

PRELIMINARY OFFICIAL STATEMENT DATED JUNE 30, 2017

SERIAL BONDS

RATINGS: See “Rating” herein

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York. See “Tax Matters” herein.

*The District **WILL NOT** designate the Bonds as “qualified tax-exempt obligations” pursuant to Section 265(b)(3) of the Code.*

CHEEKTOWAGA-SLOAN UNION FREE SCHOOL DISTRICT ERIE COUNTY, NEW YORK

(the “District”)

\$14,529,685*

SCHOOL DISTRICT SERIAL BONDS - 2017

(the “Bonds”)

Dated Date: July 20, 2017

Maturity Dates: July 15, 2018-31

The Bonds are general obligations of the Cheektowaga-Sloan Union Free School District, Erie County, New York (the “District”) and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest on the Bonds and, unless paid from other sources, the Bonds 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 “*Nature of the Obligation*,” herein.)

The Bonds will be dated their Date of Delivery and will bear interest from such date payable on July 15, 2018 and semiannually thereafter on January 15 and July 15 in each year until maturity. The Bonds will mature on July 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to redemption prior to maturity. (See “*Optional Redemption for the Bonds*” herein).

The Bonds will be issued in fully registered form, and when issued, will be registered in the name of Cede & Co., as nominee of DTC. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 or any integral multiple thereof except one odd denomination made in 2018. Purchasers will not receive certificates representing their ownership interest in the Bonds. Payment of the principal of and interest on the Bonds will be paid in Federal Funds by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See “*Book-Entry-Only System*” herein).

The Bonds are offered subject to the final approving opinion of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Capital Markets Advisors, LLC has served as Municipal Advisor to the District in connection with the issuance of the Bonds. It is expected that delivery of the Bonds through the offices of DTC in Jersey City, New Jersey or as otherwise agreed upon with the purchasers will be made on or about July 20, 2017.

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

Dated: June __, 2017

**Preliminary, subject to change.*

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 Bonds 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 Bonds under the securities laws of that jurisdiction.

The Bonds mature on July 15 in each year as set forth below:

<u>Year</u>	<u>Amount***</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>	<u>Year</u>	<u>Amount***</u>	<u>Interest Rate</u>	<u>Yield</u>	<u>CUSIP**</u>
2018	\$784,685				2025	1,045,000			
2019	945,000				2026	1,070,000			
2020	960,000				2027*	1,095,000			
2021	970,000				2028*	1,125,000			
2022	990,000				2029*	1,150,000			
2023	1,005,000				2030*	1,180,000			
2024	1,025,000				2031*	1,185,000			

* The Bonds maturing in the year 2027 and thereafter will be subject to optional redemption prior to maturity, as described herein. See "Optional Redemption for the Bonds" herein.

** CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Bonds. The District is not responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Bonds or as indicated above.

*** The principal maturities of the Bonds are subject to the adjustment following their sale to achieve level debt compliance, pursuant to the terms of the accompanying Notice of Bond Sale.

**CHEEKTOWAGA-SLOAN UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK**

Board of Education

Ms. Claire M. Ferrucci
President

Debra Smith Vice President
Denise McCowan..... Board Member
Gary Sieczkarek Board Member
Sandy Kuzara Board Member
Zachary Smith..... Board Member
David Vohwinkel Board Member

Andrea Galenski. Superintendent of Schools
Wayne Drescher.....Business Office Official
Linda Hybicki District Treasurer
Dawn Kross.....District Clerk

BOND COUNSEL

**Hawkins Delafield & Wood LLP
New York, New York**

MUNICIPAL ADVISOR



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

No person has been authorized by the District to give any information or to make any representations not contained in this Official Statement and, if given or made, such other information or representations must not be relied upon as having been authorized. 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 Bonds by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information, estimates 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 changes in the affairs of the District since the date hereof.

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OFFICIAL STATEMENT
CHEEKTOWAGA-SLOAN UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK
\$14,529,685*
SCHOOL DISTRICT SERIAL BONDS - 2017
(the "Bonds")

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the Cheektowaga-Sloan Union Free School District in the County of Erie, State of New York (the "District," "County" and "State," respectively) in connection with the sale of \$14,529,685 School District Serial Bonds - 2017 (the "Bonds").

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 Bonds and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Bonds and such proceedings.

THE BONDS

Description

The Bonds will be dated their Date of Delivery, will bear interest from such date payable July 15, 2018 and semiannually thereafter on January 15 and July 15 in each year until maturity, and will mature on July 15 in the years and amounts as set forth on the inside cover page hereof. The Bonds are subject to optional redemption prior to maturity as discussed herein. (See "Optional Redemption for the Bonds" herein).

The Bonds will be issued in fully registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York. DTC will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of \$5,000 and integral multiples thereof except for one odd denomination made in 2018. Purchasers will not receive certificates representing their ownership interest in the Bonds.

Principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal of and interest on to its Participants (defined herein), for subsequent disbursement to the Beneficial Owners (defined herein) of the Bonds as described herein. The Bonds may be transferred in the manner described on the Bonds and as referenced in certain proceedings of the District referred to therein.

THE RECORD DATE FOR PAYMENT OF PRINCIPAL OF AND INTEREST ON THE BONDS WILL BE THE LAST BUSINESS DAY OF THE CALENDAR MONTH PRECEDING EACH INTEREST PAYMENT DATE.

Authority for and Purpose of the Bonds

The Bonds are authorized to be issued pursuant to the Constitution and laws of the State, including the Education Law, the Local Finance Law and a bond resolution duly adopted by the Board of Education on January 20, 2015 following the approval by qualified voters of the District on December 16, 2014 of a bond proposition authorizing the issuance of \$14,529,685 in serial bonds to pay the cost of the construction of improvements to all District school buildings and/or sites. A portion of the proceeds of the Bonds will be used to redeem \$12,000,000 in bond anticipation notes maturing on July 21, 2017 and \$2,529,685 to provide additional original financing for such projects.

*Preliminary, subject to change.

Optional Redemption for the Bonds

Call Provisions. The Bonds maturing on or before July 15, 2026 will not be subject to redemption prior to maturity. The Bonds maturing on or after July 15, 2027 will be subject to redemption prior to maturity, on any date, at the option of the District, on July 15, 2026 and thereafter, in whole or in part, at par plus accrued interest to the redemption date.

Call Notification. If less than all of the Bonds of any maturity are to be redeemed, the particular bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the District. Notice of such call for redemption shall be given by mailing such notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable together with interest to such redemption date. Interest shall cease to be paid thereon after such redemption date (See “*Book-Entry-Only System*” for additional information concerning redemptions).

Nature of Obligation

Each Bond when duly issued and paid for will constitute a contract between the District and the holder thereof.

The Bonds will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has 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 Bonds, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. Chapter 97 of the Laws of 2011, as amended (the “*The Tax Levy Limit Law*”), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy. The amount of such year-to-year increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. (See “*The Tax Levy Limit Law*” herein.)

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities 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 bond certificate will be issued for each maturity of the Bonds 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds 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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC’s records reflect only the identity of the Direct Participants to whose accounts such Bonds 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.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Bonds unless authorized by a Direct Participant in accordance with DTC’s Money Market Instruments (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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption notices shall be sent to DTC. If less than all of the Bonds 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.

Principal and interest payments on the Bonds 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 Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond 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, bond certificates will be printed and delivered as applicable.

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

Source: The Depository Trust Company

THE INFORMATION CONTAINED IN THE ABOVE SECTION CONCERNING DTC AND DTC'S BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM SAMPLE OFFERING DOCUMENT LANGUAGE SUPPLIED BY DTC, BUT THE DISTRICT TAKES NO RESPONSIBILITY FOR THE ACCURACY THEREOF. IN ADDITION, THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR TO ANY BENEFICIAL OWNER WITH RESPECT TO: (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC, ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENTS BY DTC OR ANY PARTICIPANT OR ANY INDIRECT PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF, OR PREMIUM, IF ANY, OR INTEREST ON THE BONDS OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO OWNERS.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, 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 OBLIGATIONS 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 BONDS; (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 BONDS.

