PRELIMINARY OFFICIAL STATEMENT DATED MAY 24, 2018

SERIAL BONDS ISSUE
BOND ANTICIPATION NOTES ISSUE

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 and the Notes 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 and the Notes is not treated as a preference item in calculating the alternative minimum tax under the Code; such interest, however, is included in adjusted current earnings of certain corporations for purposes of calculating the alternative minimum tax imposed for taxable years beginning prior to January 1, 2018. In addition, in the opinion of Bond Counsel to the District, under existing statutes, interest on the Bonds and the Notes 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 and the Notes as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

CITY SCHOOL DISTRICT OF THE CITY OF CORNING
STEUBEN, SCHUYLER AND CHEMUNG COUNTIES, NEW YORK

$9,845,000*
SCHOOL DISTRICT SERIAL BONDS - 2018

(the "Bonds")

Date of Issue: Date of Delivery **Maturity Dates: June 15, 2019-2029**

$41,545,000
BOND ANTICIPATION NOTES – 2018

(the "Notes")

Date of Issue: June 20, 2018 **Maturity Date: June 20, 2019**

The Bonds and the Notes are general obligations of the City School District of the City of Corning, Steuben, Schuyler, and Chemung Counties, 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 the Notes and, unless paid from other sources, the Bonds and the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District without limitation as to rate or amount. (See *"Nature of the Obligation,"* herein.)

The Bonds will be dated their Date of Delivery and will bear interest from such date payable semiannually on June 15 and December 15 in each year until maturity commencing June 15, 2019. The Bonds will mature on June 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 Notes are dated June 20, 2018 and will bear interest from that date until June 20, 2019, the maturity date, at the annual rate(s) as specified by the purchaser(s) of the Notes. The Notes will not be subject to redemption prior to maturity.

At the option of the purchaser(s), the Bonds and the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the bonds will be issued in registered form in denominations equal to each maturity principal amount.

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

If the Bonds or the Notes are issued in book-entry form, such Bonds and Notes will be delivered to DTC, which will act as securities depository for such Bonds and Notes. Such Bonds and Notes 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 l act as securities depository for such Bonds and Notes issued in book-entry form. A single note certificate will be issued for those Notes issued in book-entry form bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Individual purchases of such Bonds and Notes may be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in such Bonds and Notes issued in book-entry form. Payment of the principal of and interest on such Bonds and Notes issued in book-entry form 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 such Bonds and Notes issued in book-entry form 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 and the Notes are offered subject to the respective final approving opinions of Hawkins Delafield & Wood LLP, New York, New York, Bond Counsel, and certain other conditions. Capital Markets Advisors, LLC has served as Financial Advisor to the District in connection with the issuance of the Bonds and the Notes. It is expected that delivery of the Bonds and the Notes through the offices of DTC in Jersey City, New Jersey or as otherwise agreed upon with the purchasers will be made on or about June 20, 2018.

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” AND “DISCLOSURE UNDERTAKING FOR THE NOTES” HEREIN.

*Preliminary, subject to change

Dated: May 24, 2018

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

Year	Amount	Interest Rate	Yield	CUSIP Number**
2019	$835,000			
2020	840,000			
2021	850,000			
2022	860,000			
2023	870,000			
2024	885,000			
2025	900,000			
2026	920,000			
2027*	940,000			
2028*	960,000			
2029*	985,000			

* 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.

CITY SCHOOL DISTRICT OF THE CITY OF CORNING
STEUBEN, SCHUYLER AND CHEMUNG COUNTIES, NEW YORK

Board of Education

Dr. Dale R. Wexell .... President
Victoria Zingler .... Vice President
Nancy Arkin .... Board Member
Kevin Ashton.. Board Member
Kristina Belanger.. Board Member
Mary Franklin.. Board Member
Janelle Meteer.. Board Member
Dr. James Webb .... Board Member

Michael Ginalski ....Superintendent of Schools
Paul Webster.. School Business Official
Karen Dutcher ....District Clerk
Jim Housworth .... District Treasurer
Harris Beach PLLC. .... School Attorney

