This Preliminary Official Statement and the information contained in it are subject to completion and amendment in a final Official Statement. This Preliminary Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, and there may not be any sale of the Notes offered by this Preliminary Official Statement, in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to the registration or qualification of the Notes under the securities laws of that jurisdiction.

PRELIMINARY OFFICIAL STATEMENT DATED MAY 13, 2025

RENEWAL ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Harris Beach Murtha Cullina PLLC, Bond Counsel to the District , under existing statutes, regulations, administrative rulings, and court decisions, and assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), and the accuracy of certain representations made by the District, interest on the Notes is excluded from gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the Federal alternative minimum tax imposed on individuals. However, interest on the Notes held by certain corporations that are subject to the Federal corporate alternative minimum tax is included in the computation of "adjusted financial statement income" for purposes of the Federal alternative minimum tax imposed on such corporations. Bond Counsel is also of the opinion that under existing statutes interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). No opinion is expressed regarding other Federal or State tax consequences arising with respect to the Notes. See "TAX MATTERS" herein.

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

LANCASTER CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

$60,045,231
BOND ANTICIPATION NOTES – 2025
(the "Notes")

Date of Issue: June 5, 2025 **Maturity Date: June 5, 2026**

The Notes are general obligations of the Lancaster Central School District (the "District"), in Erie County, New York, 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 (see "APPENDIX A – TAX INFORMATION – Tax Levy Limitation Law" herein).

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

If the Notes are issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC 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, except for one Note of an odd denomination, as may be determined by the successful bidder(s). The purchaser 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 Owner of the Notes. (See "THE NOTES - Book-Entry-Only System" herein.)

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 the office of the District Clerk, Lancaster, New York. In such case, the Notes will be issued in registered form in denominations of $5,000 or integral multiples thereof, except for one Note of an odd denomination, as may be determined by the successful bidder(s).

The Notes are dated June 5, 2025 and will bear interest from that date until June 5, 2026, the maturity date. The Notes are NOT subject to redemption prior to maturity.

The Notes are offered when, as and if issued and received by the respective purchasers thereof and subject to the receipt of the respective final approving opinion of Harris Beach Murtha Cullina PLLC, Pittsford, New York, Bond Counsel to the District, and certain other conditions. Capital Markets Advisors, LLC has served as Municipal Advisor to the District in connection with the issuance of the Notes. It is anticipated that the Notes will be available for delivery on or about June 5, 2025.

THIS PRELIMINARY 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

Dated: May 13, 2025

LANCASTER CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

Board of Education

Mr. Michael Sage. ..... President

Mr. John Talarico ..... Vice President

Mr. Kevin Davenport ..... Board Member

Mr. David Lyman ..... Board Member

Ms. Anita Schiavone ..... Board Member

Mr. Timothy Talbot ..... Board Member

Dr. Andrew P. Kufel ..... Superintendent of Schools

Ms. Jamie Phillips ..... Assistant Superintendent of Business & Support Services

Ms. Sandra Janik ..... District Clerk

Ms. Beth Ulbrich ..... District Treasurer

Webster Szanyi LLP ..... School District Attorney

BOND COUNSEL

HARRIS BEACH MURTHA
ATTORNEYS AT LAW

Pittsford, New York

MUNICIPAL ADVISOR

CMA
CapitalMarketsAdvisors,LLC

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

No dealer, broker, salesman 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

LANCASTER CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

Relating To

$60,045,231
BOND ANTICIPATION NOTES – 2025
(the "Notes")

This Official Statement, including the cover page and appendix hereto, presents certain information relating to the Lancaster Central School District in the County of Erie, State of New York (the "District," "County" and "State," respectively) in connection with the sale and $60,045,231 Bond Anticipation Notes, 2025 (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.

THE NOTES

Description

The Notes are dated June 5, 2025 and will mature, without the option of prior redemption, on June 5, 2026.

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

If the Notes will be issued through DTC, the Notes will be registered in the name of Cede & Co., as nominee of DTC 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, except for one Note of an odd denomination, as may be determined by the successful bidder(s). 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, (See "Book-Entry-Only System" herein).

If the Notes are registered in the name of the respective purchaser, principal of and interest on the Notes will be payable in Federal Funds at the office of the District Clerk, Lancaster, New York. In such case, the Notes will be issued in registered form in denominations of $5,000, or integral multiples thereof, except for one Note of an odd denomination, as may be determined by the successful bidder(s).

Interest on the Notes will be calculated on a 30-day month and 360-day year, payable at maturity.

Authority for and Purpose of the Notes

The Notes are authorized to be issued pursuant to the Constitution and Laws of the State, including the Local Finance Law and Education Law and a proposition duly approved by the qualified voters of the District on December 11, 2018, and a bond resolution duly adopted by the District's Board of Education on January 7, 2019 authorizing the issuance of $72,100,000 in serial bonds of the District to undertake a capital improvement program (the "Project") consisting of (i) alterations, renovations, and improvements to Lancaster High School, Lancaster Middle School, Court Street Elementary School, Como Park Elementary School, Hillview Elementary School, John A. Sciole Elementary School, the William Street Elementary School and the Transportation Building located at 295 Pleasant View Drive, including in each case, site improvements for various school purposes and other appurtenant

and related improvements, and (ii) the acquisition and installation in and around the foregoing buildings, facilities and improvements of original furnishings, equipment, machinery, apparatus, and other services incidental thereto. A portion of the proceeds of the Notes in the amount of $45,445,231, along with $9,719,769 in budgetary appropriations, will be applied pay $55,165,000 in bond anticipation notes maturing on June 6, 2025 that were previously issued by the District to finance a portion of the Project. A portion of the proceeds of the Notes will also provide $14,600,000 of new money financing for the Project.

Nature of the Obligations

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 of and interest on 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.

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 (however, see "Appendix A-TAX INFORMATION- Tax Levy Limitation Law"). The State Constitution requires the District to provide by appropriation for the payment of interest on all obligations which will become due during the fiscal year. In addition, the State Constitution requires the District to provide in each year by appropriation for the payment of all installments of principal of the Notes which will become due and payable in such year.

Optional Redemption

The Notes will not be subject to redemption prior to maturity.

Book-Entry-Only System

If the Notes are issued in book-entry form, through the Depository Trust Company ("DTC"), DTC will act as securities depository for the Notes. In such case, 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 book-entry Note bearing the same rate of interest and CUSIP number, and will be deposited with DTC. 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 bond ("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 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 effect 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 STSTEM HAS BEEN OBTAINED FROM SOURCES THAT THE DISTRICT BELIEVES TO BE RELIABLE, BUT THE DISTRICT TAKES NO REPOSONSIBLITY FOR THE ACCURACY THEREOF.

Source: The Depository Trust Company

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.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving reasonable notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Notes will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity, except for one necessary odd denomination. Principal of the Notes when due will be payable upon presentation at the principal corporate trust office of a bank or trust company located and authorized to do business and act as a fiscal agent in the state of New York to be named by the District. Notes may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for the Notes of the same if any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificates of Determination executed by the President of the Board of Education authorizing the sale of the Notes and fixing the details thereof and in accordance with the Local Finance Law.

