceding three audited fiscal years ended June 30:

<u>Fiscal Year End 6/30</u>	<u>ERS</u>
2027 Budgeted	\$795,000
2026	856,750
2025	673,039
2024	496,422

Source: Audited Financial Statements and Adopted Budget of the District.

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

<u>Fiscal Year End 6/30</u>	<u>TRS</u>
2027 Budgeted	\$2,390,000
2026	2,193,370
2025	2,427,598
2024	2,109,704

Source: Audited Financial Statements and Adopted Budget of the District.

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, 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.

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 in the wake of the 2008-2009 financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially, although have stabilized and actually reduced in recent years. To help mitigate the impact of such increases, legislation was enacted that permitted a school district to amortize a portion of its annual employer pension payment to the ERS only. Under such legislation, school districts that chose to amortize were required to set aside and reserve funds with the ERS for certain future rate increases. The District has not amortized any of its employer pension payments pursuant to this legislation and expects to continue to pay all payments in full when due.

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 2014-15 budget would let districts contribute 14.13% of employee costs toward pensions.

The TRS SCO deferral plan is available to school districts for seven years after enactment. Under the TRS SCO plan, payment of the deferred amount would 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 District has not and does not plan to participate in the ERS or TRS SCO program.

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. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. 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.

During the year end June 30, 2019, 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.

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:

Changes in the Total OPEB Liability	<u>2025</u>
Service cost	\$170,329
Interest	199,367
Changes of benefit terms	0
Differences between expected & actual experience	963,541
Changes in assumptions	(82,107)
Benefit payments	<u>(260,657)</u>
Net changes	\$990,473
 Net OPEB Liability – beginning of year	 <u>\$5,099,548</u>
Net OPEB liability – end of year	<u>\$6,090,021</u>

Source: Audited Financial Statements. Table itself is not audited.

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 bonds 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, 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

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 significant portion of its revenues from a tax on real property. Real property taxes and tax items accounted for 14.7% of total general fund revenues for the fiscal year ended June 30, 2025, while State aid accounted for 76.7% forth total general fund revenues and real property tax and tax item revenues collected during the last five audited fiscal years ended June 30th and budgeted for the prior and current fiscal year.

Table 3
Property Taxes

<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>Real Property Taxes and Tax Items</u>	<u>Real Property Taxes and Tax Items to Revenues</u>
2021	\$57,377,549	\$9,791,987	17.1%
2022	59,952,077	9,388,648	15.7%
2023	64,954,025	9,460,355	14.6%
2024	72,664,169	9,516,007	13.1%
2025	79,488,016	11,712,790	14.7%
2026 <i>Budgeted</i>	80,771,031	10,127,110	12.5%
2027 <i>Budgeted</i>	85,540,245	10,319,525	12.1%

Source: Audited Financial Statements and the Adopted Budgets of the District. Table itself is not audited.

State Aid

While the District has received State aid in recent years, both the determination of the amount of State aid and the apportionment of State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to the District. The current or future financial condition of the State may affect the amount of State aid appropriated by the State Legislature.

The following table sets forth total State aid revenues during the last five audited fiscal years ended June 30th and budgeted for the prior current fiscal year.

Table 4 <u>State Aid</u>			
<u>Fiscal Year</u>	<u>General Fund Revenues</u>	<u>State Aid</u>	<u>State Aid to Revenues</u>
2021	57,377,549	40,772,226	71.1%
2022	59,952,077	44,829,833	74.8%
2023	64,954,025	48,232,634	74.3%
2024	72,664,169	55,740,647	76.7%
2025	79,488,016	60,944,331	76.7%
2026 <i>Budgeted</i>	80,771,031	61,562,168	76.2%
2027 <i>Budgeted</i>	85,540,245	65,730,816	76.8%

Source: Audited Financial Statements and the Adopted Budgets of the District. Table itself is not audited.