BOND COUNSEL

Hawkins Delafield & Wood LLP
New York, New York

MUNICIPAL ADVISOR

CapitalMarketsAdvisors,LLC

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

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

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APPENDIX A

OFFICIAL STATEMENT

CITY SCHOOL DISTRICT OF THE CITY OF CORNING
STEUBEN, SCHUYLER AND CHEMUNG COUNTIES, NEW YORK
relating to

$9,845,000*
SCHOOL DISTRICT SERIAL BONDS - 2018
(the "Bonds")

$41,545,000
BOND ANTICIPATION NOTES – 2018
(the "Notes")

This Official Statement, which includes the cover page, inside cover page and appendices hereto, presents certain information relating to the City School District of the City of Corning in the Counties of Steuben, Schuyler and Chemung, State of New York (the "District," "Counties" and "State," respectively) in connection with the sale of $9,845,000 School District Serial Bonds - 2018 (the "Bonds") and $41,545,000 Bond Anticipation Notes – 2018 (the "Notes").

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

THE BONDS

Description

The Bonds will be dated their Date of Delivery, will bear interest from such date payable semiannually on June 15 and December 15 in each year until maturity commencing June 15, 2019 and will mature on June 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).

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC which 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. Purchasers will not receive certificates representing their ownership interest in the Bonds. Payment of the principal of and interest on the Bonds will be made 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. (See "Book-Entry-Only System" herein.)

If the Bonds are registered in the name of the purchaser, principal of and interest on the Bonds will be payable in Federal Funds at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. In such case, the bonds will be issued in registered form in denominations equal to each maturity principal amount.

The record date for the Bonds will be the close of business on the last business day of the month preceding each interest payment date.

*Preliminary, subject to change.

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 and the Local Finance Law, and a bond resolution duly adopted by the Board of Education of the District on July, 30, 2014, and thereafter approved by a majority of the voters at a referendum on September 23, 2014, authorizing the issuance of $63,000,000 serial bonds to pay the cost of construction of additions, alterations and improvements to District buildings and the sites thereof. The proceeds of the Bonds along with a budgetary appropriation of $680,000 will be used to redeem a portion of the bond anticipation notes maturing on June 21, 2018.

Optional Redemption for the Bonds

Call Provisions. The Bonds maturing on or after June 15, 2027 will be subject to redemption prior to maturity, on any date, at the option of the District, on June 15, 2026 and thereafter, in any order of maturity, and in any amount within a maturity 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).

THE NOTES

Description

The Notes will be dated June 20, 2018 and will mature, without option of prior redemption, as set forth on the front cover page.

The Notes will not be subject to prior redemption prior to maturity. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

Authority for and Purpose of the Notes

The Notes are authorized to be issued pursuant to the Constitution and laws of the State, including the Education Law and the Local Finance Law, and a bond resolution duly adopted by the Board of Education of the District on July 30, 2014, and thereafter approved by a majority of the voters at a referendum on September 23, 2014, authorizing the issuance of $63,000,000 serial bonds to pay the cost of additions, alterations and improvements to District buildings and sites as well as financing the acquisition of various school buses and vehicles, pursuant to the Bond Resolution adopted by the Board of Education on February 15, 2017 authorizing the issuance of $455,000 of serial bonds, and thereafter approved as a Bond Proposition by a majority of the qualified voters of the District present and voting at the Annual District Meeting and Election duly called and held on May 16, 2017.

The proceeds of the Notes, together with $1,910,000 of budgetary appropriations, will be used to redeem a portion of the bond anticipation notes maturing on June 21, 2018.

THE BONDS AND THE NOTES

Nature of Obligation

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

The Bonds and the Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has 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 Notes, 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

If registered to the Depository Trust Company ("DTC"), New York, New York, DTC will act as securities depository for the Bonds and the Notes issued as book-entry bonds or notes. Such Bonds and Notes will be issued as fully-registered bonds 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 the Notes, 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 and the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and the Notes on DTC's records. The ownership interest of each actual purchaser of each bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds and the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners.

Beneficial Owners will not receive certificates representing their ownership interests in the Bonds and the Notes, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

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

Principal and interest payments on the Bonds and the Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the County, 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 and the Notes at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond and note certificates are required to be printed and delivered.

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

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

Source: The Depository Trust Company, New York, New York.

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 OWITH 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 AND THE NOTES OR (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO BONDOWNERS OR THE NOTEHOLDERS.

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 AND THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS AND THE NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS AND THE NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS AND THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR BONDS 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 PARTICPANTS 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 AND THE NOTES; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OR 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.