MARKET FACTORS AFFECTING FINANCINGS OF THE STATE AND SCHOOL DISTRICTS OF THE STATE

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.

The District is dependent, in large part, on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of the 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 a delay, until sufficient State taxes have been received by the State to make State aid payments to the District.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget, the impact to the State's economy and financial condition due to the COVID-19 outbreak and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore. (See "State Aid" and "Events Affecting New York School Districts" herein). Should the District fail to receive State aid expected from the State in the amounts or at the times expected, occasioned by a delay in the payment of such monies or by a reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of the uncollected State aid.

An outbreak of disease or similar public health threat, such as the COVID-19 outbreak, or fear of such an event, could have an adverse impact on the District's financial condition and operating results by potentially delaying the receipt of real property taxes or resulting in a delay or reduction by the State in the payment of State aid. Any future resurgence of an outbreak could have a material adverse effect on the State and municipalities and school districts located in the State, including the District. (See "State Aid" and "Recent Events Affecting New York School Districts" in APPENDIX A hereto).

Should the District fail to receive monies expected from the State in the amounts and at the times expected, the District is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

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 carries insurance with coverage for cyber incidents or attacks and 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 MATTERS

In the opinion of Harris Beach Murtha Cullina PLLC, Bond Counsel to the District, based on existing statutes, regulations, administrative rulings and court decisions, and assuming compliance by the District with certain covenants and the accuracy of certain representations, interest on each of the Notes is excluded from gross income for Federal income tax purposes. Bond Counsel is of the further opinion that interest on the Notes is not an "item of tax preference" for purposes of the Federal alternative minimum tax on individuals. However, the Internal Revenue Code of 1986, as amended (the "Code") imposes a federal corporate alternative minimum tax equal to 15 percent of the "adjusted financial statement income" of corporations (other than S corporations, regulated investment companies and real estate investment trusts) having an average annual "adjusted financial statement income" for the 3-taxable-year period ending with the tax year that exceeds $1,000,000,000. Interest on tax-exempt obligations such as the Notes is included in the computation of a corporation's "adjusted financial statement income".

The Code also imposes various limitations, conditions and other requirements which must be met at and subsequent to the date of issue of the Notes in order that interest on the Notes, as applicable, will be and remain excluded from gross income for federal income tax purposes. Included among these requirements are restrictions on the investment and use of proceeds of the Notes, as applicable, and in certain circumstances, payment of amounts in respect of such proceeds to the United States. Failure to comply with the requirement of the Code may cause interest on the Notes to be includable in gross income for purposes of federal income tax, possibly from the date of issuance of the Notes. In the arbitrage and use of proceeds certificate to be delivered by the District in connection with the issuance of the Notes, the District will covenant to comply with certain procedures, and it will make certain representations and certifications, designed to

assure satisfaction of the requirements of the Code in respect to the Notes. The opinion of Bond Counsel assumes compliance with such covenants and the accuracy, in all material respects, of such representations and certificates.

Prospective purchasers of the Notes should be aware that ownership of the Notes, and the accrual or receipt of interest thereon, 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 benefits and taxpayers who may be deemed to have incurred or continued indebtedness to purchase or carry such obligations. Prospective purchasers should consult their tax advisors as to any possible collateral consequences of their ownership of the Notes and their accrual or receipt of interest thereon. Bond Counsel expresses no opinion regarding any such collateral federal income tax consequences.

The Notes will not be designated, nor deemed to be designated "qualified tax-exempt obligations" within the meaning of, and pursuant to, Section 265(b)(3) of the Code.

In the opinion of Bond Counsel, 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.

Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) after the date of issuance and delivery of the Notes may affect the tax status of interest on the Notes.

No assurance can be given that any future legislation or governmental actions, including amendments to the Code or State income tax laws, regulations, administrative rulings, or court decisions, will not, directly or indirectly, cause interest on the Notes to be subject to federal, State or local income taxation, or otherwise prevent holders of the Notes from realizing the full current benefit of the tax status of such interest. Further, no assurance can be given that the introduction or enactment of any such future legislation, or any judicial decision or action of the Internal Revenue Service or any State taxing authority, including, but not limited to, the promulgation of a regulation or ruling, or the selection of the Notes for audit examination or the course or result of an audit examination of the Notes or of obligations which present similar tax issues, will not affect the market price, value or marketability of the Notes. Prospective purchasers of the Notes should consult their own tax advisors regarding the foregoing matters.

All summaries and explanations of provisions of law do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

ALL PROSPECTIVE PURCHASERS OF THE NOTES SHOULD CONSULT WITH THEIR TAX ADVISORS IN ORDER TO UNDERSTAND THE IMPLICATIONS OF THE CODE AS TO THE TAX CONSEQUENCES OF PURCHASING OR HOLDING THE NOTES.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the approving legal opinion of Harris Beach Murtha Cullina PLLC, Pittsford, New York, Bond Counsel to the District. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount (see "APPENDIX A – TAX INFORMATION - Tax Levy Limitation Law" herein); provided, that the enforceability (but not the validity) of the Notes may be limited by any applicable existing or future bankruptcy, insolvency or other law (State or Federal) affecting the enforcement of creditors' rights; (ii) under existing statutes, regulations, administrative rulings and court decisions, interest on the Notes is excluded from the gross income of the owners thereof for Federal income tax purposes, is not an "item of tax preference" for purposes of the Federal alternative minimum taxes imposed on individuals, however, interest on the Notes held by certain corporations that are subject to the Federal corporate alternative minimum tax is included in the computation of "adjusted financial statement income" for purposes of the Federal alternative minimum tax imposed on such corporations; (iii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York); and (iv) based upon Bond Counsel's examination of law and review of the arbitrage and use of proceeds certificate executed by the President of the Board

of Education of the District pursuant to Section 148 of the Code and the regulations thereunder, the facts, estimates and circumstances as set forth in said arbitrage certificate are sufficient to satisfy the criteria which are necessary under Section 148 of the Code to support the conclusion that the Notes will not be "arbitrage bonds" within the meaning of said section, and no matters have come to Bond Counsel's attention which makes unreasonable or incorrect the representations made in said arbitrage certificate. Bond Counsel expresses no opinion regarding Federal or State income tax consequences arising with respect to the Notes.