The District also receives a portion of its revenues in the form of State aid. However, there is no assurance that the State appropriation for State aid to school districts will continue, either pursuant to existing formulas or in any form whatsoever. The State is not constitutionally obligated to maintain or continue such aid. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the District, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

In addition to the amount of State Aid budgeted by the District in its 2024-25 fiscal year, the State is expected to make payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR (see “STAR-School Tax Exemption”) Program. The District expects to receive timely receipt of STAR aid for the remainder of the current fiscal year.

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity ("CFE") v. State of New York* mandating that the system of apportionment of state aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

A case related to the *CFE* was heard on appeal on May 30, 2017 in *New Yorkers for Students' Educational Rights ("NYSER") v. State of New York*. The *NYSER* lawsuit asserted that the State failed to comply with the original decision in the Court of Appeals in the *CFE* case, and asked the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the “foundation aid” formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiff's causes of action were properly dismissed except for two causes of action regarding accountability mechanisms and sufficient state funding for a “sound basic education” limited solely to the New York City and Syracuse school districts.

The Court emphasized its previous ruling in the *CFE* case that absent “gross educational inadequacies”, claims regarding State funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein.

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 Smart Schools Bond Act was passed as part of the Enacted 2014-15 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's former allocation of funds is \$2,922,791. The Districts plan to issue \$935,094 for school connectivity and \$1,974,979 for High-Tech Security Features was approved.

On December 22, 2017, then-former President Trump signed into law the significant tax reform legislation that is generally referred to as the "Tax Cuts and Jobs Act of 2017" (the "TCJA"). The TCJA made significant changes to the Code, most of which became effective for the 2018 tax year. The TCJA made extensive changes to the deductibility of various taxes, including placing a cap of \$10,000 on a taxpayer's deduction of state and local taxes (the "SALT Deduction Limitation"). While it cannot yet be predicted what precise effects the SALT Deduction Limitation will have for the State, it is possible that government officials at both the State and local level may find it politically more difficult to raise new revenues via tax increases, since the deduction thereof, for taxpayers who itemize deductions, is now limited.

Recent Events Affecting New York School Districts

School district fiscal year (2022-23): The Governor's Enacted budget provides \$31.5 billion in School Aid for the 2022-23 fiscal year, an increase of \$2.1 billion (7.2 percent) from \$29.1 billion 2021-22. Foundation Aid is increased by \$1.5 billion (7.7% increase). This is the second 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 continues the expansion of full-day prekindergarten that will provide funding to 200 school districts with an increase of \$125 million from the 2022-23 fiscal year, and increase of 13%. The Budget also includes \$451 million increase in all other School Aid programs.

School district fiscal year (2023-24): The Governor's Enacted State budget provided \$34.5 billion in School Aid for the 2023-24 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 provided funding to 200 school districts with an increase of \$1.2 million from the 2022-23 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 (2024-25): 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 2024-25 fiscal year. Governor Hochul is lowering the inflation factor from 3.4 percent to 2.8 percent in the formula to right-size funding for the 2024-25 school year. The Budget also commissioned a Rockefeller Institute study to examine the Foundation Aid formula to prepare for changes next year.

On January 21, 2025, Governor Hochul released her 2025 - 2026 Executive Budget. The Executive Budget provides for a total of \$37.4 billion in school aid, with \$26.4 billion being in foundation aid (a 5.9% increase from last year), \$3.3 billion in building aid, \$2.7 billion in transportation aid, and \$1.2 billion in prekindergarten aid (the total of building aid, transportation aid, and prekindergarten aid accounting for an aggregate increase of 2.2% since last year). A final budget was passed by New York State on May 8, 2025. The enacted budget includes a \$37.6 billion increase in total school aid. The enacted budget's foundation aid increase is nearly identical to the Executive Budget's; however, due to an adjustment in the aid calculation formula (as the formula and its ensuing calculations pertain to districts with large amounts of English language learners) some districts will see a slight increase or decrease in their final Foundation Aid amount.