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 Notes.

If and when an owner of any of the Bonds or the Notes should elect to sell all or a part of the Bonds or the Notes 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 or the Notes. The market value of the Bonds or the Notes is dependent upon the ability of holder to potentially incur a capital loss if such Bonds or the Notes 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 and the Notes. 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 and the Notes, 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 Bond and the Notes, for income taxation purposes could have an adverse effect on the market value of the Bonds and the Notes (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 and the Notes. (See “The 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 and the Notes.

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 certificates described herein, (i) interest on the Bonds and the Notes 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 and the Notes is not treated as a preference item in calculating the alternative minimum tax 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 for taxable years beginning prior to January 1, 2018. The Tax Certificate of the District (the “Tax Certificate”), which will be delivered concurrently with the delivery of the Bonds and the Notes 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 the Notes, and Bond Counsel has assumed compliance by the District with certain 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 and the Notes 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 and the Notes 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 as to any federal, state or local tax consequences arising with respect to the Bonds and the Notes, or the ownership or disposition thereof, except as stated above. 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 this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds and the Notes.

Certain Ongoing Federal Tax Requirements and Covenants

The Code establishes certain ongoing requirements that must be met subsequent to the issuance and delivery of the Bonds and the Notes in order that interest on the Bonds and the Notes 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 and the Notes, 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 and the Notes 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 and the Notes 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 and the Notes. It does not purport to address all aspects of federal taxation that may be relevant to a particular owner of a Bond or Note. 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 and the Notes.

Prospective owners of the Bonds and the Notes 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 and the Notes 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 or Note (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 (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds and the Notes. In general, the issue price for each maturity of Bonds and the Notes is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds or Notes having OID (a "Discount Bond or Note"), OID that has accrued and is properly allocable to the owners of the Discount Bonds or Notes 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 and the Notes.

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 or Note. An owner's adjusted basis in a Discount Bond or Note is increased by accrued OID for purposes of determining gain or loss on sale, exchange, or other disposition of such Bond or Note. 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 or Note even though there will not be a corresponding cash payment.

Owners of Discount Bonds or Notes 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 or Notes.

Bond and Note Premium

In general, if an owner acquires a Bond or a Note 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 or Note 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 or Note (a "Premium Bond or Note"). In general, under Section 171 of the Code, an owner of a Premium Bond or Note must amortize the bond premium over the remaining term of the Premium Bond or Note, based on the owner's yield over the remaining term of the Premium Bond or Note, determined based on constant yield principles (in certain cases involving a

Premium Bond or Note 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 or Note). An owner of a Premium Bond or Note 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 or Note, 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 or Note may realize a taxable gain upon disposition of the Premium Bond or Note 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 or Note 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 and Notes.

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds and the Notes. 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 or a Note 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 and the Notes 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 and the Notes under federal or state law or otherwise prevent beneficial owners of the Bonds and the Notes 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 and the Notes.

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS AND THE NOTES

Absence of Litigation

Upon delivery of the Bonds and the Notes, the District shall furnish a certificate of the School Attorney, dated the date of delivery of the Bonds and the Notes, to the effect that there is no controversy or litigation of any nature pending or threatened to restrain or enjoin the issuance, sale, execution or delivery of the Bonds and the Notes, or in any way contesting or affecting the validity of the Bonds and the Notes or any of the proceedings taken with respect to the issuance and sale thereof or the application of moneys to the payment of the Bonds and the Notes, 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 and Notes, which has not been disclosed in this Official Statement.

Legal Matters

Legal matters incident to the authorization, issuance and sale of the Bonds and the Notes will be subject to the respective final approving opinions of the law firm of Hawkins Delafield & Wood LLP, Bond Counsel to the District with respect to the Bonds and the Notes, substantially as set forth in Appendix F hereto which will be available at the time of delivery of the Bonds and the Notes.