Such legal opinions will also state that in the opinion of Bond Counsel (i) in rendering the opinions expressed therein, Bond Counsel has assumed the accuracy and truthfulness of all public records, documents and proceedings examined by Bond Counsel which have been executed or certified by public officials acting within the scope of their official capacities, and has not verified the accuracy or truthfulness thereof, and Bond Counsel also has assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and such certifications thereof; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Notes has extended solely to the examination of the facts and law incident to rendering the opinions expressed therein; (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the District together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Notes as the same respectively become due and payable; (iv) reference should be made to the Official Statement for factual information which, in the judgment of the District, would materially affect the ability of the District to pay such principal and interest; and (v) while Bond Counsel has participated in the preparation of the Official Statement, Bond Counsel has not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Notes, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

DISCLOSURE UNDERTAKING

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission") pursuant to the Securities Exchange Act of 1934, the District has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes is outstanding, to the Electronic Municipal Market Access ("EMMA") system of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

(a) principal and interest payment delinquencies;
(b) non-payment related defaults, if material;
(c) unscheduled draws on debt service reserves reflecting financial difficulties;
(d) in the case of credit enhancement, if any, provided in connection with the issuance of the Note, unscheduled draws on credit enhancements reflecting financial difficulties
(e) substitution of credit or liquidity providers, or their failure to perform
(f) 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 Note, or other material events affecting the tax status of the Note;
(g) modifications to rights of Note holders, if material;
(h) note calls, if material and tender offers;
(i) defeasances;
(j) release, substitution, or sale of property securing repayment of the Note;
(k) rating changes;
(l) bankruptcy, insolvency, receivership or similar event of the District;
(m) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, 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;

(n) appointment of a successor or additional trustee or the change of name of a trustee, if material;

(o) incurrence of a financial obligation of the District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the District, any of which affect security holders, if material; and

(p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the District, any of which reflect financial difficulties.

Event (c) described above is included pursuant to a letter from the SEC staff to the National Association of Bond Lawyers dated September 19, 1995. However, event (c) is not applicable, since no "debt service reserves" will be established for the Note.

With respect to event (d) described above the District does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities.

Note to event (l) described above: the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, 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 District.

With respect to events (o) and (p) described above, the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

The District may from time to time choose to provide notice of the occurrence of certain other events, in addition to those listed above, if the District determines that any such other event is material with respect to the Note; but the District does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

The District’s obligations pursuant to provide the aforementioned notices of certain events as set forth above, shall remain in full force and effect until such time as the principal of, and interest on the Notes shall have been paid in full; provided, however, that District reserves the right to terminate its obligation to provide the aforedescribed notices of certain events, as set forth above, if and when the District no longer remains an obligated person with respect to the Note within the meaning of the Rule. The District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Notes (including holders of beneficial interests in the Notes). The right of holders of the Notes to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the District's obligations under its Undertaking (as hereinafter defined) and any failure by the District to comply with the provisions of the undertaking will neither be a default with respect to the Notes nor entitle any holder of the Notes to recover monetary damages.

An "Undertaking to Provide Notice of Certain Events" (the “Undertaking”) to this effect shall be provided to the purchaser(s) at closing.

The District may amend the Undertaking without the consent of the holders of the Notes, provided that (a) the Undertaking, as amended, would have complied with the requirements of the Rule at the time of the offering of the Notes, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) that no such amendment shall adversely affect the interests of the holders of the Notes (including holders of beneficial interests in the Notes) in any material respect. In making such determination, the District shall rely upon an opinion of nationally recognized bond counsel.

Prior Disclosure History

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

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 financial 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.

RATING

Moody's assigns a "MIG 1" rating to the Notes.

Moody's currently assigns the uninsured outstanding bonded indebtedness of the District a rating of "Aa2".

Such rating reflects only the view of such organization, and an explanation of the significance of such rating 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 rating will continue for any specified period of time or that such rating will not be revised or withdrawn, if in the judgment of Moody's circumstances so warrant. Any such change or withdrawal of such rating may have an adverse effect on the market price of such bonds and notes or the availability of a secondary market for those bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from the District's Assistant Superintendent for Business & Support Services, Jamie Phillips at 177 Central Avenue, Lancaster, NY 14086, phone: 716-686-3212, email: jphillips@lancasterschools.org or from the District's Financial 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.

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.

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.

Harris Beach Murtha Cullina PLLC, Bond Counsel to the District, expresses no opinion 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 or sale of the Notes, including but not limited to the financial or statistical information in this Official Statement.

LANCASTER CENTRAL SCHOOL DISTRICT

By: /s/: *Michael Sage*
Mr. Michael Sage
President of the Board of Education

DATED: May 13, 2025

APPENDIX A

THE DISTRICT

General Information

The District, which comprises an area of approximately 42 square miles, and has a current estimated population of 40,398, is located in the north-central portion of Erie County approximately ten miles east of Buffalo. On a valuation basis, the District includes most of the Town of Lancaster and portions of the Towns of Cheektowaga and Elma (the "Towns"). The District includes the Village of Lancaster and a portion of the Village of Depew (the "Villages"). Portions of the District closest to Buffalo are suburban residential in character while outlying areas are more rural. Most residents of the District are employed in business, industry and professions in Buffalo or the Niagara Frontier.

Transportation is provided through the District on State routes 20, 33 and 78. Bus service is provided by the Niagara Frontier Transportation Authority (Metro) on a regular, commuter basis. Major airlines operate from the Buffalo-Niagara International Airport, a 10-minute drive from the District. The New York State Thruway runs across the northern portion of the District and has an interchange immediately adjacent to the District on Route 78. Conrail provides rail facilities within the District, which operates several mainlines and spurs with industrial sidings. Passenger rail service is provided by Amtrak in the Village of Depew, just west of the District.

The majority of the District's residents receive fire protection from four regional volunteer fire companies. Police protection is provided by the Towns' Police Department, the Erie County Sheriff Department and the New York State Police. Electricity is supplied throughout the District by the New York State Electric and Gas Corporation and the National Grid Power Corporation. Natural gas is supplied by the National Fuel Gas Distribution Corporation. Water services are provided by the Erie County Water Authority. Sanitary sewage collection and treatment facilities are provided throughout the unincorporated portions of the District by the Towns' special assessment sewer districts. The Villages provides sanitary services to their residents.

The following banks have one or more offices within the District: Bank of America, Key Bank, Evans Bank N.A., and M&T Bank.

The Town of Lancaster Industrial Development Agency and the Erie County Industrial Development Agency have been actively fostering the industrial expansion in granting incentives for companies to locate or expand within the District. Currently more than 20 manufacturing, service and research firms have located or expanded within the Town of Lancaster during the past few years. A significant portion of the District has been zoned for industrial development and additional industrial parks are being planned. Within the District there are also numerous recreational facilities, including several parks, indoor facilities and private golf and country clubs.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws generally applicable to the District, and any special laws applicable to the District. Under such laws, there is no authority for the District to have a charter or adopt local laws.

The legislative power of the District is vested in the Board of Education (the "Board"). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board. The Board consists of seven members serving overlapping three-year terms.

In July of each year, the Board meets for the purposes of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Clerk and District Treasurer.

The major administrative officers of the District, whose duties are to implement the policies of the Board and who are appointed by the Board, include the Superintendent of Schools, the Assistant Superintendent for Business and Support Services, the District Treasurer and the District Clerk.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools and the Assistant Superintendent of Business & Support Services.