Foundation aid is New York State's main education operating aid formula. It is focused on allocating New York State funds equitably to all school districts, especially high need districts, based on student need, community wealth, and regional cost differences. As stated above, the Executive Budget provides a 5.9% increase (amounting to a \$1.4 billion total increase since last year) in Foundation Aid for the 2025 school year. Foundation aid is intended mainly to support districts' instructional costs. It is the largest aid type within the school aid budget categories. Building aid is considered an expense-based type of aid. The Executive Budget allocates \$3.3 billion in building aid for the 2025 school year.

School district fiscal year (2026-27): 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 2026-27 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 2026-27 fiscal year provides \$68.5 million of State Aid to the District, a 2.70% increase from the District's 2025-26 fiscal year.

The District presently anticipates an increase in its State Aid related to foundation aid for its 2026-27 fiscal year in an amount of \$1,428,209.

It should also be noted that the School District receives federal aid for certain programs. In its last audited fiscal year, the School District received \$449,396 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 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." (See

https://www1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm?utm_source=fsms_pg&utm_medium=website&utm_campaign=osc-internet)

New York State Comptroller's Audit

All 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 June 7, 2019, OSC, Division of Local Government and School Accountability released two audits of the District to determine whether tuition payments were accurate and supported and to determine whether payments for contractual services were accurate and supported. The audit regarding Tuition found District

officials did not review tuition charges for accuracy. As a result, the District was incorrectly billed for nine students and the District did not have adequate and up-to-date residency information to support tuition charges totaling \$2.5 million for 162 students attending charter schools. The OSC recommended the District review tuition invoices to ensure charges are calculated correctly and supported, and resolve identified billing errors, request updated proof of residency periodically to verify the District is properly billed. The audit regarding Contractual Services found Board-approved contracts or agreements were on file for service providers, but payments to two service providers totaling \$477,000 (10 percent) were not supported by sufficient documentation to ascertain that services were rendered in accordance with the written agreements. The OSC recommended the District ensure claims for payment from service providers are sufficiently itemized and properly supported, require service providers to submit appropriate documentation that includes the dates and services provided, and perform a deliberate and thorough review of invoices to ensure claims for payment are in accordance with written agreements. District officials agreed with OSC recommendations and indicated they planned to initiate corrective action for both audits.

The link to the most recent OSC reports is as follows:

<https://osc.state.ny.us/localgov/audits/schools/2019/lackawanna-23.pdf>

<https://osc.state.ny.us/localgov/audits/schools/2019/lackawanna-59.pdf>

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

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.

Pursuant to the Education Law, the Board of Education of the District annually prepares, or causes to be prepared, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the District must mail a school budget notice to all qualified voters which contains the total budgeted amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the budget vote.

After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified District residents are eligible to participate.

Pursuant to Chapter 97, beginning with the 2012-13 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% (plus certain adjustments, if applicable) or the rate of inflation (See "TAX INFORMATION-Tax Levy Limitation Law"), then a majority vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the Tax Levy Limitation Law, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the District to exceed the Tax Levy Limitation Law also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the third Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase

in the tax levy). For a complete discussion of Chapter 97, see “Tax Levy Limitation Law” herein. The District has not exceeded the tax cap in the last three years as defined in the Tax Levy Limitation Law herein.

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

Independent Audit

The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2025 and is included 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 forth 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
(Fiscal Years Ending June 30)

	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Tax Levy	\$9,748,197	\$9,748,197	\$9,938,285	\$10,127,110	\$10,319,525
Tax Rate (Homestead) ⁽¹⁾	\$12.54	\$12.50	\$12.66	\$12.80	\$13.32
Tax Rate (Non-Homestead) ⁽²⁾	\$12.54	\$12.50	\$12.66	\$12.80	\$13.32

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

(2) City moved to a unified rate in 2020.