Closing Certificates

Upon the delivery of the Bonds and the Notes, the Purchasers will be furnished with the following items: (i) Certificates 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 and the Notes, this Official Statement did not and does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, and further stating that there has been no adverse material change in the financial condition of the District since the date of this Official Statement to the date of issuance of the Bonds and the Notes; and having attached thereto a copy of this Official Statement; (ii) Certificates signed by an officer of the District evidencing payment for the Bonds and the Notes; and (iii) Signature Certificates evidencing the due execution of the Bonds and the Notes, including statements that (a) no litigation of any nature is pending or, to the knowledge of the signers, threatened, restraining or enjoining the issuance and delivery of the Bonds and the Notes 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 and the Notes were authorized or affecting the validity of the Bonds and the Notes thereunder, (b) neither the corporate existence or boundaries of the District nor the title of the signers to their respective offices is being contested, and (c) no authority or proceedings for the issuance of the Bonds and the Notes have been repealed, revoked or rescinded, and (iv) Tax Certificates 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 D.

Disclosure Undertaking for the Notes

This Official Statement is in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). At the time of the delivery of the Notes, the District will provide an executed copy of its "Undertaking to Provide Notices of Events" substantially as set forth in Appendix E.

Prior Disclosure History

Certain municipal bond insurance companies have had a variety of ratings changes over the past five years. The District filed an event notice for these changes on EMMA on August 1, 2014 to include, Assured Guaranty Municipal Corp. (formerly Financial Security Assurance, Inc.) and National Public Finance Guarantee Corporation (formerly MBIA Insurance Corp.).

RATING

Moody's Investors Service, Inc. ("Moody's") has assigned a rating of "MIG 1" to the Notes and "Aa3" to the Bonds and the outstanding uninsured bonds of the District.

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

MUNICIPAL ADVISOR

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

In preparing the Official Statement, the Municipal Advisor has relied upon governmental officials, and other sources, who have access to relevant data to provide accurate information for the Official Statement, and the Municipal Advisor has not been engaged, nor has it undertaken, to independently verify the accuracy of such information. The Municipal Advisor is not a public accounting firm and has not been engaged by the District to compile, review, examine or audit any information in the Official Statement in accordance with accounting standards. The Municipal Advisor is 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 and the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from Mr. Paul Webster, Business Official, 165 Charles Street, Painted Post, NY 14870, phone: (607) 936-3704, x 2713, email: pwebster@cppmail.com 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 and the Notes.

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

CITY SCHOOL DISTRICT OF THE CITY OF CORNING
Steuben, Schuyler and Chemung Counties, New York

By: ____________________________
Dr. Dale R. Wexell
President of the Board of Education

DATED: May 24, 2018

<u>APPENDIX A</u>

THE DISTRICT

THE DISTRICT

General Information

The District, with a population of approximately 33,350 according to District Officials, has a land area of approximately 237 square miles and is situated primarily in the county of Steuben, with portions extending into Schuyler and Chemung counties. The District includes all of the city of Corning and the towns of Corning and Hornby; portions of the Towns of Big Flats, Bradford, Campbell, Catlin, Dix, Erwin, Lindley, Orange, Caton, and Southport; as well as all of the villages of Painted Post, Riverside and South Corning.

The city of Corning is located at the crossroads of Interstate 86, the east-west "Southern Tier Expressway," and NYS Route 99, which runs north-south. The District is served by airlines operating out of the Chemung County Airport. Rail service is provided by Norfolk Southern-Conrail. Public utilities serving the District include NYS Electric & Gas Corporation, Corning Natural Gas Corporation, Columbia Gas of New York, Consolidated Gas Supply Corporation and Verizon New York Inc.

The District is generally rural in character with both agricultural and industrial development and major employers.

District Organization

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

The legislative power of the District is vested in the Board of Education, which consists of nine members, including the President and Vice President. Board members are elected for overlapping terms of three years. The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by such Board, include the Superintendent of Schools, Assistant Superintendent for Administrative Services, School Business Official, District Clerk and District Treasurer.

District Facilities

The District currently operates the following facilities:

TABLE 1
School Statistics

Name of School	Grades	Year of Construction	State Rated Capacity
Carder Elementary	K-5	1955	468
Smith Elementary	K-5	1957	426
Severn Elementary	K-5	1955	546
Erwin Valley Elementary	K-5	1957	292
Gregg Elementary	K-5	1952	378
Winfield Elementary	K-5	1957	405
High School	9-12	1963	3,420
Middle School	9-12	1963	2,700
Total Capacity			8,635

Source: District officials.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board is the chief fiscal officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the School Business Official, and the District Treasurer.