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 office staff. During the winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors. Under current law, the budget is submitted to voter referendum on the third Tuesday of May each year. Summaries of the District's adopted budgets for the current and previous fiscal year may be found in Appendix B, attached hereto.

On May 20, 2025, the qualified voters of the District will vote on the District's budget for the 2025-26 fiscal year.

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and financial statements prepared in accordance with generally accepted accounting principles are available for public inspection upon request. A copy of the District's most recent audited financial statement is contained in Appendix C.

School Enrollment Trends

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

TABLE 1
School Enrollment Trends

Fiscal Year	Actual Enrollment	Fiscal Year	Projected Enrollment
2022-23	5,361	2025-26	5,260
2023-24	5,317	2026-27	4,983
2024-25	5,345	2027-28	4,635

Source: District Officials.

District Facilities

The District operates the following facilities; statistics relating to each are shown below.

TABLE 2
District Facilities

Names	Grades	Pupil Capacity	Insurable Value
Senior High School	9-12	2,755	$59,008,759
Aurora Middle School	7-8	1,350	27,050,830
William Street School	4-6	1,500	31,751,817
Como Park Elementary School	K-3	547	9,774,706
Court Street Elementary School	K-3	513	9,874,706
Hillview Elementary School	K-3	522	10,437,522
John A. Scoile Elementary	K-3	478	10,168,222
Central Avenue Elementary School	Misc.	327	6,448,475
Source: District Officials	Total:	7,992	$164,515,037

Employees

The District provides services through both full-time and part-time employees, all of whom are represented by the following units of organized labor.

TABLE 3
Employees

Number of Employees	Organization	Contract Expiration Date
488	Lancaster Central Teachers Association	8/31/2026
19	Lancaster Administrative and Supervisors Association	6/30/2026
406	Lancaster Association of Service Personnel	6/30/2026
160	Lancaster Association of Substitute Teachers	6/30/2027
21	Confidential Employees (non-union)	6/30/2026
8	Managerial Administration Staff	6/30/2026
1	Superintendent	11/30/2029

Source: District Officials.

Employee Pension Benefits

All non-teaching and non-certified administrative employees of the School 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 the TRS are deducted from the School District's State aid payments.

Both the ERS and TRS (collectively the "Retirement Systems") are non-contributing with respect to members hired prior to July 27, 1976. The Retirement Systems 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.

The following table details the District's contractually required contributions to the ERS for the preceding four audited fiscal years, and the budgeted amount for the fiscal year ending June 30, 2024 (for ERS, the State Comptroller annually certifies the actuarially determined rates expressly used in computing the

employers' contributions based on salaries paid during the Retirement Systems' fiscal year ending March 31.):

Fiscal Year End 6/30	ERS
2026 *Budgeted*	$3,098,650
2025 *Budgeted*	2,790,025
2024	1,668,398
2023	956,347
2022	1,580,156

Source: Audited Financial Statements and District Officials.

The following table details the District's actual required contributions to the TRS for the preceding four audited fiscal years and the amount budgeted for the Districts' fiscal year ending June 30, 2024.

Fiscal Year End 6/30	TRS
2026 *Budgeted*	$4,725,908
2025 *Budgeted*	4,609,457
2024	4,594,439
2023	4,843,932
2022	4,590,034

Source: Audited Financial Statements and District Officials.

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

On March 16, 2012, then 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 five years of employment and will continue to make employee contributions throughout employment.

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

The New York State ERS rate for 2023-24 was 13.1%. The 2024-25 ERS increased to 15.2%. The 2024-25 TRS rate is 10.0%. The 2025-26 ERS is estimated to be 16.5%. The 2025-26 TRS is estimated to be 9.6%.

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

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

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

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

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs have been rising substantially, and 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.

Effective July 1, 2016, the District adopted GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions* (OPEB), which supersedes GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions*. This statement requires the District to recognize the total OPEB liability and related deferred outflows and deferred inflows of resources. The cumulative effect of implementing this required change in accounting principle resulted in a restatement of beginning net position as detailed in Note 2 to the financial statements. This statement addresses accounting and financial reporting for other postemployment benefits offered by the District and requires various note disclosures and required supplementary information.

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

The District is in compliance with the requirements of GASB 75, and a summary of the actuarial valuation is included in the District's June 30, 2024 Financial Audit attached herein. The following table summarizes the District's annual OPEB statements for the year ended June 30, 2024:

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

Total OPEB Liability	**2024**
Balance as of June 30, 2023	$7,951,334
Changes for the year:	
Service cost	256,151
Interest	297,616
Change of assumptions	(80,416)
Differences between expected and actual experience	204,143
Benefit payments	(334,042)
Net changes	343,452
Balance as of June 30, 2024	$8,294,786

Source: Audited Financial Statements

Investment Policy/Permitted Investments

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

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those 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, in obligations of the District.

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

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

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A Statement of Revenues and Expenditures for the five-year period ending June 30, 2024, is contained in Appendix B. As reflected in Appendix B, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

Real Property Taxes

The District derives a major portion of its revenues from a tax on real property (see "Statement of Revenues, Expenditures and Changes in Fund Balance-General Fund" in Appendix B, herein). Property taxes accounted for 49.0% of total general fund revenues for the fiscal year ended June 30, 2024, while State aid accounted for 38.5%.

The following table sets forth total general fund revenues and real property tax and tax item revenues during the audited fiscal years ending June 30, 2020 through 2024, and the current and ensuing budgeted fiscal years.

TABLE 4
Property Taxes

Fiscal Year Ending June 30:	Total Revenues	Real Property Tax and Tax Item Revenues [1]	Real Property Tax Revenues to Revenues
2020	$102,703,285	$56,254,168	54.8%
2021	106,654,146	58,530,907	54.9%
2022	111,951,239	59,417,097	53.1%
2023	119,138,664	60,720,227	51.0%
2024	127,371,785	62,351,406	49.0%
2025 *Budget*	131,376,851	62,178,866	47.3%
2026 *Budget*	138,005,574	63,191,678	45.8%

[1] General Fund only.

Source: 2020-2024 Audited Financial Statements and the 2025 Adopted Budget and 2026 Proposed Budget.

State Aid

The District receives State aid for operating and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute.

The following table sets forth total general fund revenues and State aid during the audited fiscal years ending June 30, 2020 through 2024, and the current and ensuing budgeted fiscal years.

TABLE 5
State Aid

Fiscal Year Ending June 30:	Total Revenues	Total State Aid [1]	Percentage of Total Revenues Consisting of State Aid
2020	102,703,285	38,053,648	37.1%
2021	106,654,146	38,775,245	36.4%
2022	111,951,239	41,985,198	37.5%
2023	119,138,664	45,854,088	38.5%
2024	127,583,565	49,751,470	39.0%
2025 *Budget*	131,376,851	52,660,414	40.1%
2026 *Budget*	138,005,574	55,596,456	40.3%

[1] General Fund only.