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

Year of Assessment Roll	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>	<u>2026</u>
Fiscal Year for Taxes	<u>2022-23</u>	<u>2023-24</u>	<u>2024-25</u>	<u>2025-26</u>	<u>2026-27</u>
Assessed Value	\$777,090,197	\$781,315,021	\$785,080,540	\$791,236,617	\$774,640,932
Equalization Rate	90.00%	79.00%	76.00%	64.00%	60.00%
Full Value	\$863,433,552	\$989,006,356	\$1,033,000,711	\$1,236,307,214	\$1,291,068,220

Source: District Officials

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, however, the discussion below — “Tax Levy Limitation Law,” herein.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). While the Tax Levy Limitation Law originally had an expiration date that was later extended, the budget legislation enacted in 2019 made the Tax Levy Limitation Law permanent. The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City). The discussion herein does not include school districts in New York City, Buffalo, Rochester, Syracuse, or Yonkers.

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

The Tax Levy Limitation Law requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) (subject to certain adjustments) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a budget by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

There are exceptions for school districts to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cash flow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures" are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy" and is an exclusion from the tax levy limitation (except in a case when the District would be prohibited from raising the tax levy amount at all due to budget vote results, as explained above).

The District has not exceeded the tax cap in the last three years as defined in the Tax Levy Limitation Law stated above.

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 monies 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 STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed by the State for real property taxes exempted pursuant to the STAR Program.

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

	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>
City of Lackawanna	\$58,240	\$20,290
<i>Date Certified: 11/20/2025</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 a 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 the City of Lackawanna for the 2026-27 fiscal year is as follows:

<u>Municipality:</u>	<u>Basic Maximum Savings</u>	<u>Enhanced Maximum Savings</u>
City of Lackawanna	\$292	\$721
<i>Updated: 04/23/2026</i>		

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

Largest Taxpayers for the 2026-27 Fiscal Year

The following table presents the taxable assessments of the District's largest taxpayers for the 2026-27 fiscal year.

Table 7
Taxable Assessments

<u>Taxpayer</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>% of Total Assessed Valuation</u> ⁽¹⁾
Niagara Mohawk	Utility	\$19,783,537	2.55%
Tecumseh Redevelopment Inc	Manufacturer	10,711,400	1.38%
Conrail Corp	Railroad	10,004,796	1.29%
Welded Tube USA LLC.	Manufacturer	9,015,000	1.16%
National Fuel Gas Distribution	Utility	8,741,890	1.13%
National Grid	Utility	7,506,998	0.97%
Gateway Trade Center	Industrial Center	7,000,000	0.90%
South Buffalo Railroad	Railroad	6,589,246	0.85%
Senior Housing LP Lackawanna	Housing	4,746,000	0.61%
G.K. Commerce Drive LLC	Industrial Center	<u>4,700,000</u>	<u>0.61%</u>
Total:		<u>\$88,798,867</u>	<u>11.46%</u>

(1) The District's total assessed value is \$774,640,932 for fiscal year 2026-27.

DISTRICT INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the District (and other municipalities and certain school districts of the State) to issue obligations and to otherwise contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District and 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, 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. No installment may be more than fifty per centum in excess of the smallest prior installment unless the District determines to issue a particular debt obligation amortizing 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 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, assessment, borrowing money, contracting indebtedness and loaning the credit of the District so as to prevent abuses in the exercise of such powers; however, as has been noted under "Nature of Obligation", 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.

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 Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds, subject to obtaining voter approval. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 until the plans and specification for such project 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, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations.

The Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions. Such resolutions may authorize the issuance of tax anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes previously issued and less the amount of such taxes previously received by the District.

The Board of Education, as the finance board of the District, has the power to enact revenue anticipation note resolutions. Such resolutions may authorize the issuance of revenue anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of State Aid revenue received by the District, less any tax anticipation notes previously issued and less the amount of such revenue previously received by the District.

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, including the Bonds. However, such finance board may delegate the power to sell such bonds and notes to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Debt Limit. The District has the power to contract indebtedness for any District purpose so long as the principal amount thereof shall not exceed five per centum of the average full valuation of taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

The District has not exceeded its debt limit except in certain cases in which the issuance of debt exceeding the District's debt limit was approved by the Board of Regents and the State Comptroller. (see "Statutory Debt Limit and Net Indebtedness" herein).