Employees

There are approximately 961 persons employed by the District. The collective bargaining units which represent District employees and the expiration dates of current collective bargaining agreements are as follows:

TABLE 2
Employees

Approximate # of Employees	Union	Contract Expiration Date
20	Administrators/Supervisors' Association	06/30/2018
283	Civil Service Employees' Association	06/30/2019
187	Corning Teaching Assistant Association	06/30/2019
471	Corning Teachers' Association	06/30/2018

Source: District Officials

Employee Pension and Other Post-Employment Benefits

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

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

Both the ERS and the TRS are non-contributing with respect to members hired prior to July 27, 1976. The Retirement Systems are non-contributory with respect to members working ten or more years. All members working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs. Employees hired on or after April 1, 2013 have a variable contribution amount. See further details herein.

The following table details the actual contributions to ERS and TRS for the past three audited fiscal years and the 2019 budgeted contributions:

Year Ended	ERS	TRS
2019 Proposed	$1,255,258	$4,008,262
2018 *Budgeted*	1,184,829	3,513,105
2017	1,096,987	4,071,149
2016	1,413,191	4,816,761
2015	1,483,478	6,173,356

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for the ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete.

Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year proceeding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

On December 10, 2009, pension reform legislation was signed into law. The legislation creates a new Tier V pension level, the most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age of which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38 percent for any civilian who retires prior to age 62.
- Requiring employees to continue contributing three percent of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from five years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15 percent of non-overtime wages.

Members of the TRS will have a separate Tier V benefit structure that will achieve equivalent savings as other civilian public employees. It includes:

- Raising the minimum age an individual can retire without penalty from 55 to 57 years.
- Contributing 3.5 percent of their annual wages to pension costs rather than 3.0 percent and continuing this increased contribution so long as they accumulate additional pension credits.
- Increasing the two percent multiplier threshold for final pension calculations from 20 to 25 years.

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 prior poor performance of the investment portfolio of the State Retirement System, New York State Comptroller Thomas DiNapoli had 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. The District did not opt into the pension smoothing plan.

In Spring 2013, the State and TRS approved a Stable Contribution Option ("SCO") that gives school districts the ability to better manage the spikes in Actuarially Required Contribution rates ("ARCs"). ERS followed suit and modified its existing SCO, which was adopted in 2010. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts as described below. The plan, which was approved in Governor Cuomo's 2014-15 budget would let districts contribute 14.13% of employee costs toward pensions. The District did not opt into the pension smoothing plan.

The TRS SCO deferral plan is available to school districts for the next 7 years. 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. The District was in compliance with the requirements of GASB 45 by the applicable effective date, and a summary of the actuarial valuation is included as part of the District's June 30, 2017 Financial Audit attached herein.

The following table summarizes the District's annual OPEB for the year ended June 30, 2016 and 2017:

Annual required contribution	**2016**	**2017**
Annual Required Contribution – Normal Cost	$9,944,959	$10,011,453
Amortization of unfunded actuarial accrued liability	14,834,310	14,411,627
Interest adjustment	2,625,248	3,268,019
Annual Required Contribution	(3,795,459)	(4,724,746)
	23,609,058	22,966,353
Contributions made	(7,539,793)	(7,797,464)
Increase in net OPEB obligation	16,069,265	15,168,889
Net OPEB obligation – beginning of the year	65,631,199	81,700,464
Net OPEB obligation – end of year	$81,700,464	$96,869,353

Source: Audited Financial Statements

As of July 1, 2016, the plan was unfunded. The unfunded actuarial accrued liability for benefits for governmental activities was $261,232,633.

Investment Policy/Permitted Investments

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

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

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

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

FINANCIAL FACTORS

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid.

Property Tax

The following table sets forth total general fund revenues and real property tax revenues including other property tax items during the last five audited fiscal years and budgeted for the current and ensuing fiscal years.

TABLE 3
Property Taxes

Fiscal Year	Total Revenues	Real Property Taxes and Tax Items	Real Property Taxes as Percentage of Revenues
2013	$85,463,884	$50,100,830	58.6%
2014	96,739,821	52,680,054	54.5%
2015	99,023,383	54,035,571	54.6%
2016	100,301,769	54,175,026	54.0%
2017	102,745,622	54,612,422	53.2%
2018 *Budget*	103,948,204	51,854,114	49.9%
2019 *Budget*	107,339,621	52,941,672	49.3%

Source: District's audited financial statements and adopted budget.