Source: 2020-2024 Audited Financial Statements and the 2025 Adopted Budget and 2026 Proposed Budget.

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 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 current fiscal year.

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity ("CFE") v. 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.

After further litigation in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislature reforms in the wake of The Campaign for Fiscal Equity decision include increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

A case related to the Campaign for Fiscal Equity was heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights ("NYSER") v. State of New York and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserted that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity 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 by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient state funding for a "sound basic education" as applicable solely to the school districts in New York City and Syracuse. 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.

While the increases in State aid following this case have been targeted to high needs schools and other schools did share in the overall increase of State aid. The District is unable to predict whether this pattern of distribution will continue beyond that which is included in later legislation dealing with foundation aid. Increased State aid for New York City schools and other high needs schools may result in reductions in the future of State aid to certain school districts, including the District.

In any event, the outcome of this matter does not affect the validity of any obligations issued by the District, including the Notes, nor the ability of the District to levy taxes on the taxable real property in the District to pay the Notes and the interest thereon as the same shall become due and payable.

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 educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is $2,982,935.

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

No delay in payment of State aid for the District's 2024-25 fiscal year is presently anticipated, although no assurance can be given that there will not be a delay in payment thereof. Should the District fail to receive monies expected from the State in the amounts and at the times expected, the District is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

Recent Events Affecting New York School Districts

School district fiscal year (2020-21): Due to the decrease in State revenues as a result of the COVID-19 pandemic, the State budget included an increase of only $95 million in State aid (0.035% increase from the prior budget year), and Foundation Aid remained at essentially the same level as it was during the 2019-2020 fiscal year. While the budget actually included a decrease in State Aid (referred to as a "Pandemic Adjustment"), the decrease in State aid was fully offset by the State's allocation of federal stimulus funds. Absent the federal stimulus funds, there would have been a $1.127 billion decrease in State aid from the 2019-2020 year.

School district fiscal year (2021-22): The State budget included large-scale increases in State aid to school districts, including a $105 million expansion of full-day prekindergarten that provided funding to 200 school districts that didn't previously receive State funding for such full-day prekindergarten programs. In contrast to the 2020-21 budget, this budget provided that additional federal aid would supplement, not supplant, State funding. Most notably, Foundation Aid was increased by $1.4 billion (7.6%), and the State committed to 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 City of New York was an early epicenter of the COVID-19 pandemic in the United States, and as a result the State suffered significant revenue shortfalls and unanticipated expenses beginning at the end of the State's 2019-2020 fiscal year and continuing during the State's 2020-2021 fiscal year.

In response, the enacted State budget for the 2020-21 fiscal year allowed the State to reduce expenditures (including aid to local school districts and municipalities) if tax receipts were lower than anticipated. Accordingly, in June 2020 the State Division of the Budget ("DOB") began withholding 20 percent of most local aid payments, although such aid has generally since been restored.

Many of the State's 2020-2021 budget decisions were based on the uncertainty of future federal aid. In the period of time since such decisions were made, the $1.9 trillion American Rescue Plan Act was signed into law (on March 11, 2021), which legislation included almost $24 billion in funding for various levels of government in the State, including approximately $12.5 billion for the State, $6 billion for New York City, and $4 billion to be divided among counties in the State; another $12 billion is intended to be used toward the safe reopening of K-12 schools as well as colleges and universities.

Accordingly, the State enacted budget for the 2021-2022 fiscal year was more expansive (about 10% higher) than the prior budget, including significantly increased funding for schools and local governments. School districts benefited from a $1.4 billion increase in Foundation Aid and a three-year Foundation Aid full restoration phase-in that allowed all school districts to receive the increased level of Foundation Aid that was originally promised in 2007, along with a $105 million expansion of full-day prekindergarten. Local governments received a full restoration of proposed cuts to Aid and Incentives for Municipalities

(AIM) funding. Further, municipalities that host Video Lottery Terminal (VLT) facilities received a full restoration of $10.3 million in proposed VLT aid cuts.

School district fiscal year (2022-23): The Governor's State budget included $31.2 billion in State aid for the 2022-23 fiscal year, an increase of $2.1 billion (7.1 percent) from $29.1 billion 2021-22. Foundation Aid was increased by $1.6 billion (8.1%), This was 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 continued the expansion of full-day prekindergarten providing funding to 200 school districts with an increase of $6.62 million form the 2021-22 fiscal year. The total funding for the Universal Pre-Kindergarten included $103.36 million in expansion grants supported by the American Rescue Plan Act.

School district fiscal year (2023-24): The Governor's State budget included $34.48 billion in State aid for the 2023-24 fiscal year, an increase of $3.1 billion (9.97 percent) from $31.2 billion 2022-23. Foundation Aid is increased by $2.7 billion (12.82%), 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 continues the expansion of full-day prekindergarten that will provide funding to 200 school districts with an increase of $1.16 million form the 2022-23 fiscal year. The total funding for the Universal Pre-Kindergarten includes $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 lowered 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.

The School District presently anticipates an increase in Foundation Aid for its 2024-25 fiscal year in an amount of $1,581,957.

The Enacted Budget for the 2025-26 fiscal year will provide $57.65 million of State aid to the District, a 2.82% increase from the District's 2025-25 school year.

It should also be noted that the District receives federal aid for certain programs. In its 2023-24 fiscal year, which is the most recent for which an audited financial statement is currently available, the District received $329,792 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." (https://wwe1.osc.state.ny.us/localgov/fiscalmonitoring/fsms.cfm)

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 August 5, 2022, OSC, Division of Local Government and School Accountability released an audit of the District to review whether the District's Board of Education and District officials properly managed fund balance and reserve funds. The audit's resulting opinion was the Board and District officials did not properly manage fund balance and reserve funds. Their findings indicate that the District did not implement the OSC's prior audit's recommendations to improve their budgeting practices and be more transparent with the District's residents and taxpayers, overestimated budgetary appropriations by an average of $13 million (13%), appropriated an average of $2.8 million of fund balance that was not used, did not use reserves in accordance with the adopted budget, overfunded two reserves by $3.3 million, and did not use a debt reserve to pay debt as scheduled. The OSC audit recommended that the District adopt budgets that include reasonable estimates for appropriations, appropriated fund balance and reserves that will be used to fund operations, and properly use reserves and reduce overfunding.

The District's response to the recommendation to adopt reasonable budgets is that the District budgets conservatively and stands behind its budgeting practices. The Board of Education remains fiscally prudent in protecting against the financial difficulties of past years and looking into the future. The District is vulnerable to variable expenditures and fluctuating revenue sources and their conservative budgeting allows them to navigate these fluctuations without negatively impacting their student programs, opportunities, and financial obligations.

The District's ability to raise funds through the property tax levy is limited by the State's tax cap and any one-time reductions, as recommended by OSC, would have a compounding effect for years to come.