REMEDIES UPON DEFAULT

Neither the Bonds, nor the proceedings with respect thereto, specifically provide any remedies which would be available to owners of the Bonds should the District default in the payment of principal of or interest on the Bonds, nor do they contain any provisions for the appointment of a trustee to enforce the interests of the owners of the Bonds upon the occurrence of any such default. The Bonds are general obligation contracts between the District and the owners for which the faith and credit of the District are pledged and while remedies for enforcement of payment are not expressly included in the District's contract with such owners, any permanent repeal by statute or constitutional amendment of a bondholder's and/or noteholder's remedial right to judicial enforcement of the contract should, in the opinion of Bond Counsel, be held unconstitutional.

Upon default in the payment of principal of or interest on the Bonds at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract 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 serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the

principal of or interest on the Bonds, the owners of such Bonds could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Bonds as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Bondholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 41 N.Y.2d 644 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

As a result of the Court of Appeals decision, the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Pursuant to Article VIII, Section 2 of the State Constitution, the District is required to provide an annual appropriation of monies for the payment of due and payable principal of and interest on indebtedness. Specifically this constitutional provision states: "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 any such indebtedness." This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. In *Quirk v. Municipal Assistance Corp.*, 41 N.Y.2d 644 (1977), the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in the State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy, to pay debt service on such obligations, but that such pledge may or may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues. The Constitutional provision providing for first revenue set asides does not apply to tax anticipation notes, revenue anticipation notes or bond anticipation notes. While the courts in the State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

In prior years, certain events and legislation affecting a holder's remedies upon default have resulted in litigation. While courts of final jurisdiction have generally upheld and sustained the rights of bondholders and/or noteholders, such courts might hold that future events, including a financial crisis as such may occur in the State or in political subdivisions of the State, may require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service.

SECTION 99-B OF THE STATE FINANCE LAW

Section 99-b of the State Finance Law (the "SFL") provides for a covenant between 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 of the SFL.

No Past Due Debt

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

Bankruptcy

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Bonds.

The above references to said Chapter IX are not to be construed as an indication that the State will consent in the future to the right of the District to file a petition with any United States district court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect for the composition or adjustment of municipal indebtedness or that the District is currently considering or expects to resort to the provisions of Chapter IX if authorized to do so in the future.

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

The District's credit rating could be affected by circumstances beyond the District's control. Economic conditions such as the rate of unemployment and inflation, termination of commercial operations by corporate taxpayers and employers, as well as natural catastrophes, could adversely affect the assessed valuation of District property and its ability to maintain fund balances and other statistical indices commensurate with its current credit rating. As a consequence, a decline in the District's credit rating could adversely affect the market value of the Bonds.

If and when an owner of any of the Bonds should elect to sell all or a part of the Bonds prior to maturity, there can be no assurance that a market will have been established, maintained and continue in existence for the purchase and sale of any of those Bonds. The market value of the Bonds is dependent upon the ability of holder to potentially incur a capital loss if such Bonds are sold prior to its maturity.

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere 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 Bonds. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

The District is dependent in part upon financial assistance from the State in the form of State aid as well as grants and loans to be received ("State Aid"). The District's receipt of State aid may be delayed as a result of the State's failure to adopt its budget timely and/or to appropriate State Aid to municipalities and school districts. Should the District fail to receive all or a portion of the amounts of State Aid expected to be received from the State in the amounts and at the times anticipated, occasioned by a delay in the payment of such moneys or by a reduction in State Aid or its elimination, the District is authorized pursuant to the Local Finance Law ("LFL") to provide operating funds by borrowing in anticipation of the receipt of such uncollected State Aid, however, there can be no assurance that, in such event, the District will have market access for any such borrowing on a cost effective basis. The elimination of or any substantial reduction in State Aid would likely have a materially adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available or a curtailment of expenditures. (See also "*State Aid*" herein.)

Future amendments to applicable statutes whether enacted by the State or the United States of America affecting the treatment of interest paid on municipal obligations, including the Bonds, for income taxation purposes could have an adverse effect on the market value of the Bonds (see "*Tax Matters*" herein).

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, without providing exclusion for debt service on obligations issued by municipalities and fire districts, may affect the market price and/or marketability for the Bonds. (See "*Tax Levy Limit Law*" herein.)

Federal or State legislation imposing new or increased mandatory expenditures by municipalities, school districts and fire districts in the State, including the District could impair the financial condition of such entities, including the District and the ability of such entities, including the District to pay debt service on the Bonds.

TAX MATTERS

Opinion of Bond Counsel

In the opinion of Hawkins Delafield & Wood LLP, Bond Counsel to the District, under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for Federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations. The Tax Certificate of the District (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Bonds will contain provisions and procedures relating to compliance with applicable requirements of the Code. In rendering its opinion, Bond Counsel has relied on certain representations, certifications of fact, and statements of reasonable expectations made by the District in connection with the Bonds, and Bond Counsel has assumed compliance by the District with certain ongoing provisions and procedures set forth in the Tax Certificate relating to compliance with applicable requirements of the Code to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Bond Counsel expresses no opinion regarding any other Federal or state tax consequences with respect to the Bonds. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement its opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances that may hereafter come to its attention, or changes in law or in interpretations thereof that may hereafter occur, or for any other reason. Bond Counsel expresses no opinion on the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for Federal income tax purposes of interest on the Bonds, or under state and local tax law.

Certain Ongoing Federal Tax Requirements and Certifications

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds in order that interest on the Bonds be and remain excluded from gross income under Section 103 of the Code. These requirements include, but are not limited to, requirements relating to use and expenditure of gross proceeds of the Bonds, yield and other restrictions on investments of gross proceeds, and the arbitrage rebate requirement that certain excess earnings on gross proceeds be rebated to the Federal government. Noncompliance with such requirements may cause interest on the Bonds to become included in gross income for Federal income tax purposes retroactive to their issue date, irrespective of the date on which such noncompliance occurs or is discovered. The District, in executing the Tax Certificate, will certify to the effect that the District will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure the exclusion of interest on the Bonds from gross income under Section 103 of the Code.

Certain Collateral Federal Tax Consequences

The following is a brief discussion of certain collateral Federal income tax matters with respect to the Bonds. It does not purport to address all aspects of Federal taxation that may be relevant to a particular owner of a Bond. Prospective investors, particularly those who may be subject to special rules, are advised to consult their own tax advisors regarding the Federal tax consequences of owning and disposing of the Bonds.

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral Federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for Federal income tax purposes. Interest on the Bonds may be

taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity means the first price at which a substantial amount of the Bonds of that maturity was sold (excluding sales to bond houses, brokers, or similar persons acting in the capacity as underwriters, placement agents, or wholesalers). In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth in this Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for Federal income tax purposes to the same extent as other interest on the Bonds.

In general, under Section 1288 of the Code, OID on a Discount Bond accrues under a constant yield method, based on periodic compounding of interest over prescribed accrual periods using a compounding rate determined by reference to the yield on that Discount Bond. An owner’s adjusted basis in a Discount Bond is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Discount Bond. Accrued OID may be taken into account as an increase in the amount of tax-exempt income received or deemed to have been received for purposes of determining various other tax consequences of owning a Discount Bond even though there will not be a corresponding cash payment.

Owners of Discount Bonds should consult their own tax advisors with respect to the treatment of original issue discount for Federal income tax purposes, including various special rules relating thereto, and the state and local tax consequences of acquiring, holding, and disposing of Discount Bonds.