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is \$129,106,822. 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 <u>September 16, 2026</u>
Full Valuation of Taxable Real Property	\$1,291,068,220
Debt Limit (10% of Full Valuation)	\$129,106,822
Inclusions:	
Outstanding Indebtedness:	
Serial Bonds	\$18,600,000
Bond Anticipation Notes	<u>0</u>
Total Inclusions	<u>\$18,600,000</u>
Exclusions	
Refunded Debt	0
Building Aid ^(a)	<u>0</u>
Total Exclusions	\$0
Total Net Indebtedness	<u>\$18,600,000</u>
Net Debt-Contracting Margin ^(b)	<u>\$110,506,822</u>
Percentage of Debt-Contracting Margin Exhausted	<u>14.41%</u>
(a) The District has received State debt service building aid in an amount approximately 98.0% of its outstanding bonded indebtedness. Given the effect of "assumed amortization" provided in Chapter 383 of the Laws of 2001, no assurance can be given regarding the direct or indirect effect of "assumed amortization" on the net indebtedness of the District, or the timing or amount of such Building aid in connection with school facilities financed with the proceeds of the Bonds. See "State Aid" herein.	
(b) While the amount of the District's currently outstanding debt is below its statutory debt limit, the District previously requested and received approval of the Board of Regents and the State Comptroller, dated April 7, 2016 to issue bonds and/or bond anticipation notes exceeding the debt limit in an amount not to exceed \$27,300,000 for school buildings and additions for the projects approved by at least 60% the qualified voters of the District on December 22, 2015.	

Source: District Officials.

Remedies Upon Default

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between the State of New York (the "State") and the purchasers and the holders and owners from time to time of the bonds and notes issued by school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of the SFL, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any bond or note issued by a school district for school purposes shall file with the State Comptroller, a verified statement describing such bond or note and alleging default in the payment thereof or the interest thereon or both, it shall be the duty of the State Comptroller to immediately investigate the circumstances of the alleged default and prepare and file in his office a certificate setting forth his determinations with respect thereto and to serve a copy thereof by registered mail upon the chief fiscal officer of the school district which issued the bond or note. Such investigation by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district

such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section SFL.

Under current law, provision is made for contract creditors (including the Bondholders) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation servicing the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of current funds or the proceeds of a tax levy.

Remedies for enforcement of payment are not expressly included in the District's contract with holders of its bonds and notes, although any permanent repeal by statute or constitutional amendment of a Bondholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

In recent times, certain events and legislation affecting remedies on default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of bondholders, such courts might hold that future events including financial crises as they may occur in the State and in municipalities of the State require the exercise by the State of its emergency and police powers to assure the continuation of essential public services.

There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: "If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for such indebtedness."

The constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes, or bond anticipation notes.

No principal or interest payment on District indebtedness is past due. The District has never defaulted in the payment of the principal of and interest on any indebtedness.

Bond Anticipation Notes

Following the issuance of the Notes, the District will have \$56,200,000 in outstanding bond anticipation notes, which will mature on October 6, 2027

Tax and Revenue Anticipation Notes

The District last issued revenue anticipation notes ("RANs") in the 2003-04 fiscal year, which matured on August 19, 2003. The District has not issued such notes in recent years and does not anticipate the need to borrow for operating purposes during the current and ensuing fiscal year. The District has not issued tax

anticipation notes (“TANs”) in recent years and does not anticipate issuance in the current or ensuing fiscal years in the foreseeable future.

Other Indebtedness

The District has no other outstanding indebtedness.

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.