Regarding the second recommendation to properly use reserve funds, the District's reserve fund has been properly established, funded, and utilized in accordance with statutory requirements, Board of Education policy, and the District's written reserve plan. If these funds are not needed to contribute to the budget in a given year, they are available for future years. All transfers in and out of the reserve funds are posted to the

public on the District's website for approval in public sessions at Board of Education meetings. The District has been transparent in regard to reporting, budgeting, and financial reporting according to NYS laws and regulations. The District's financial management practices provide long-term fiscal stability help and provide the educational programs our community and, more importantly, our parents and students expect.

The link to this OSC report is:
https://www.osc.state.ny.us/files/local-government/audits/2022/pdf/lancaster-2022-37.pdf

OSC, Division of Local Government and School Accountability, has not published any other audits of the District in the past five years.

Other Revenues

In addition to property taxes and State aid, the District receives other revenues from miscellaneous sources as shown in Appendix B.

TAX INFORMATION

Real Property Tax Assessments and Rates

TABLE 6
Real Property Tax Assessments and Rates
(Fiscal Years Ending June 30:)

Roll Year	**2020**	**2021**	**2022**	**2023**	**2024**
Tax Year	**2021**	**2022**	**2023**	**2024**	**2025**
Town of Lancaster					
Assessed Value	$3,609,339,723	$3,642,168,393	$3,678,441,631	$3,736,419,439	$3,756,736,314
Equalization Rate [2]	100.00%	100.00%	87.00%	75.00%	72.00%
Full Value	3,609,339,723	3,642,168,393	4,228,093,829	4,981,892,585	5,217,689,325
Tax Rate [1]	14.147622	13.98409	14.31867	14.678492	14.432238
Town of Cheektowaga					
Assessed Value	$376,459,051	$529,108,840	$575,917,610	$566,228,416	$568,110,192
Equalization Rate [2]	83.00%	100.00%	100.00%	91.00%	80.00%
Full Value	453,565,122	529,108,840	575,917,610	622,229,029	710,137,740
Tax Rate [1]	17.112941	14.001901	12.45159	12.127295	13.023004
Town of Elma					
Assessed Value	$700,869	$715,380	$722,172	$721,591	$722,734
Equalization Rate [2]	3.67%	3.61%	3.22%	2.80%	2.70%
Full Value	19,097,248	19,816,620	22,427,702	25,771,107	26,767,926
Tax Rate [1]	392.320641	392.111917	391.326411	398.039781	389.310719
Total:					
Assessed Value	$3,986,499,643	$4,171,992,613	$4,255,081,413	$4,303,369,446	$4,325,569,240
Full Value	$4,082,002,093	$4,191,093,853	$4,826,439,141	$5,629,892,721	$5,954,594,991
Tax Levy	$56,924,872	$57,777,319	$59,269,225	$61,232,869	$61,232,869

(1) Per $1,000
(2) The equalization rates shown here were used to apportion the school tax levies and may not be the same as those required for debt limit purposes.
(3) *Source: School Official*

Tax Limit

The State 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"). 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 now requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-13 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%) 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 cashflow 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 this is an exclusion from the tax levy limitation.

Article 8 Section 2 of the State Constitution requires every issuer of general obligation notes and bonds in the State to pledge its faith and credit for the payment of the principal thereof and the interest thereon. This has been interpreted by the Court of Appeals, the State's highest court, in *Flushing National Bank* v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

> "A pledge of the city's faith and credit is both a commitment to pay and a commitment of the city's revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City's "faith and credit" is secured by a promise both to pay

> and to use in good faith the city's general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, "faith" and "credit", are used and they are not tautological. That is what the words say and that is what courts have held they mean."

Article 8 Section 12 of the State Constitution specifically provides as follows:

> "It shall be the duty of the legislature, subject to the provisions of this constitution, to restrict the power of taxation, assessment, borrowing money, contracting indebtedness, and loaning the credit of counties, cities, towns and villages, so as to prevent abuses in taxation and assessments and in contracting of indebtedness by them. Nothing in this article shall be construed to prevent the legislature from further restricting the powers herein specified of any county, city, town, village or school district to contract indebtedness or to levy taxes on real estate. The legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted."

On the relationship of the Article 8 Section 2 requirement to pledge the faith and credit and the Article 8 Section 12 protection of the levy of real property taxes to pay debt service on bonds subject to the general obligation pledge, the Court of Appeals in the *Flushing National Bank* case stated:

> "So, too, although the Legislature is given the duty to restrict school districts in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the city's power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted….While phrased in permissive language, these provisions, when read together with the requirement of the pledge of faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded".

In addition, the Court of Appeals in the *Flushing National Bank* case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of municipal corporations.

Therefore, while the Tax Levy Limitation Law may constrict a school district's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit a school district's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit a school district's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a school district authority to treat debt service payments as a constitutional exception to any such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

Tax Collection Procedure

The real property taxes of the District are collected by the Town's. Such taxes are due on October 15, and may be paid without penalty through October 15. The Town's pay to the District the amounts collected on a periodic basis. The penalty on unpaid taxes is 7.5% from October 16 to October 31 and 9% if paid between November 1 to November 30. On or about December 1, the Town's file a report of any uncollected District taxes with the County. The County thereafter on or before April pays to the District the full amount of its uncollected taxes. Thus, the full amount of the District's real property tax levy is collected by the District in the fiscal year of the levy. The County has the power to issue and sell tax anticipation notes to fund the reimbursement of uncollected taxes due to the District.

The District is not responsible for the collection of taxes of any other unit of government.

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 2025-26 school year, home owners, subject to certain household income limitations, are eligible for an enhanced exemption and basic exemption as follows:

Town of:	Enhanced Exemption	Basic Exemption
Lancaster	$61,990	$21,600
Cheektowaga	68,880	24,300
Elma	2,320	810

Date Certified: 04/10/2025

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 resulting from the Basic or Enhanced STAR exemptions are limited to a 2% increase over the prior year. When the 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 District will use the maximum when calculating tax bills for the segment.

The maximum savings for each of the municipalities for the 2025-26 fiscal year are as follows:

Town of:	Enhanced Maximum Savings	Basic Maximum Savings
Lancaster	$910	$343
Cheektowaga	987	356
Elma	915	335

Date Certified: 04/11/2025

The District expects to receive full reimbursement for the 2025-26 fiscal year.

Ten of the Largest Taxpayers

The following table presents the taxable valuations of the District's ten largest taxpayers on the 2024 Assessment Roll of the Town of Lancaster used to levy 2024-25 taxes.

TABLE 7
Taxable Assessments

Taxpayer	Nature of Business	Taxable Valuation	% of Total Assessed Valuation
NYS Electric & Gas Corp.	Utility	$42,291,409	0.98%
Transit Road Apartments	Apartments	29,160,000	0.67%
5828 Broadway LLC	Apartments	25,605,000	0.59%
Juniper Boulevard LLC	Commercial	17,100,000	0.40%
Benderson Lancaster Associates	Commercial	15,370,000	0.36%
National Fuel Gas Distribution	Utility	14,286,229	0.33%
CCP Harris Hill 7582	Nursing Home	10,615,000	0.25%
Wal-Mart Stores East LP	Commercial	10,414,800	0.24%
Spirit Realty, LP	Manufacturing	9,820,000	0.23%
Belvedere Apartments LLC	Apartments	9,560,000	0.22%
		$184,222,438	4.26%

Represent 4.26% of the District's 2024 Assessed Valuation of $4,325,569,240 used to levy 2024-25 taxes.