Bond Premium

In general, if an owner acquires a Bond for a purchase price (excluding accrued interest) or otherwise at a tax basis that reflects a premium over the sum of all amounts payable on the Bond after the acquisition date (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates), that premium constitutes “bond premium” on that Bond (a “Premium Bond”). In general, under Section 171 of the Code, an owner of a Premium Bond must amortize the bond premium over the remaining term of the Premium Bond, based on the owner’s yield over the remaining term of the Premium Bond, determined based on constant yield principles (in certain cases involving a Premium Bond callable prior to its stated maturity date, the amortization period and yield may be required to be determined on the basis of an earlier call date that results in the lowest yield on such Bond). An owner of a Premium Bond must amortize the bond premium by offsetting the qualified stated interest allocable to each interest accrual period under the owner’s regular method of accounting against the bond premium allocable to that period. In the case of a tax-exempt Premium Bond, if the bond premium allocable to an accrual period exceeds the qualified stated interest allocable to that accrual period, the excess is a nondeductible loss. Under certain circumstances, the owner of a Premium Bond may realize a taxable gain upon disposition of the Premium Bond even though it is sold or redeemed for an amount less than or equal to the owner’s original acquisition cost. Owners of any Premium Bond should consult their own tax advisors regarding the treatment of bond premium for Federal income tax purposes, including various special rules relating thereto, and state and local tax consequences, in connection with the acquisition, ownership, amortization of bond premium on, sale, exchange, or other disposition of Premium Bonds.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is

required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the Federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under Federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds. For example, the budgets proposed by the Obama Administration from time to time have recommended a 28% limitation on certain itemized deductions, and other tax benefits including “tax-exempt interest.” The net effect of such a proposal, if enacted into law, would be that an owner of a tax-exempt obligation with a marginal tax rate in excess of 28% would pay some amount of Federal income tax with respect to the interest on such tax-exempt obligation, regardless of issue date.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

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

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds will be subject to the final approving opinion of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the District substantially as set forth in Appendix D hereto.

Closing Certificates

Upon the delivery of the Bonds, the Purchasers will be furnished with the following items: (i) a Certificate of the President of the Board of Education and certain officers of the District to the effect that as of the date of this Official Statement and at all times subsequent thereto, up to and including the time of the delivery of the Bonds, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the District since the date of this Official Statement to the date of issuance of the Bonds; and having attached thereto a copy of this Official Statement; (ii) a Certificate signed by an officer of the District evidencing payment

for the Bonds; and (iii) a Signature Certificate evidencing the due execution of the Bonds, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Bonds or the collection of revenues to pay the principal of and interest thereon, nor in any manner questioning the proceedings and authority under which the Bonds were authorized or affecting the validity of the Bonds thereunder, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds have been repealed, revoked or rescinded, and (iv) a Tax Certificate executed by the chief fiscal officer of the District, as described under “*Tax Matters*” herein.

DISCLOSURE UNDERTAKING

Disclosure Undertaking for the Bonds

At the time of the delivery of the Bonds, the District will provide an executed copy of its “Undertaking to Provide Continuing Disclosure” substantially as set forth in Appendix E.

Prior Disclosure History

For the past five years, the District has complied, in all material respects, with its continuing disclosure undertakings to provide audited annual financial statements and statements of annual financial information. That being said, over the past five years there have been a variety of ratings changes to the municipal bond insurers which insure the outstanding serial bonds of the District, and notices of these rating changes were not timely filed in accordance with the Rule. However, notices of these insurance ratings changes based on bond insurer downgrades were filed on August 1, 2014.

RATING

S&P Global Ratings has assigned a rating of “A+” to the uninsured outstanding bonded indebtedness of the District, including the Bonds.

There can be no assurance that such ratings will continue for any specified period of time or that such ratings will not be revised or withdrawn, if in the judgment of the particular rating agency circumstances so warrant. Any change or withdrawal of a rating may have an adverse effect on the market price of the District’s outstanding debt, including the Bonds, or the availability of a secondary market for such debt, including the Bonds.

MUNICIPAL ADVISOR

Capital Markets Advisors, LLC, Orchard Park, New York, (the “Municipal Advisor”) has served as the independent municipal advisor to the District in connection with the sale of the Bonds.

In preparing the Official Statement, the Financial Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Financial Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Financial 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 Financial 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 Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from Mr. Wayne Drescher, Business Office Official and Paying Agent Contact: Phone (716) 892-7800 ext. 2405; Email: wdrescher@csufsd.org; Address: 166 Halstead Avenue, Sloan, NY 14212 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 Bonds.

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 Bonds by the District and may not be reproduced or used in whole or in part for any other purpose.

**Cheektowaga-Sloan Union Free School District
Erie County, New York**

By: _____
Ms. Claire M. Ferrucci
President of the Board of Education

DATED: July __, 2017

APPENDIX A
THE DISTRICT

THE DISTRICT

General Information

Cheektowaga-Sloan Union Free School District, located in the County of Erie, in the State of New York (the “District”, “County” and “State”, respectively), with an estimated population of 11,500, encompassing approximately 3 square miles, is located largely within the Town of Cheektowaga, including the Village of Sloan, and with a small portion in the Town of West Seneca, just east of the City of Buffalo. The District is one of four school districts serving Town residents.

The District is suburban residential in nature with some light industrial and commercial development. Residents of the District are employed to a large extent in these operations and in the commercial and industrial activities in the nearby City of Buffalo.

Air transportation is available at the Buffalo Niagara International Airport. In addition the District is served by the New York State Thruway, U.S. Route 20 and numerous County roads, providing adequate surface transportation.

District Organization

The District is an independent entity governed by an elected Board of Education (the “Board” or “Board of Education”) comprised of seven members. The District operates pursuant to the Education Law, subject to the provisions of the State Constitution affecting school districts, and other statutes applicable to the District including the General Municipal Law, the Local Finance Law and the Real Property Tax Law. Under such laws, there is no authority for the District to have a charter or adopt local laws.

Members of the Board are elected on a staggered term basis by qualified voters at an annual election of the District. The annual meeting of the District to adopt the budget will be held on the third Tuesday in May of each year. The term of office for each Board member is five years and the number of terms that may be served is unrestricted. A president is selected by the Board from its members and also serves as the chief fiscal officer of the District. The Board is vested with various powers and duties as set forth in the Education Law, including the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

The Board appoints the Superintendent of Schools who serves at the pleasure of the Board. Such Superintendent is the chief executive officer of the District. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board; and while the President of the Board of Education is the chief fiscal officer of the District, certain of the financial management functions of the District are the responsibility of the Superintendent of Schools, the School Business Manager and the District Treasurer.

District Facilities

The District operates the facilities listed below.

TABLE 1
School Statistics

<u>Name</u>	<u>Grade</u>	<u>Year Built</u>	<u>Capacity</u>
John F. Kennedy Middle & High School	6-12	1961	1,229
Woodrow Wilson School	3-5	1915	469
Theodore Roosevelt School	Pre-K-2	1927	464

District Employees

The District provides services through approximately 315 full and part-time employees. The number of persons employed by the District, the collective bargaining agents that represent such employees and the dates of expiration of the various contracts are as follows:

TABLE 2
District Employees

<u>Employees Represented</u>	<u>Union Representation</u>	<u>Contract Expiration Date</u>
150	Cheektowaga-Sloan Teachers Association	6/30/20
21	Cheektowaga-Sloan School Clerical Employees Association	6/30/22
6	Cheektowaga-Sloan UFSD Administrators Association	6/30/19
82	Civil Service Employees Association	6/30/19

Enrollment History and Projections

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

TABLE 3
School Enrollment History

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2014-15	1,443	2017-18	1,428
2015-16	1,448	2018-19	1,450
2016-17	1,442	2019-20	1,450

Employee Pension Benefits

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

Both the TRS and ERS (the “State Retirement System” or “SRS”) are noncontributory with respect to members hired prior to July 1, 1976. All members of the respective systems that were hired on or after July 1, 1976 and before December 31, 2009, with less than 10 year’s full-time service, contribute 3% for ERS participants and 3.5% for TRS participants of their gross annual salary toward the cost of retirement programs.

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

<u>State Fiscal Year</u>	<u>ERS</u>
<u>End 3/31</u>	
2018 Budget	\$593,257
2017 Budget	596,458
2016	505,623
2015	550,623
2014	609,939

Source: Audited Financial Statements and Office of the State Comptroller

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

Fiscal Year	
<u>End 6/30</u>	<u>TRS</u>
2018 <i>Budget</i>	\$1,565,496
2017 <i>Budget</i>	1,671,112
2016	1,904,513
2015	1,962,922
2014	1,382,255

Source: Audited Financial Statements

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

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

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 TRS has adopted an Employer Contribution Rate of 9.80%, applicable to 2017-18 salaries. This is a decrease from the 2016-17 fiscal year's rate of 11.72%.

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

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

The TRS SCO deferral plan is available to school districts. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent.