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 the School Districts 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 ensuing fiscal years.

TABLE 4
State Aid Revenue

Fiscal Year	**Total Revenues**	**State Aid**	**State Aid to Revenues**
2013	$85,463,884	$33,078,177	38.7%
2014	96,739,821	41,574,932	43.0%
2015	99,023,383	41,499,603	41.9%
2016	100,301,769	43,730,691	43.6%
2017	102,745,622	45,442,529	44.2%
2018 *Budget*	103,948,204	46,605,997	44.8%
2019 *Budget*	107,339,621	48,585,036	45.2%

Source: District's audited financial statements and budget

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (See "STAR – School Tax Exemption" herein). The District 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.

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 State's 2017-2018 Enacted 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 State 2017-18 Enacted 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 State 2017-18 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

The State budget provisions relating to school districts for the forthcoming School District fiscal year were adopted on March 30, 2018.

The budget increases Education Aid by $1 billion, including a $618 million increase in Foundation Aid, without revision to the formula, bringing the new Education Aid total to $26.03 billion or an increase of 3.94 percent.

Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as has been customary in recent years. Transportation Aid increased 5.5 percent and Building Aid increased 4.8 percent.

The budget continues to link school aid increases for 2017-18 and 2018-19 with teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law section 3012-d.

The budget includes a provision to permit school districts to authorize and establish conditions for the partial payment of property taxes.

The District presently anticipates an increase in its State Aid not related to building aid for its 2017-18 fiscal year in an amount of $1,695,275.

It should also be noted that the District receives federal aid for certain programs. In its last audited fiscal year, the District received $234,587 in such direct federal aid. It is not possible to predict whether such aid will continue in the future, or if continued, whether it will be funded at present levels.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the District's 2017-18 fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

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 www.osc.state.ny.us/localgov/fiscalmonitoring/schools/pdf/summarylist.pdf).

Independent Audit

The District retains Lumsden and McCormick LLP, CPA. as independent certified public accountants to audit its financial statements. Appendix C to the Official Statement presents a copy of the District's most recent audited financial report. 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.

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 1, 2011, OSC, Division of Local Government and School Accountability released an audit of the District to review selected District's information technology controls from July 1, 2009 through December 31, 2011. The audit was conducted to determine if the District's controls correctly prevent improper access to its information technology systems and data and provide for appropriate monitoring of network activities. The vulnerabilities found in the audit contained sensitive information and were not outlined in the report. Rather, the results were shared directly with the District and District Officials agreed with the findings. The District has worked to modify the vulnerabilities found in the audit from the OSC. The link to the OSC report is as follows: http://www.osc.state.ny.us/localgov/audits/schools/2011/corning.pdf.

On October 7, 2016, OSC, Division of Local Government and School Accountability released an audit of the District to review selected District's procurement practices from July 1, 2014 through April 26, 2016. The audit found that the District's procurement policy does not include procedures for attaining professional services and that the District did not always properly enact competitive processes through requests for proposals to obtain quotes for said professional services. The link to the OSC report is as follows: http://www.osc.state.ny.us/localgov/audits/schools/2016/corning.pdf.

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

Fund Structure and Accounts

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a special aid fund, school lunch fund and debt service fund. In addition, a capital projects fund is used to record capital facilities while a trust and agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

The District's governmental funds are accounted for on a modified accrual basis whereby revenues, other than those susceptible ("measurable" and "available" to finance current operations) to accrual, are recorded when received in cash. Revenues susceptible to accrual include real property taxes and State aid. The District generally records expenditures on the accrual basis when fund liabilities are incurred, except as follows: Interest on general obligation debt which is recorded when it becomes due. Unfunded pension costs are recognized as expenditure when billed by the State. Accumulated vacation and sick leave are also accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase; food and supplies in school lunch are inventoried and carried at values which approximate market. Fixed assets are recorded at replacement cost as determined by appraisal; there is no provision for depreciation expense.

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 winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. Under current law, the budget is submitted to voter referendum on the third Tuesday in May each year.

On May 15, 2018, a majority of the voters of the District approved the District's budget for the 2018-19 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2017-18 and 2018-19 may be found in Appendix B, herein.