Source: District Officials

DISTRICT INDEBTEDNESS

Constitutional Requirements

The New York State Constitution limits the power of the District (and other municipalities and 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 Notes.

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes or to be paid within three fiscal year periods, 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 period of probable usefulness of the object or purpose determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, 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 (See "Tax Levy Limitation Law" herein).

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds and notes in anticipation of the bonds. With respect to certain school building construction projects, the District is not permitted to spend in excess of $10,000 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 20-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 District has complied with such procedure with respect to the bond resolution pursuant to which the Notes are being issued.

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, also has the power to authorize the sale and issuance of bonds and notes, including the Notes. However, such finance board may delegate the power to sell the 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. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State of New York provided the aggregate amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated exclusions and deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation consists of taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation; such ration is 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 by such authority.

Statutory Debt Limit and Net Indebtedness

The debt limit of the District is $595,459,499. 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 May 13, 2025)

Town	Assessed Valuation	Equalization Rate	Full Valuation
Lancaster	$3,756,736,314	72.00%	$5,217,689,325
Cheektowaga	568,110,192	80.00%	710,137,740
Elma	722,734	2.70%	26,767,926
Total Full Valuation of Taxable Real Property			$5,954,594,991
Debt Limit (10% of Full Valuation)			$595,459,499
Outstanding Indebtedness (Principal Only):			
Serial Bonds			$31,155,000
Bond Anticipation Notes			55,165,000
Less: Exclusions [(1)]			0
Total Net Indebtedness			$86,320,000
Net Debt-Contracting Margin			$509,139,499
Percentage of Debt-Contracting Margin Exhausted			14.50%

(1) In prior years the District received State debt service building aid in a calculated amount of approximately 74.4% of its outstanding bonded indebtedness. Given the new "assumed amortization" of State building aid as provided in Chapter 383 of the Laws of 2001, no assurance can be given regarding the direct or indirect effect that "assumed amortization" will have 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 issuance of bonds or notes. See also "FINANCIAL FACTORS-State Aid" herein.

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 Bondholders and Noteholders) 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, although any permanent repeal by statute or constitutional amendment of a Noteholder'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 and noteholders, 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.

Short-Term Note Indebtedness

Following the issuance of the Notes, the District will have $60,045,23 in outstanding bond anticipation notes which will mature on June 5, 2026.

Outstanding Long-Term Bond Indebtedness

The following table provides information relating to long-term bond indebtedness outstanding at year-end for the last five audited fiscal years, excluding economically defeased debt:

TABLE 9
Outstanding Long-Term Bond Indebtedness

Fiscal Year Ending June 30:	Total Bonded Debt
2020	$56,030,000
2021	51,905,000
2022	47,640,000
2023	43,175,000
2024	31,155,000

Source: Audited Financial Statements

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 presents the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

TABLE 10
Statement of Direct and Overlapping Indebtedness

	Net Debt Outstanding	As of	District Share	Amount Applicable To District
Erie County	$268,267,674	07/31/24	5.73%	$15,371,738
Town of Lancaster	21,447,500	07/02/24	87.94%	18,860,932
Town of Cheektowaga	48,950,000	06/27/24	7.62%	3,729,990
Town of Elma	0	12/31/23	1.15%	0
Village of Depew	9,441,505	05/31/23	22.34%	2,109,232
Village of Lancaster	5,490,000	05/03/23	13.40%	735,660
Total Net Overlapping Debt				$40,807,551
Total Net Direct Debt				$86,320,000
Net Direct and Overlapping Debt				$127,127,551

Sources: Annual Reports of the last fiscal year on file with the State of New York Office of the State Comptroller.
Official Statements

Debt Ratios

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

TABLE 11
Debt Ratios

	Amount	Debt Per Capita [1]	Debt to Full Value [2]
Net Direct Debt	$86,320,000	$2,137	1.45%
Net Direct and Overlapping Debt	$127,127,551	$3,147	2.13%

(1) The population of the District is currently estimated by District Officials to be 40,398.

(2) The District's estimated full value of taxable real property for fiscal year 2024-25 is $5,954,594,991.

Authorized but Unissued Indebtedness

On December 4, 2018, the qualified voters of the District adopted a proposition approving a $77.1 million capital project for which the Board of Education of the District adopted a bond resolution on January 7,

2019 authorizing the issuance of $72.1 million in obligations of the District. Following the issuance of the Notes, the District will have fully borrowed the $72.1 million against this authorization.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness as of May 13, 2025.

TABLE 12
Bond Principal and Interest Maturity Table

Fiscal Year Ending June 30	Principal	Interest	Total Debt Service
2025	$2,890,000	$523,603	$3,413,603
2026	2,625,000	902,706	3,527,706
2027	2,685,000	771,456	3,456,456
2028	2,540,000	637,206	3,177,206
2029	2,670,000	510,206	3,180,206
2030	2,775,000	403,406	3,178,406
2031	2,885,000	292,406	3,177,406
2032	2,935,000	241,919	3,176,919
2033	2,990,000	186,888	3,176,888
2034	3,050,000	127,088	3,177,088
2035	3,110,000	66,088	3,176,088
	$31,155,000	$4,662,972	$35,817,972

ECONOMIC AND DEMOGRAPHIC DATA

Population

The District estimates its population to be approximately 40,398. The following table presents population trends for the Town of Lancaster, County and State, based upon recent census data. Data provided in the following tale is not necessarily representative of the District.

TABLE 13
Population Trend

	2010	2020	Percentage Change
Town	41,604	45,106	8.4%
County	919,040	954,236	3.8%
State	19,378,102	20,201,249	4.3%

Source: U.S. Census

Income

The following table presents median per capita income for the Town of Lancaster, County and State. Data provided in the following table is not necessarily representative of the District.

TABLE 14
Median per Capita Income

	2010	2020	% Change
Town	28,005	39,571	41.3%
County	26,378	33,598	27.4%
State	30,948	39,326	27.1%

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

Employment and Unemployment

Employment and unemployment data are not compiled for the District or the Town. The following tables provide information concerning employment and unemployment in the Town of Lancaster, the County and the State. Data provided in the following tables is not necessarily representative of the District.