However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

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

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits. OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 will require municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

Under GASB 45, based on actuarial valuation, an annual required contribution ("ARC") will be determined for each municipality or school district. The ARC is the sum of (a) the normal cost for the year (the present value of future benefits being earned by current employees) plus (b) amortization of the unfunded accrued liability (benefits already earned by current and former employees but not yet provided for), using an amortization period of not more than 30 years. If a municipality or school district contributes an amount less than the ARC, a net OPEB obligation will result, which is required to be recorded as a liability on its financial statements.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The State Comptroller's proposal would authorize the creation of irrevocable OPEB trusts so that the State and its local governments can help fund their OPEB liabilities, establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the State and participating eligible local governments, designate the president of the Civil Service Commission as the trustee of the State's OPEB trust and the governing boards as trustee for local governments and allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established. Under the State Comptroller's proposal, there are no limits on how much a local government can deposit into the trust.

The District was in compliance with the requirements of GASB 45 and it has been determined that the District does not have a liability.

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 monies 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 monies 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 District’s investment 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 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 and aid from New York State. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

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*" in Appendix B to the Official Statement). For purposes of the following chart, real property taxes include the tax levy, payments received in lieu of taxes and the interest and penalties collected on delinquent taxes.

The following table sets forth total general fund revenues and real property tax revenues collected during the last five audited fiscal years ended and budgeted for 2017-18 fiscal years.

TABLE 4
Property Taxes

<u>Fiscal Year</u>	<u>Total Revenues</u> ^(a)	<u>Real Property Taxes</u>	<u>Real Property Taxes to Revenues</u>
2013	\$29,588,501	\$10,581,678	35.76%
2014	30,596,653	10,493,133	34.30%
2015	31,811,991	10,727,037	33.72%
2016	31,587,063	10,735,802	33.99%
2017 (Budget) ^(c)	34,396,049	10,977,140	31.91%
2018 (Budget) ^(c)	35,040,536	11,019,609	31.45%

(a) General Fund

(b) Budgeted amounts for 2017 include \$31,896,049 in estimated revenues and \$2,500,000 of appropriated fund balance.

(c) Budgeted amounts for 2018 include \$33,140,536 in estimated revenues and \$1,900,000 of appropriated fund balance.

Source: *Financial Statements and Adopted Budgets*

State Aid

The District receives appropriations from the State of State aid for operating, building and other purposes at various times throughout its fiscal year, pursuant to formulas and payment schedules set forth by statute. While the State has a constitutional duty to maintain and support a system of free common schools that provides a “sound basic education” to children of the State, 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 school districts, including the District, can be paid only if the State has such monies available for such payment.

The following table sets forth total general fund revenues and State aid revenues during the last five fiscal years, and the amount budgeted for the current and upcoming fiscal years.

TABLE 5
State Aid

<u>Fiscal Year</u>	<u>Total Revenues</u> ^(a)	<u>State Aid</u>	<u>State Aid to Revenues</u>
2013	\$29,588,501	\$12,749,814	43.09%
2014	30,596,653	13,899,455	45.43%
2015	31,811,991	14,755,200	46.38%
2016	31,587,063	14,428,051	45.68%
2017	34,396,049	15,068,398	43.81%
2018 (Budget) ^(c)	35,020,536	16,153,232	46.13%

(a) General Fund

(b) Budgeted amounts for 2018 include \$33,140,536 in estimated revenues and \$1,900,000 of appropriated fund balance

Source: *Financial Statements and Adopted Budgets*

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See “*STAR – School Tax Exemption*” herein). The District has received timely STAR aid from the State for the current fiscal year. 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 could be affected by a delay in the adoption of the State budget or 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.

Potential reductions in Federal aid received by the State. The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State’s current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues that may arise.

Reductions in Federal funding levels could have a materially adverse impact on the State budget. In addition to the potential fiscal impact of policies that may be proposed and adopted by the new administration and Congress, the State budget may be adversely affected by other actions taken by the Federal government, including audits, disallowances, and changes to Federal participation rates or other medicaid rules.

There can be no assurance that the State’s financial position will not change materially and adversely from current projections. If this were to occur, the State would be required to take additional gap-closing actions. Such actions may include, but are not limited to: reductions in State agency operations; delays or reductions in payments to local governments or other recipients of State aid including school districts in the State. Reductions in the payment of State aid could adversely affect the financial condition of school districts in the State.

Should the District fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

Litigation regarding apportionment of State aid. In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity (“CFE”) v. State of New York* mandating that the system of apportionment of State aid

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

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 legislative reforms enacted in the wake of the decision in *Campaign for Fiscal Equity* (“CFE”) v. *State of New York*, included 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.

Litigation is continuing however as a statewide lawsuit entitled *NYSER v. State of New York* has been filed recently on behalf of the State’s public school students and is scheduled to be heard on appeal on May 30, 2017. The lawsuit asserts that the State has failed to comply with the decision of the New York State Court of Appeals in *CFE v. State of New York*. The complaint asks the court for an order requiring the State to immediately discontinue the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity to obtain a sound basic education. It is not possible to predict the outcome of this litigation.

Recent Events Affecting New York School Districts

School district fiscal year (2012-13): The State Legislature adopted the State budget on March 30, 2012. The budget included an increase of \$751 million in State aid for school districts.

School district fiscal year (2013-14): The State Legislature adopted the State budget on March 29, 2013. The budget included an increase of \$1.0 billion in State aid for school districts.

School district fiscal year (2014-15): The State Legislature adopted the State budget on April 1, 2014. The budget included an increase of \$807 million in State aid for school districts totally \$21.88 billion in State aid for New York school districts.

School district fiscal year (2015-16): The State Legislature adopted the State budget on April 1, 2015. The budget provides for school aid of approximately \$23.5 billion, which represents an increase of approximately \$1.3 billion, or 7.4%, in total school aid spending from the 2014-15 school year. The budget continues a three-year appropriation methodology established in the 2011-12 State fiscal year and limits future school aid increases to growth as measured by the total personal income of residents of the State.

School district fiscal year (2016-17): The State Legislature adopted the State budget on March 31, 2016. The budget includes an increase of \$991 million in State aid for school districts over the 2015-16 budget, \$863 million of which consists of traditional operating aid. In addition to the \$408 million of expense based aid, the budget includes a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase includes \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The budget includes School Aid spending of \$24.8 billion, a \$1.5 billion increase (6.5% increase) from the prior fiscal year.

School district fiscal year (2017-2018): The Enacted 2017-2018 State Budget provides for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the 2016-2017 school year. The

majority of the increases have been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The Enacted 2017-2018 State Budget continues to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. In addition, the Enacted 2017-2018 State Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by \$850 million or more, the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

The State Comptroller's Fiscal Stress Monitoring System

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the District as "No Designation." (See <http://www.osc.state.ny.us/localgov/fiscalmonitoring/schools/pdf/summarylist.pdf>)

New York State Comptroller's Audit

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

On July 6, 2012, OSC, Division of Local Government and School Accountability released an audit of the District to review financial management practices from July 1, 2006 through March 13, 2012. The audit found that the District needed to develop a plan to use the surplus fund balance, adopt realistic budgets and develop more reasonable projected expenditure levels. (See www.osc.state.ny.us/localgov/audits/schools/2012/cheektowagasloan.pdf.)

OSC has recently audited the District regarding its increased reserve levels. The District will be reviewing a draft of the audit report in the next two weeks. District administration expects the report to be issued in the next few months.

Independent Audit

The District retains independent certified public accountants to audit its financial statements. Appendix B to the Official Statement presents excerpts from the District's most recent audited reports. Appendix C presents a complete copy of the District's most recently audited financial statements. In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State.

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. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes certain limitations on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. (See "The Tax Levy Limit Law" herein).

The voters approved the District's 2017-18 budget on May 16, 2017.