TAX INFORMATION

Real Property Tax Assessments and Rates

The District derives its power to levy an ad valorem real property tax from the State Constitution; methods and procedures to levy, collect and enforce this tax are governed by the Real Property Tax Law. Real property assessment rolls used by the District are prepared by the city of Corning and the towns which comprise the District. Assessment valuations are determined by the city and town assessors and the State Board of Equalization and Assessment which is responsible for certain utility and railroad property. In addition, the State Office of Equalization and Assessment annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations. (See, however, *"The Tax Levy Limit Law"* herein).

Table 5
Assessed and Full Valuation

Based on Special Equalization Rates

Assessment Roll Year:	**2013**	**2014**	**2015**	**2016**	**2017**
FYE:	**2014**	**2015**	**2016**	**2017**	**2018**
City of Corning					
Assessed Value	$540,883,899	$639,021,874	$638,462,964	$630,287,106	$627,182,644
Equalization Rate	84.04%	99.45%	98.73%	95.96%	93.35%
Full Value	551,284,180	643,602,926	646,675,746	656,822,745	671,861,429

Assessment Roll Year:	**2012**	**2013**	**2014**	**2015**	**2016**
FYE:	**2013**	**2014**	**2015**	**2016**	**2017**
Town of Big Flats					
Assessed Value	13,559,781	14,088,914	14,131,575	14,821,283	14,845,575
Equalization Rate	92.84%	94.72%	94.84%	97.23%	95.39%
Full Value	14,605,537	14,874,276	14,900,438	15,243,529	15,563,031
Town of Bradford					
Assessed Value	407,513	484,495	474,722	464,787	455,315
Equalization Rate	76.09%	81.75%	79.53%	76.38%	73.40%
Full Value	535,567	592,654	596,909	608,519	620,320
Town of Campbell					
Assessed Value	1,382,,718	1,374,726	1,368,163	53,875,923	53,640,501
Equalization Rate	2.80%	2.81%	2.19%	93.43%	88.17%
Full Value	48,382,786	63,060,826	62,473,196	57,664,479	60,837,588
Town of Catlin					
Assessed Value	47,314,455	51,873,227	50,312,559	51,927,183	52,124,359
Equalization Rate	88.14%	92.28%	89.91%	91.19%	88.44%
Full Value	53,681,025	56,212,860	55,958,802	56,943,945	58,937,538

Assessment Roll Year:	**2012**	**2013**	**2014**	**2015**	**2016**
FYE:	**2013**	**2014**	**2015**	**2016**	**2017**
Town of Caton					
Assessed Value	144,189,753	153,834,377	150,215,396	146,487,062	166,268,081
Equalization Rate	91.54%	89.88%	89.62%	88.10%	96.60%
Full Value	157,515,570	171,155,293	167,613,698	166,273,623	172,120,167

Town of Corning					
Assessed Value	391,990,916	385,752,912	378,151,770	371,170,663	373,081,188
Equalization Rate	95.91%	94.95%	87.95%	85.29%	82.67%
Full Value	408,707,034	406,269,523	429,962,217	435,186,614	451,289,692
Town of Dix					
Assessed Value	11,738,288	11,581,119	11,627,817	11,958,903	12,915,251
Equalization Rate	97.45%	96.51%	91.29%	88.59%	93.55%
Full Value	12,045,447	11,999,916	12,737,230	13,449,157	13,805,720
Town of Erwin					
Assessed Value	519,271,717	523,907,907	586,910,319	587,136,075	588,186,475
Equalization Rate	87.52%	87.70%	99.30%	96.95%	94.87%
Full Value	593,317,775	597,386,439	591,047,653	605,607,091	619,992,068
Town of Hornby					
Assessed Value	78,671,575	81,336,631	80,194,782	84,948,672	83,713,657
Equalization Rate	90.51%	93.02%	94.94%	97.70%	92.96%
Full Value	86,920,313	87,439,939	84,468,909	86,948,487	90,053,418
Town of Lindley					
Assessed Value	2,618,752	2,622,284	2,627,499	2,628,630	2,632,362
Equalization Rate	2.77%	2.32%	2.27%	2.16%	2.05%
Full Value	94,539,783	113,029,483	115,748,855	121,695,833	128,407,902
Town of Orange					
Assessed Value	21,882,191	19,842,074	18,803,633	17,894,366	19,781,879
Equalization Rate	99.14%	99.14%	91.41%	88.95%	94.19%
Full Value	22,882,191	20,014,196	20,570,652	20,117,331	21,002,101
Town of Southport					
Assessed Value	1,081,835	1,085,748	1,079,737	1,492,725	1,565,739
Equalization Rate	84.32%	82.60%	82.44%	96.35%	93.67%
Full Value	1,283,011	1,314,465	1,309,725	1,549,273	1,671,548
Total:					
Assessed Value	$1,774,993,393	$1,886,806,288	$1,934,360,936	$1,975,093,378	$1,996,393,026
Full Value	$2,138,208,784	$2,185,905,800	$2,204,064,029	$2,238,160,627	$2,306,162,521