TABLE 15
Civilian Labor Force
(Thousands)

	2020	2021	2022	2023	2024
Town	21.5	22.1	22.6	22.9	24.0
County	405.7	416.7	426.9	432.7	441.1
State	8,631.4	8,864.6	9,205.5	9,376.7	9,411.7

Source: New York State Department Labor, Bureau of Labor Statistics

TABLE 16
Yearly Average Unemployment Rates

Year	Town	County	State
2020	7.5%	9.2%	9.8%
2021	4.4%	5.5%	7.1%
2022	3.0%	3.7%	4.3%
2023	3.0%	3.8%	4.1%
2024	3.2%	3.9%	4.3%

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

TABLE 17
Monthly Unemployment Rates

Month	Town	County	State
March 2024	3.6%	4.2%	4.3%
April	3.0%	3.5%	3.9%
May	2.8%	3.5%	4.0%
June	3.0%	3.7%	4.3%
July	3.5%	4.2%	4.8%
August	3.3%	4.1%	4.8%
September	2.6%	3.3%	4.0%
October	2.7%	3.4%	4.2%
November	2.9%	3.5%	4.2%
December	3.3%	3.8%	4.2%
January 2025	3.8%	4.5%	4.6%
February	4.0%	4.8%	4.3%

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

TABLE 18
Five Largest Employers

Name	Type of Product or Service	Approximate Number of Employees
Lancaster Central School District	Public Education	1233
C&S Wholesale Grocers	Warehouse	748
Greenfield Health & Rehab Center	Health Care	503
WSP USA	Environmental	876

Source: District Officials.

LITIGATION

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

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin the issuance, sale or delivery of the Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Notes or any proceedings or authority of the District taken with respect to the authorization, issuance or sale of the Notes or contesting the corporate existence or boundaries of the District.

The District is presently defending one litigation matter that was brought in response to the Child Victims Act. At this time, the District does not yet have sufficient information to determine if the potential claims are meritorious. The District has not been able to identify the insurance carrier and coverage types in place for the period of the allegations, therefore the matter is proceeding under the assumption that there is no insurance coverage and any damages that may be ultimately awarded will not be covered, in whole or in part, by insurance. At this time, the scope of any potential damages cannot be predicted, however the District has put money in its liability reserve for this potential financial liability.

END OF APPENDIX A

APPENDIX B

SUMMARY OF FINANCIAL

STATEMENTS AND BUDGETS

Lancaster Central School District
Statement of Budgeted Appropriations and Estimated Revenues
General Fund
Fiscal Year Ending June 30:

	Adopted 2024-25	Proposed 2025-26
Revenues:		
Real Property Taxes	$62,178,866	$63,191,678
Non-Property Taxes	8,500,000	8,850,000
Use of Money & Property	1,536,800	2,536,800
Charges For Services	675,738	775,738
Sale of Property and Compensation for Loss	21,700	21,700
Miscellaneous	545,000	545,000
State Aid	52,660,414	55,596,456
Federal Aid	500,000	375,000
Other Sources	10,000	10,000
Interfund Transfers	4,748,333	6,103,202
Subtotal	131,376,851	138,005,574
Appropriated Surplus	3,120,453	3,150,366
Total Est. Revenue and Fund Balance	$ 134,497,304	$ 141,155,940
Appropriations:		
General Support	13,929,691	14,350,386
Instruction	71,692,244	76,224,323
Pupil Transportation	8,968,088	8,841,711
Community Services	12,150	12,150
Employee Benefits	29,924,174	31,130,932
Debt Service	9,650,957	10,256,438
Interfund Transfers	320,000	340,000
Total Appropriations	$ 134,497,304	$ 141,155,940

Source: Adopted Budgets of the District

Lancaster Central School District
Comparative Balance Sheet
General Fund
Fiscal Year Ending June 30:

	2023	2024
Assets:		
Unrestricted Cash and Cash Equivalent	$5,273,179	$10,566,402
Restricted Cash and Cash Equivalent	44,937,326	46,561,509
Receivables	232,415	137,463
Due from Other Funds	1,783,252	2,708,991
Due From Other Governments	16,101,904	11,860,773
Total Assets	**$68,328,076**	**$71,835,138**
Liabilities:		
Accounts Payable	$76,606	$368,948
Accrued Liabilities	636,278	1,188,266
Due to Other Funds	16,953	1,684,880
Due to Retirement Systems	5,352,213	5,193,092
Unearned Revenue	33,122	31,330
Total Liabilities	6,115,172	8,466,516
Fund Equity		
Fund Balances:		
Restricted	44,904,204	46,530,179
Assigned	3,683,996	4,299,460
Unassigned	13,624,704	12,538,983
Total fund balances	62,212,904	63,368,622
Total Liabilities and Fund Equity	**$68,328,076**	**$71,835,138**

Source: Audited Financial Statements of the District (although this summary table itself has not been audited).

Lancaster Central School District
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Fiscal Year Ending June 30:

Revenues:	**2020**	**2021**	**2022**	**2023**	**2024**
Real Property Taxes	$47,997,313	$51,290,610	$52,326,498	$53,973,510	$56,292,020
Real Property Tax Items	8,256,855	7,240,297	7,090,599	6,746,717	6,059,386
Non-Property Tax Items	6,315,884	6,612,661	8,596,287	8,823,884	8,971,936
Charges for Services	384,457	364,297	496,992	498,388	651,939
Use of Money and Property	628,205	74,743	122,925	1,811,790	2,549,962
Sale of Property	2,304	1,825	105,964	70,901	80,290
Miscellaneous	693,369	773,113	796,019	848,483	594,705
State Sources	38,053,648	38,775,245	41,985,198	45,854,088	51,841,755
Federal Sources	371,250	1,521,355	430,757	510,903	329,792
Total Revenues	102,703,285	106,654,146	111,951,239	119,138,664	127,371,785
Expenditures:					
General Support	10,167,055	10,968,411	12,241,237	12,617,484	12,709,368
Instruction	53,794,327	55,262,743	57,369,118	57,886,372	64,156,846
Pupil Transportation	5,817,463	5,847,454	6,709,746	7,387,873	7,993,361
Community Service	3,746	3,532	3,762	6,064	6,526
Employee Benefits	19,642,252	22,750,155	22,231,913	22,026,199	24,708,714
Total Expenditures	89,424,843	94,832,295	98,555,776	99,923,992	109,574,815
Excess Revenues (Expenditures)	13,278,442	11,821,851	13,395,463	19,214,672	17,796,970
Other Sources and (Uses)					
Operating Transfers Out	(8,203,115)	(11,531,715)	(6,224,408)	(7,864,106)	(16,641,252)
Total Other Sources and (Uses)	(8,203,115)	(11,531,715)	(6,224,408)	(7,864,106)	(16,641,252)
Excess Revenues (Expenditures) and other sources (uses)	5,075,327	290,136	7,171,055	11,350,566	1,155,718
Fund Balance - Beg. of Fiscal Year	38,325,820	43,401,147	43,691,283	50,862,338	62,212,904
Fund Balance - End of Fiscal Year	$43,401,147	$43,691,283	$50,862,338	$62,212,904	$63,368,622

Source: Audited Financial Statements of the District (although this summary table itself has not been audited).

APPENDIX C

INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2024

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/P21856364-P21421085-P21864674.pdf

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

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