TAX INFORMATION

Real Property Tax Assessment and Rates

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

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

<u>Roll Year</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
<u>Tax Year</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Cheektowaga					
Assessed Value	\$260,661,042	\$261,194,328	\$425,933,245	\$427,159,063	\$441,600,112
Equalization Rate	62.00%	62.00%	100.00%	100.00%	100.00%
Full Value	420,421,035	421,281,174	425,933,245	\$427,159,063	\$441,600,112
Tax Rate ⁽¹⁾	\$53.08	\$52.74	\$32.74	\$33.05	\$32.17
West Seneca					
Assessed Value	\$15,132,986	\$15,132,986	\$14,988,428	\$12,879,908	\$12,811,251
Equalization Rate	45.00%	44.50%	42.90%	42.00%	40.00%
Full Value	33,628,858	34,006,710	34,938,061	\$30,666,448	\$32,028,128
Tax Rate ⁽¹⁾	\$73.16	\$73.45	\$76.32	\$78.70	\$80.42
Total:					
Assessed Value	\$275,794,028	\$276,327,314	\$440,921,673	\$440,038,971	\$454,411,363
Full Value	\$454,049,893	\$455,287,884	\$460,871,306	\$457,825,511	\$473,628,240
Tax Levy	\$15,141,929	\$14,882,613	\$15,089,534	\$15,132,624	\$15,236,351

(1) Per \$1,000

Source: Erie County Real Property Tax Service, www2.erie.gov/ecrpts

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 Limit Law," herein.

Tax Levy Limit Law

On June 24, 2011, Chapter 97 of the Laws of 2011 (herein referred to as the "Tax Levy Limit Law" or "Law") was signed by the Governor. The Tax Levy Limit Law modified previous law by imposing a limit on the amount of real

property taxes that a school district may levy. The Law is effective for the District's fiscal year which began July 1, 2012.

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

The Tax Levy Limit Law imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy increase in excess of the limit. In the event the voters reject the budget, or a subsequent resubmitted budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year.

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

Real Property Tax Rebate (Chapter 59). Chapter 59 of the Laws of 2014 ("Chapter 59") includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School district budgets must comply in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years.

For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers is additionally contingent upon adoption by the school district or municipal unit of a state approved "government efficiency plan" which demonstrates "three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies".

Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain state officials in order to render their real property taxpayers eligible for the personal income tax credit.

Real Property Tax Rebate (Chapter 20). Chapter 20 introduced a new real property tax rebate program that will provide state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption (see "STAR - School Tax Exemption," herein) in the years 2016-2019. Residents of New York City are not eligible for the Chapter 20 Real Property Tax Rebate. For 2016, eligible taxpayers who reside outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") will receive \$130, and eligible taxpayers who reside

outside the MCTD will receive \$185. Credits in 2017-2019 vary based on a taxpayer's personal income level and STAR tax savings.

Similarly to the Chapter 59 Real Property Tax Rebate, under Chapter 20 the eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. Unlike Chapter 59, however, for many taxpayers only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of the Tax Levy Limitation Law.

While the provisions of Chapter 59 and Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

NYSUT Lawsuit. On February 20, 2013, the New York State United Teachers ("NYSUT") organization filed a lawsuit against the State challenging the Tax Levy Limitation Law as applied to school districts on multiple federal and state constitutional grounds. The Board of Education of the District did not join the NYSUT lawsuit as a plaintiff. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. After the ruling, NYSUT amended its complaint to include a challenge to the Chapter 59 Real Property Tax Rebate, also on federal and state constitutional grounds. On March 16, 2015, all causes of action contained in the amended complaint were dismissed. On May 5, 2016 the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals. See also "State Aid" for a discussion of the New Yorkers for Students' Educational Rights v. State of New York case which includes a challenge to the supermajority requirements regarding school district property tax increases.

Tax Collection Procedure

The real property taxes of the District are collected by the Receiver of Taxes of the Towns of Cheektowaga and West Seneca. Such taxes are due on September 15, and may be paid without penalty through October 15. The Receiver of Taxes pays to the District the amounts collected on a weekly basis. The penalty on unpaid taxes is 5% from October 16 to October 31 and an additional 1% for each month thereafter. On or about December 1, the Receivers of Taxes files a report of any uncollected District taxes with the County. The County thereafter, on or before April 1, 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. Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of \$86,000 or less, increased annually according to a cost of living adjustment, are eligible for a "full value" exemption of the first \$65,300 for the 2016-17 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross income not in excess of \$500,000 are eligible for a \$30,000 "full

value” exemption on their primary residence. School districts receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Part A of Chapter 60 of the Laws of 2016 of the State of New York (“Chapter 60”) gradually converts the STAR program from a real property tax exemption to a personal income tax credit. Chapter 60 prohibits new STAR exemptions from being granted unless at least one of the applicants held title to the property on the taxable status date of the assessment roll that was used to levy school district taxes for the 2015-2016 school year (generally, March 1, 2015), and the property was granted a STAR exemption on that assessment roll. However, a new homeowner may receive a new personal income tax credit in the form of a check. The dollar benefit to eligible taxpayers will not change. A taxpayer who is eligible for the new credit will receive a check from the State equal to the amount by which the STAR exemption would have reduced his or her school tax bill. A homeowner who owned his or her home on the taxable status date for the assessment roll used to levy taxes for the 2015-2016 school year, and who received a STAR exemption on that roll, may continue to receive a STAR exemption on that home as long as he or she still owns and primarily resides in it. No further action is required (unless the homeowner has been receiving Basic STAR and wants to apply for Enhanced STAR, which is permissible).

The State 2017-18 Enacted Budget includes changes to Chapter 60. STAR checks are now expected to be mailed out prior to the date that school taxes are payable. The amount of the check will be based on the previous year’s amount adjusted by the levy growth factor used for the property tax cap. Any changes that must be made based on the final STAR credit compared to the estimate used will be factored into the subsequent year’s STAR credit check or taxpayers also may account for those changes in their State income taxes.

Approximately 28% of the District’s 2016-2017 school tax levy was exempted by the STAR program and the District has received full reimbursement of such exempt taxes from the State. Approximately 28% of the District’s 2017-2018 school tax levy was exempted by the STAR program and the District expects to receive full reimbursement of such exempt taxes from the State in January 2018. (See “*State Aid*” herein).

Rebate Program

Chapter 59 of the Laws of 2014 (“Chapter 59”) included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts in 2014 and 2015 and certain municipal units of government in 2015 and 2016. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction’s compliance with the provisions of the Tax Levy Limitation Law. For the second taxable year of the program, the refundable personal income tax credit for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a State approved “government efficiency plan” which demonstrated three year savings and efficiencies of at least one per cent per year from shared services, cooperation agreements and/or mergers or efficiencies.

Chapter 20 of the Laws of 2015 (“Chapter 20”) introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption in the years 2016-2019. For 2016, eligible taxpayers who resided outside New York City but within the Metropolitan Commuter Transportation District (“MCTD”) received \$130, and eligible taxpayers who resided outside the MCTD received \$185. Credits in 2017-2019 will vary based on a taxpayer’s personal income level and STAR tax savings. Similar to the Chapter 59 real property tax credit, under Chapter 20 the eligibility of real property taxpayers in each year depends on the school district’s compliance with the provisions of the Tax Levy Limitation Law. Unlike Chapter 59, however, for taxpayers other than those living in one of the “Big 4” cities only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the “Big 4” cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of Chapter 97.

While the provisions of Chapter 59 did not, and the provisions of Chapter 20 do not, directly further restrict the taxing power of the affected municipalities, school districts and special districts, Chapter 59 did, and Chapter 20 does, provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law.

Ten of the Largest Taxpayers for the 2016-17 Fiscal Year

The following table presents the total 2016 assessed valuations of ten of the District’s largest property owners used for the 2016-17 tax levy.

TABLE 7
Assessed Valuations

<u>Property Owner</u>	<u>Nature of Business</u>	<u>Assessed Valuation</u>	<u>Total Assessed Valuation ⁽¹⁾</u>
Norfolk Southern	Railroad	\$14,272,480	3.14%
Allied Frozen Storage Holdings	Storage	7,992,600	1.76%
National Fuel Gas Distribution Corp.	Utility	6,453,894	1.42%
CSX Transportation	Commercial	5,944,838	1.31%
Goldi Group, Inc.	Industrial	4,600,000	1.01%
Rosler Associates	Commercial	4,250,000	0.94%
Stradtman Park, LLC	Commercial	3,070,000	0.68%
The Mentholatum Company	Commercial	2,800,000	0.62%
Fluid Handling, LLC	Commercial	2,781,452	0.61%
Niagara Mohawk Power Corp.	Utility	<u>2,475,177</u>	<u>0.55%</u>
	Total:	<u>\$54,640,441</u>	<u>12.03%</u>

(1) The 2016 Assessed Valuation is \$454,411,363.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge

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

The District may contract indebtedness only for a school district purpose and shall pledge its faith and credit for the payment of principal thereof 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 expiration of the period of probable usefulness of the object or purpose or, in the alternative, the weighted average period of probable usefulness of the several purposes for which it is contracted. No installment may be more than fifty per centum in excess of the smallest prior installment, unless the District determines to issue debt amortizing on the basis of substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General

The District is further subject to a constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of the principal of or interest on indebtedness theretofore contracted.