The following table represents 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>
Erie County	\$405,471,253	5/31/2026	0.99%	\$4,014,165
City of Lackawanna	18,198,414	7/31/2025	100.00%	<u>18,198,414</u>
Total Net Overlapping Debt				\$22,212,579
Total Net Direct Debt				<u>\$18,600,000</u>
Net Direct and Overlapping Debt				<u>\$40,812,579</u>

Source: State Comptroller's Special Report on Municipal Affairs

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> ^(a)	<u>Debt to Full Value</u> ^(b)
Net Direct Debt	\$18,600,000	\$932	1.44%
Net Direct and Overlapping Debt	\$40,812,579	\$2,046	3.16%

(a) The population of the District is estimated by District officials to be approximately 19,949.

(b) The District's full value of taxable real property for 2026-27 is \$1,291,068,220.

Obligations Authorized but Unissued

On December 22, 2015, following a bond resolution duly adopted by the District's Board of Education on September 17, 2015, authorizing the issuance of \$27,300,000 in serial bonds of the District to undertake a capital improvement program consisting of the reconstruction of various District buildings, site work, and the acquisition of original furnishings equipment, machinery or apparatus required for the purpose for which such buildings are to be used. The District has \$717,390 of authorized but unissued remaining against this resolution.

On December 12, 2023, following a bond resolution duly adopted by the District's Board of Education on October 19, 2023, authorizing the issuance of \$56.2 million in serial bonds of the District to undertake a capital improvement program consisting of the reconstruction of improvements and upgrades to various

district buildings and facilities and the sites there of. Following the issuance of the Notes, the District will have no amount authorized but unissued remaining against this resolution.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness, as of September 16, 2026.

Table 11
Bond Principal and Interest Maturity Table

<u>Fiscal Year</u>			
<u>Ending June 30</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2027	\$1,090,000	\$251,786	\$1,341,786
2028	2,895,000	263,456	3,158,456
2029	2,940,000	211,125	3,151,125
2030	2,985,000	156,854	3,141,854
2031	2,685,000	100,492	2,785,492
2032	2,485,000	52,530	2,537,530
2033	1,760,000	9,768	1,769,768
2034	1,760,000	3,256	1,763,256
Total:	\$18,600,000	\$1,049,267	\$19,649,267

Source: District Officials.

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>
2024-2025	2,036	2027-2028	2,190
2025-2026	2,090	2028-2029	2,230
2026-2027	2,120	2029-2030	2,250

Source: District Officials.

Population

The estimated population of the District is 19,949 according to the US Census Bureau estimate for July 1, 2020. The following table presents population trends for the City, which is contiguous with the District, the County and the State, based upon census data.

TABLE 13
Population Trend

	<u>2010</u>	<u>2020</u>	<u>Percentage Change</u>
City	18,141	19,949	10.0%
County	919,040	954,236	3.8%
State	19,378,102	20,201,249	4.3%

Source: US Census Bureau

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. The County is the smallest area for which data is available for the District.

TABLE 14
Civilian Labor Force
(Thousands)

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
County	432.9	442.6	448.6	443.8	445.0
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 15
Yearly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2021	5.3%	7.1%
2022	3.5%	4.3%
2023	3.5%	4.0%
2024	3.8%	4.2%
2025	4.0%	4.3%

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

TABLE 16
Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
June 2025	3.6%	4.1%
July	4.2%	4.8%
August	4.3%	4.9%
September	4.0%	4.7%
October	NA	NA
November	3.8%	4.4%
December	3.9%	4.3%
January 2026	4.5%	5.7%
February	5.0%	5.2%
March	4.4%	4.4%
April	4.0%	4.2%
May	4.1%	4.2%
June	4.1%	4.4%

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

Note: Note that figures in this section are historical and do not speak as to current or projected employment rates.

TABLE 17
Major Employers in the District

<u>Employer</u>	<u>Nature of Business</u>	<u>Estimated # Employees</u>
Baker Victory Services	Child Care / Education	900
Lackawanna City School District	Education	440
Mittal Steel	Manufacturer	400
City of Lackawanna	Municipal Services	250
Hazmat Environmental Group	Transporter	140

Source: District Officials.