Statutory Procedure

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

The 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 \$100,000 until the plans and specifications of such project have been approved by the Commissioner of Education of the State.

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

Debt Limit

Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any school district purpose authorized by the legislature of the State so long as the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio (equalization rate) which such assessed valuation bears to the full valuation as determined by the State Board of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

Statutory Debt Limit and Net Indebtedness

The following tables set forth the computation of the debt limit of the District and its debt contracting margin as of June 30, 2017.

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TABLE 8
Statement of Debt Contracting Power

Full Valuation of District's Real Property	\$473,628,240
Debt Limit (10% of Full Valuation)	\$47,362,824
Outstanding Indebtedness (Principal Only):	
Bonds	8,675,000
BANs	<u>12,000,000</u>
Gross Indebtedness	20,675,000
Less: Exclusions ⁽¹⁾	<u>0</u>
	<u>\$20,675,000</u>
Total Net Indebtedness	
Net Debt-Contracting Margin	<u>\$26,687,824</u>
Percentage of Debt-Contracting Margin Exhausted	<u>43.65%</u>

⁽¹⁾ In prior years the District received State debt service building aid in a calculated amount of approximately 87.1% 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 "State Aid" herein.

Bond Anticipation Notes

Following the issuance of the Bonds, the District will not have any bond anticipation notes outstanding.

Revenue and Tax Anticipation Notes

The District has no revenue and tax anticipation notes currently outstanding and has not issued such in recent years.

Outstanding Indebtedness

The following table provides information relating to indebtedness outstanding at fiscal year-end for the last five audited fiscal years and the unaudited 2016 amounts.

	TABLE 9				
	Outstanding Indebtedness at 6/30:				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Serial Bonds	\$15,610,000	\$13,930,000	\$12,250,000	\$10,735,000	\$9,705,000
Bond Anticipation Notes	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>12,000,000</u>
Total	<u>\$15,610,000</u>	<u>\$13,930,000</u>	<u>\$12,250,000</u>	<u>\$10,735,000</u>	<u>\$21,705,000</u>

Authorized and Unissued Indebtedness

Following the issuance of the Bonds the District will have no authorized and unissued indebtedness.

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The following table 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

<u>Issuer</u>	<u>Net Debt</u>			<u>District Share</u>	<u>Amount Applicable to District</u>
	<u>Outstanding</u>	<u>As of</u>			
Erie County	\$399,504,999	11/15/16		0.85%	\$3,395,792
Town of Cheektowaga	31,800,000	06/27/16		9.03%	3,230,880
Town of West Seneca	60,649,767	06/28/16		1.04%	<u>10,073,926</u>
Total Net Overlapping Debt					\$16,700,598
Total Net Direct Debt					<u>20,675,000</u>
Total Net Direct and Overlapping Debt					<u>\$37,375,598</u>

Debt Ratios

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

TABLE 11
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ^(a)	<u>Debt to Estimated Full Value</u> ^(b)
Net Direct Debt	\$20,675,000	\$1,832	4.36%
Net Direct and Overlapping Debt	\$37,375,598	\$3,313	7.89%

(a) The population of the District is estimated to be 11,281. (Source: United States Census Bureau S.A.I.P.E. data 2012.)

(b) The District's full value of taxable real property for fiscal year ending 2016 is \$473,628,240.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding general obligation bonded indebtedness, including the refunded bonds, as of June 30, 2017.

TABLE 12
Serial Bonds Payable to Maturity

<u>FYE</u>	<u>Principal</u>	<u>Interest</u> ⁽²⁾	<u>Debt Service</u> ⁽¹⁾
<u>6/30:</u>			
2018	\$ 1,020,000	208,444	1,228,444
2019	1,010,000	177,844	1,187,844
2020	1,000,000	152,444	1,152,444
2021	985,000	127,294	1,112,294
2022	970,000	107,594	1,077,594
2023	945,000	88,194	1,033,194
2024	925,000	68,081	993,081
2025	920,000	46,675	966,675
2026	<u>900,000</u>	<u>24,800</u>	<u>924,800</u>
	<u>\$ 8,675,000</u>	<u>\$ 1,001,369</u>	<u>\$ 9,676,369</u>

(1) Columns may not sum due to rounding

ECONOMIC AND DEMOGRAPHIC DATA

The smallest area for which statistics are available which includes the District is the Town. Although the population of the District is wholly within the Town, it cannot be inferred that the Town is representative of the District.

Population

The following table presents population trends for the Town, the County and the State.

	TABLE 13		
	<u>Population Trend</u>		
	<u>2000</u>	<u>2010</u>	<u>Percentage Change</u>
Town of Cheektowaga	94,019	88,226	(6.6%)
County	950,265	909,247	(3.2%)
State	18,976,457	19,378,102	2.1%

Source: U. S. Census

Employment and Unemployment

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

	TABLE 14				
	<u>Civilian Labor Force</u>				
	(Thousands)				
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Town	46.4	46.0	45.0	44.8	44.5
County	461.8	458.9	450.7	449.9	446.6
State	9,612.2	9,623.1	9,570.7	9,591.2	9584.5

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

Unemployment rates are not compiled for the District, but are available for the County and State. The following table is not necessarily representative of the District.

	TABLE 15		
	<u>Yearly Average Unemployment Rates</u>		
<u>Year</u>	<u>Town</u>	<u>County</u>	<u>State</u>
2012	8.6%	8.3%	8.5%
2013	7.6%	7.4%	7.7%
2014	6.2%	6.1%	6.3%
2015	5.5%	5.3%	5.3%
2016	5.0%	4.9%	4.8%

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

TABLE 16
Monthly Unemployment Rates

<u>Month</u>	<u>Town</u>	<u>County</u>	<u>State</u>
May 2016	4.4%	4.3%	4.3%
June	4.5%	4.6%	4.7%
July	4.9%	4.9%	5.0%
August	4.9%	4.8%	4.9%
September	5.1%	5.0%	4.9%
October	4.9%	4.7%	4.8%
November	5.1%	4.7%	4.5%
December	5.3%	4.9%	4.5%
January 2017	5.9%	5.5%	4.9%
February	6.0%	5.6%	5.0%
March	5.2%	4.9%	4.4%
April	N/A	N/A	4.2%

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

LITIGATION

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

END OF APPENDIX A

APPENDIX B
FINANCIALS

Cheektowaga-Sloan Union Free School District
Summary of Estimated Revenues and Budgeted Appropriations - General Fund
Fiscal Year Ending June 30:

	Adopted Budget <u>2016-17</u>	Adopted Budget <u>2017-18</u>
<u>Estimated Revenues:</u>		
Real Property Tax	\$10,977,140	\$11,019,609
PILOTs	3,500	3,500
STAR Reimbursement	4,259,211	4,344,395
Interest & Penalties on Real Property Tax	2,000	22,000
Sales Tax	1,430,000	1,438,050
Tuition-Continuing Education	2,000	2,000
Use of Money and Property	23,050	15,000
Refund of Prior Period Expense	98,000	100,000
Miscellaneous Income	20,000	20,000
State Aid	15,068,398	16,153,232
Medicaid Assistance	12,750	22,750
Total Estimated Revenue	<u>31,896,049</u>	<u>33,140,536</u>
Appropriated Fund Balance	<u>2,500,000</u>	<u>1,900,000</u>
 Total Est. Revenue and Appr. Fund Balance	 <u><u>\$34,396,049</u></u>	 <u><u>\$35,040,536</u></u>
<u>Appropriations:</u>		
General Support	\$4,434,774	\$4,447,499
Instructional Support	19,435,739	19,609,367
Transportation	2,207,568	2,468,759
Community Services	17,050	17,050
Employee Benefits	6,779,073	6,859,417
Debt Service	1,304,345	1,428,444
Interfund Transfers	217,500	210,000
Total Appropriations	<u><u>\$34,396,049</u></u>	<u><u>\$35,040,536</u></u>

Source: School Officials

Cheektowaga-Sloan Union Free School District
Balance Sheet
General Fund
As of June 30:

	<u>2015</u>	<u>2016</u>
Assets		
Unrestricted Cash & Cash Equivalents	\$9,106,439	\$6,728,328
Restricted Cash & Cash Equivalents	461,081	5,235,014
Due From Other Governments	501,344	351,983
State and Federal Aid	1,795,713	1,845,509
Due from Other Funds	<u>511,881</u>	<u>503,317</u>
 Total Assets	 <u><u>\$12,376,458</u></u>	 <u><u>\$14,664,151</u></u>
 Liabilities and Fund Equity		
Liabilities		
Accounts Payable	\$503,670	\$86,353
Accrued Liabilities	312,951	76,313
Due to other Funds	137,765	0
Unearned Revenue	871,691	145,003
Due to Teachers' Retirement Systems	1,965,988	1,595,434
Due to Employees' Retirement Systems	<u>136,417</u>	<u>113,992</u>
 Total Liabilities	 <u><u>3,928,482</u></u>	 <u><u>2,017,095</u></u>
 Deferred Inflows of Resources		
Deferred revenue - State Aid	<u>0</u>	<u>3,461,556</u>
 Fund Balance		
Nonspendable		
Restricted	5,236,333	5,235,014
Assigned	1,913,701	2,592,379
Unassigned	<u>1,297,942</u>	<u>1,358,107</u>
 Total Fund Balance	 <u><u>\$8,447,976</u></u>	 <u><u>\$9,185,500</u></u>
 Total Liabilities and Fund Balance	 <u><u>\$12,376,458</u></u>	 <u><u>\$14,664,151</u></u>

Source: Audited Financial Statements of the District. Summary is not subject to Audit.

Cheektowaga-Sloan Union Free School District
Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund
Fiscal Year Ending June 30:

	2012	2013	2014	2015	2016
Revenues					
Real Property Taxes	\$10,851,500	\$10,581,678	\$10,493,133	\$10,727,037	\$10,735,802
Real Property Tax Items	4,342,574	4,371,998	5,887,159	5,841,343	5,898,575
Non Property Tax items	1,473,694	1,480,714	0	0	0
Charges of Services	39,219	39,446	69,167	86,448	103,478
Use of Money and Property	46,003	39,164	28,505	32,174	22,170
Sales of Property and Comp.for Loss	2,560	571	995	886	1,105
Miscellaneous	260,755	255,965	211,588	283,804	341,551
State Aid	12,515,211	12,749,814	13,899,455	14,755,200	14,428,051
Interfund Transfers	0	0	6,651	68,088	56,331
Federal Aid	0	69,131	0	17,011	0
Total Revenues	29,531,516	29,588,481	30,596,653	31,811,991	31,587,063
Expenditures					
General Support	3,264,335	3,144,598	3,532,663	3,547,642	3,571,569
Instruction	16,241,592	15,932,785	16,166,108	15,856,251	16,413,031
Pupil Transportation	1,068,200	1,076,383	1,147,404	1,154,795	1,226,181
Employee Benefits	5,255,190	5,441,906	6,215,070	6,105,443	5,723,543
Debt Service	2,461,866	2,328,275	2,253,223	2,097,731	1,303,574
Total Expenditures	28,291,183	27,923,947	29,314,468	28,761,862	28,237,898
Excess Revenues (expenditures)	1,240,333	1,664,534	1,282,185	3,050,129	3,349,165
Other Uses:					
Operating Transfers In	0	0	0	322,366	0
Operating Transfers Out	(59,928)	(53,957)	(59,366)	(3,512,361)	(109,297)
Total Expenditures and Other Uses	(59,928)	(53,957)	(59,366)	(3,189,995)	(109,297)
Revenues and Other Sources over Expenditures and Other Uses	1,180,405	1,610,597	1,222,819	(139,866)	3,239,868
Fund Balance Beginning of Year	4,574,021	5,754,426	7,365,023	8,587,842	8,447,976
Prior Period Adjustment	0	0	0	0	(2,502,344)
Fund Balance End of Year	\$5,754,426	\$7,365,023	\$8,587,842	\$8,447,976	\$9,185,500

Source: Audited Financial Statements of the District. Summary is not subject to Audit.

APPENDIX C

**INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
JUNE 30, 2016**

**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/ER999199-ER781748-ER1182973.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. Bonadio & Co., 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.**

Hawkins Delafield & Wood LLP
28 Liberty Street
New York, New York 10005

The Board of Education of
Cheektowaga-Sloan Union Free School District,
in the County of Erie, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to Cheektowaga-Sloan Union Free School District, in the County of Erie (the “School District”), a school district of the State of New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the \$14,529,685 School District Serial Bonds-2017 (the “Bonds”), dated and delivered the date hereof.

We have examined a record of proceedings relating to the Bonds for purposes of this opinion. In such examination, we have assumed the genuineness of all signatures, the authenticity of all documents submitted to us as originals and the conformity with originals of all documents submitted to us as copies thereof.

Based on and subject to the foregoing, and in reliance thereon, as of the date hereof, we are of the following opinions:

1. The Bonds are valid and legally binding general obligations of the School District for which the School District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the School District is subject to the levy of ad valorem real estate taxes to pay the Bonds and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Bonds may be limited by bankruptcy, insolvency, or other laws affecting creditors’ rights or remedies heretofore or hereafter enacted.

2. Under existing statutes and court decisions and assuming continuing compliance with certain tax certifications described herein, (i) interest on the Bonds is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and (ii) interest on the Bonds is not treated as a preference item in calculating the alternative minimum tax imposed on individuals and corporations under the Code; such interest, however, is included in the adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed on such corporations.

The Code establishes certain requirements that must be met subsequent to the issuance of the Bonds in order that the interest on the Bonds be and remain excludable from gross income under Section 103 of the Code. These requirements include, but are not limited to,

requirements relating to the use and expenditure of proceeds of the Bonds, restrictions on the investment of proceeds of the Bonds prior to expenditure and the requirement that certain earnings be rebated to the federal government. Noncompliance with such requirements may cause the interest on the Bonds to become subject to federal income taxation retroactive to the date of issuance thereof, irrespective of the date on which such noncompliance occurs or is ascertained.

On the date of issuance of the Bonds, the School District will execute a Tax Certificate relating to the Bonds containing provisions and procedures pursuant to which such requirements can be satisfied. In executing the Tax Certificate, the School District represents that it will comply with the provisions and procedures set forth therein and that it will do and perform all acts and things necessary or desirable to assure that the interest on the Bonds will, for federal income tax purposes, be excluded from gross income.

In rendering the opinion in this paragraph 2, we have relied upon and assumed (i) the material accuracy of the School District's representations, statements of intention and reasonable expectations, and certifications of fact contained in the Tax Certificate with respect to matters affecting the status of the interest on the Bonds, and (ii) compliance by the School District with the procedures and representations set forth in the Tax Certificate as to such tax matters.

3. Under existing statutes, interest on the Bonds is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

Except as stated in paragraphs 2 and 3 above, we express no opinion as to any other federal, state or local tax consequences with respect to the Bonds or the ownership or disposition thereof. Further, we express no opinion herein as to the effect of any action hereafter taken or not taken in reliance upon an opinion of other counsel on the exclusion from gross income for federal income tax purposes of the interest on the Bonds, or under state and local tax law.

We render our opinion under existing statutes and court decisions as of the date of issuance of the Bonds, and we assume no obligation to update, revise or supplement this opinion after the issue date to reflect any action hereafter taken or not taken, or any facts or circumstances, or any change in law or in interpretations thereof, or otherwise, that may hereafter arise or occur, or for any other reason.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement or Official Statement or any proceedings, reports, correspondence, financial statements or other documents, containing financial or other information relative to the District, which have been or may hereafter be furnished or disclosed to purchasers of ownership interests in the Bonds.

Very truly yours,

/s/ Hawkins Delafield & Wood LLP

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

“Annual Information” shall mean the information specified in Section 3 hereof.

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

“GAAP” shall mean generally accepted accounting principles as in effect from time to time in the United States.