LITIGATION

The District, in the normal course of its operations, is involved in various other litigation and arbitration cases. In June 2021, a lawsuit was commenced under the New York State Child Victims Act which listed the District as a codefendant. The District's insurance carrier has denied coverage under the District's current liability policies. The scope of damages, if any, cannot presently be assessed. The District's legal counsel duly filed and served an Answer to the Complaint in December, 2021. Since that time, no pre-trial discovery has been initiated by the plaintiff and the District has not been contacted or Noticed on any matters related to this pending claim. A check of the NYS Court's Electronic Filing System ("NYSCEF") discloses no filings subsequent to the District's Answer and no Court activity whatsoever has been scheduled. The District intends to vigorously defend against the claim.

END OF APPENDIX A

APPENDIX B

**SUMMARY OF FINANCIAL
STATEMENTS AND BUDGETS**

LACKAWANNA CITY SCHOOL DISTRICT
General Fund
Balance Sheets
Fiscal Year Ended June 30:

	<u>2024</u>	<u>2025</u>
<u>Assets:</u>		
Unrestricted Cash	\$0	\$9,207
Restricted Cash	1,979,390	0
Unrestricted Investment	14,815,483	14,713,295
Restricted Investment	320,610	8,156,284
Accounts Receivable	83,166	74,078
Due From Other Funds	4,028,342	2,874,793
State and Federal Aid Receivable	1,213,436	2,262,489
Property Taxes Receivable	2,131,612	544,426
Due From Other Governments	1,918,548	1,626,409
Prepaid Expenses	<u>1,797,606</u>	<u>1,794,341</u>
Total Assets	<u><u>\$28,288,193</u></u>	<u><u>\$32,055,322</u></u>
<u>Liabilities and Fund Balance:</u>		
Accounts Payable	\$1,263,313	\$1,580,973
Accrued Liabilities	219,589	127,433
Due to Other Funds	5,409,337	5,442,778
Overpayments - Collections	2,777	2,777
Due to Teachers Retirement System	2,359,077	2,752,170
Due to Employees' Retirement System	124,106	168,260
Deferred Revenues	<u>0</u>	<u>0</u>
Total Liabilities	<u>9,378,199</u>	<u>10,074,391</u>
Deffered Inflows of Resources:		
Revenue not available - taxes	<u>2,431,612</u>	<u>844,426</u>
Fund Balances:		
Nonspendable	1,797,606	1,794,341
Restricted	2,300,000	8,156,284
Assigned	3,537,941	3,368,668
Unassigned	<u>8,842,835</u>	<u>7,817,212</u>
Total Fund Balance	<u>16,478,382</u>	<u>21,136,505</u>
Total Liabilities and Fund Balance	<u><u>\$28,288,193</u></u>	<u><u>\$32,055,322</u></u>

Source: Audited Financial Statements
Summary not audited

LACKAWANNA CITY SCHOOL DISTRICT
General Fund
Statement of Revenues, Expenditures, and Changes in Fund Balance
Fiscal Year Ended June 30:

	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>	<u>2025</u>
Revenues:					
Real Property Taxes	\$9,791,987	\$9,388,648	\$9,460,355	\$9,516,007	\$11,712,790
Non-Property Taxes	3,727,060	4,458,928	4,940,318	4,934,484	4,820,262
Charges for Services	124,070	159,058	106,362	78,481	106,900
Use of Money & Property	90,742	105,304	875,843	1,297,144	896,619
Sale of Prop. & Comp. for Loss	29,650	33,384	46,780	94,788	123,138
Miscellaneous	635,622	594,661	534,692	416,745	434,580
State Aid	40,772,226	44,829,833	48,232,634	55,740,647	60,944,331
Federal Aid	2,206,192	382,261	757,041	585,873	449,396
Total Revenues	<u>57,377,549</u>	<u>59,952,077</u>	<u>64,954,025</u>	<u>72,664,169</u>	<u>79,488,016</u>
Expenditures:					
General Support	4,527,367	5,339,904	5,950,948	7,061,180	7,670,370
Instruction	34,724,327	27,426,407	34,927,006	39,509,652	45,314,687
Pupil Transportation	3,502,962	3,847,899	4,257,585	4,775,516	5,346,293
Employee Benefits	7,774,079	5,380,378	8,004,218	9,544,895	12,441,797
Debt Service	4,330,595	4,251,860	4,235,153	4,221,724	3,890,543
Total Expenditures	<u>54,859,330</u>	<u>46,246,448</u>	<u>57,374,910</u>	<u>65,112,967</u>	<u>74,663,690</u>
Excess of Revenues over Expenditures	2,518,219	13,705,629	7,579,115	7,551,202	4,824,326
Other Uses:					
Interfund Transfers In	213,065	0	0	19,339	0
Operating Transfers Out	<u>(76,333)</u>	<u>(159,588)</u>	<u>(206,465)</u>	<u>(25,881,442)</u>	<u>(166,203)</u>
Total Other Uses:	136,732	(159,588)	(206,465)	(25,862,103)	(166,203)
Excess of Revenues over Expenses and Other Financing Uses	2,654,951	13,546,041	7,372,650	(18,310,901)	4,658,123
Prior Period Adjustment *	0	0	0	0	0
Fund Balance - Beg. of Year	<u>11,215,641</u>	<u>13,870,592</u>	<u>27,416,633</u>	<u>34,789,283</u>	<u>16,478,382</u>
Fund Balance - End of Year	<u>\$13,870,592</u>	<u>\$27,416,633</u>	<u>\$34,789,283</u>	<u>\$16,478,382</u>	<u>\$21,136,505</u>

*The District received correspondence from the State that certain final cost reports related to prior capital projects were not filed in a timely manner and therefore such projects were not eligible for state building aid. As a result, a liability related to prior building aid in the amount of \$412,679 was recorded as Due to Other Governments in the Statement of Net Position and Combined Balance Sheet (general fund) as of June 30, 2017 and recorded as a prior adjustment.

Source: Audited Financial Statements
Summary not audited

LACKAWANNA CITY SCHOOL DISTRICT
General Fund
Statement of Estimated Revenues and Budget Appropriations
Fiscal Year Ending June 30:

	Adopted Budget <u>2025-26</u>	Adopted Budget <u>2026-27</u>
Estimated Revenues:		
Real Property Tax	\$10,127,110	\$10,319,525
Real Property Tax Items	421,128	347,419
Non-Property Taxes	4,375,000	4,700,000
Charges for Services	50,000	50,000
Use of Money and Property	190,000	100,000
Sale of Property and Compensation for Loss	50,000	50,000
Miscellaneous	840,000	1,060,000
State Aid	61,562,168	65,730,816
Total Estimated Revenues	<u>77,615,406</u>	<u>82,357,760</u>
 Appropriated Fund Balance	 <u>3,155,625</u>	 <u>3,182,485</u>
 Total Estimated Revenues and Fund Balance	 <u><u>\$80,771,031</u></u>	 <u><u>\$85,540,245</u></u>
 Appropriations:		
General Support	\$8,743,838	\$9,095,030
Instruction	50,426,948	53,144,352
Public Safety and Transportation	5,651,285	6,349,375
Employee Benefits	12,612,843	13,608,900
Debt Service	3,186,117	3,169,088
Interfund Transfers	150,000	173,500
 Total Appropriations	 <u><u>\$80,771,031</u></u>	 <u><u>\$85,540,245</u></u>

Source: School District Officials

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/P21988118-P21515274-P21969403.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. Buffamante Whipple Buttafaro, P.C. 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 Lackawanna, Erie County, New York (the “Issuer”) in connection with the issuance of its \$56,200,000 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 October 6, 2026.

CITY SCHOOL DISTRICT OF THE CITY OF LACKAWANNA
ERIE COUNTY, NEW YORK

By: SPECIMEN
President of the Board of Education

(SEAL)

ATTEST:

SPECIMEN
District Clerk