“Holder” shall mean any registered owner of the Securities and any beneficial owner of Securities within the meaning of Rule 13d-3 under the Securities Exchange Act of 1934.

“Issuer” shall mean the **Cheektowaga-Sloan Union Free School District**, in the County of Erie, a school district of the State of New York.

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

“Rule” shall mean Rule 15c2-12 promulgated by the SEC under the Securities Exchange Act of 1934 (17 CFR Part 240, §240.15c2-12), as amended, as in effect on the date of this Undertaking, including any official interpretations thereof issued either before or after the effective date of this Undertaking which are applicable to this Undertaking.

“Securities” shall mean the Issuer’s **\$14,529,685 School District Serial Bonds-2017**, dated July 20, 2017, maturing in various principal amounts on July 15 in each of the years 2018 to 2031, inclusive, and delivered on the date hereof.

Section 2. Obligation to Provide Continuing Disclosure. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the EMMA System:

- (i) not later than the last day of the sixth month following the end of each fiscal year, commencing with the fiscal year ending June 30, 2017, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for each fiscal year commencing with the fiscal year ending June 30, 2017, if audited financial statements are then available; provided, however, that if audited financial statements are not then available, unaudited financial statements shall be provided with the Annual Information, and audited financial statements, if any, shall be delivered to the EMMA System within sixty (60) days after they become available and in no event later than the last day of the succeeding fiscal year; provided, however, that the unaudited financial statement shall be provided for any fiscal year only if the Issuer has made a

determination that providing such unaudited financial statement would be compliant with federal securities laws, including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17 (a)(2) of the Securities Act of 1933.

- (ii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of any of the following events with respect to the Securities:
 - (1) principal and interest payment delinquencies;
 - (2) non-payment related defaults, if material;
 - (3) unscheduled draws on debt service reserves reflecting financial difficulties;
 - (4) unscheduled draws on credit enhancements reflecting financial difficulties;
 - (5) substitution of credit or liquidity providers, or their failure to perform;
 - (6) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Securities, or other material events affecting the tax status of the Securities;
 - (7) modifications to rights of Securities holders, if material;
 - (8) Bond calls, if material, and tender offers;
 - (9) defeasances;
 - (10) release, substitution, or sale of property securing repayment of the Securities, if material;
 - (11) rating changes;
 - (12) bankruptcy, insolvency, receivership or similar event of the Issuer;

Note to clause (12): For the purposes of the event identified in clause (12) 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 Issuer 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 Issuer, 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 Issuer;

- (13) the consummation of a merger, consolidation, or acquisition involving the Issuer or the sale of all or substantially all of the assets of the Issuer, 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; and
- (14) appointment of a successor or additional trustee or the change of name of a trustee, if material.

(iii) in a timely manner, not in excess of ten (10) business days after the occurrence of such event, notice of a failure to provide by the date set forth in Section 2(a)(i) hereof of any Annual Information required by Section 3 hereof.

(b) Nothing herein shall be deemed to prevent the Issuer from disseminating any other information in addition to that required hereby in the manner set forth herein or in any other manner. If the Issuer disseminates any such additional information, the Issuer shall have no obligation to update such information or include it in any future materials disseminated hereunder.

(c) Nothing herein shall be deemed to prevent the Issuer from providing notice of the occurrence of certain other events, in addition to those listed above, if the Issuer determines that any such other event is material with respect to the Securities; but the Issuer does not undertake to commit to provide any such notice of the occurrence of any event except those events listed above.

Section 3. Annual Information. (a) The required Annual Information shall consist of the financial information and operating data for the preceding fiscal year, in a form generally consistent with the information contained or cross-referenced in the Issuer's final official statement relating to the Securities under the headings: "The District", "Financial Factors", "Tax Information", "District Indebtedness", "Economic and Demographic Information" and "Litigation", and in Appendix B.

(b) All or any portion of the Annual Information may be incorporated in the Annual Information by cross reference to any other documents which are (i) available to the public on the EMMA System or (ii) filed with the SEC. If such a document is a final official statement, it also must be available from the EMMA System.

(c) Annual Information for any fiscal year containing any modified operating data or financial information (as contemplated by Section 7(e) hereof) for such fiscal year shall explain, in narrative form, the reasons for such modification and the effect of such modification on the Annual Information being provided for such fiscal year. If a change in accounting principles is included in any such modification, such Annual Information shall present a comparison between the financial statements or information prepared on the basis of the modified accounting principles and those prepared on the basis of the former accounting principles.

Section 4. Financial Statements. The Issuer's annual financial statements for each fiscal year shall be prepared in accordance with New York State regulatory requirements or GAAP as in effect from time to time. Such financial statements shall be audited by an independent accounting firm.

Section 5. Remedies. If the Issuer shall fail to comply with any provision of this Undertaking, then any Holder of Securities may enforce, for the equal benefit and protection of all Holders similarly situated, by mandamus or other suit or proceeding at law or in equity, this Undertaking against the Issuer and any of the officers, agents and employees of the Issuer, and may compel the Issuer or any such officers, agents or employees to perform and carry out their duties under this Undertaking; provided that the sole and exclusive remedy for breach of this Undertaking shall be an action to compel specific performance of the obligations of the Issuer hereunder and no person or entity shall be entitled to recover monetary damages hereunder under any circumstances. Failure to comply with any provision of this Undertaking shall not constitute an event of default on the Securities.

Section 6. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with subsection (b)(5) of the Rule and is delivered for the benefit of the Holders. No other person shall have any right to enforce the provisions hereof or any other rights hereunder.

Section 7. Amendments. Without the consent of any holders of Securities, the Issuer at any time and from time to time may enter into any amendments or changes to this Undertaking for any of the following purposes:

- (a) to comply with or conform to any changes in Rule 15c2-12 (whether required or optional);
- (b) to add a dissemination agent for the information required to be provided hereby and to make any necessary or desirable provisions with respect thereto;
- (c) to evidence the succession of another person to the Issuer and the assumption of any such successor of the duties of the Issuer hereunder;
- (d) to add to the duties of the Issuer for the benefit of the Holders, or to surrender any right or power herein conferred upon the Issuer;
- (e) to modify the contents, presentation and format of the Annual Information from time to time to conform to changes in accounting or disclosure principles or practices and legal requirements followed by or applicable to the Issuer or to reflect changes in the identity, nature or status of the Issuer or in the business, structure or operations of the Issuer or any mergers, consolidations, acquisitions or dispositions made by or affecting any such person; provided that any such modifications shall comply with the requirements of Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such modification; or
- (f) to cure any ambiguity, to correct or supplement any provision hereof which may be inconsistent with any other provision hereof, or to make any other provisions with respect to matters or questions arising under this Undertaking which, in each case, comply with Rule 15c2-12 or Rule 15c2-12 as in effect at the time of such amendment or change;

provided that no such action pursuant to this Section 7 shall adversely affect the interests of the Holders in any material respect. In making such determination, the Issuer shall rely upon an opinion of nationally recognized bond counsel.

Section 8. Termination. This Undertaking shall remain in full force and effect until such time as all principal, redemption premiums, if any, and interest on the Securities shall have been paid in full or the Securities shall have otherwise been paid or legally defeased pursuant to the their terms. Upon any such legal defeasance, the Issuer shall provide notice of such defeasance to the EMMA System. Such notice shall state whether the Securities have been defeased to maturity or to redemption and the timing of such maturity or redemption.

In addition, this Agreement, or any provision hereof, shall be null and void in the event that those portions of the Rule which require this Agreement, or such provision, as the case may be, do not or no longer apply to the Securities, whether because such portions of the Rule are invalid, have been repealed, or otherwise.

Section 9. Undertaking to Constitute Written Agreement or Contract. This Undertaking shall constitute the written agreement or contract for the benefit of Holders of Securities, as contemplated under Rule 15c2-12.

Section 10. Governing Law. This Undertaking shall be governed by the laws of the State of New York determined without regard to principles of conflict of law.

IN WITNESS WHEREOF, the undersigned has duly authorized, executed and delivered this Undertaking as of **July 20, 2017**.

CHEEKTOWAGA-SLOAN CENTRAL SCHOOL DISTRICT

By _____
President of the Board of Education and Chief Fiscal Officer