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

Table 6
Tax Rates and Levy

FYE:	2013	2014	2015	2016	2017
City of Corning	25.00	26.02	23.69	23.81	23.64
Town of Big Flats	25.01	26.29	24.43	23.80	23.64
Town of Bradford	33.32	27.41	25.47	28.70	29.19
Town of Campbell	827.96	864.50	825.59	23.80	23.64
Town of Catlin	26.89	25.50	23.70	23.81	24.89
Town of Caton	25.01	25.50	24.68	26.45	23.64
Town of Corning	25.00	25.50	24.43	24.80	26.56
Town of Dix	25.01	25.50	23.69	23.81	23.64
Town of Erwin	25.00	25.76	23.69	23.81	23.64
Town of Hornby	25.52	25.50	24.18	23.81	23.64
Town of Lindley	865.70	850.59	837.26	1000.25	1010.28
Town of Orange	25.01	25.50	23.70	23.80	23.64
Town of Southport	26.34	29.33	27.86	23.79	23.64
Tax Levy	$47,653,147	$49,376,421	$49,713,789	$50,557,936	$50,968,797

Source: School Officials.

Tax Limit

The Constitution does not limit the amount that may be raised by the District-wide tax levy on real estate in any fiscal year. However, the Tax Levy Limit Law imposes a statutory limit on the amount of real property taxes that a school district may levy. (See *"The Tax Levy Limit Law"* herein)**.**

The 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 the "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.

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

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

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, such as the Bonds and the Notes, 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.

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. NYSUT has stated that the organization will appeal the decision; therefore, the ultimate outcome of this litigation cannot be determined at this time. On May 5, 2016 the state Appellate Division's Third Department has upheld a lower court's decision to dismiss a suit brought in 2013. 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 District's tax bills are sent out and collected by the District's appointed Tax Collector by the first business day of October. School taxes may be paid in full by October 31 without penalty or may be paid in two equal installments. If paid in installments, the first installment must be paid in full by October 31 to avoid penalty. After October 31 a penalty is added to the first installment as follows: 2% in November, 3% in December, 4% in January, 5% in February and 6% in March. The second installment may be paid in full by March 31 without penalty. The first installment plus any applicable penalties must be paid in full before the second installment may be paid. After March 31st unpaid taxes, along with a 7% penalty on uncollected first installment taxes and a 2% penalty on uncollected second installment taxes, are turned over by April 20 to the respective Chemung, Schuyler and Steuben County Treasurers for collection. Penalties increase by 1% for each subsequent month the tax remains unpaid. The Counties are permitted to collect and retain a 5% fee on delinquent school tax payments. The Counties are required by law to reimburse the District in full for such uncollected taxes and penalties prior to the end of the second fiscal year for which the taxes are levied.

The Counties are responsible for the collection of delinquent school taxes. The Counties may reimburse the District for unpaid school taxes from funds on hand or may borrow moneys pursuant to the Local Finance Law.

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STAR – School Tax Exemption

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

For the 2018-19 school levy year, homeowners subject to certain household income limitations are eligible for an enhanced exemption and basic exemption as follows:

Municipality:	Enhanced Exemption	Basic Exemption
City of Corning	$66,800	$30,000
Town of Bradford	56,110	25,200
Town of Campbell	66,800	30,000
Town of Caton	66,800	30,000
Town of Corning	66,800	30,000
Town of Erwin	66,800	30,000
Town of Hornby	66,800	30,000
Town of Lindley	1,560	700
Town of Dix	66,800	30,000
Town of Orange	66,800	30,000
Town of Big Flats	66,800	30,000
Town of Catlin	66,800	30,000
Town of Southport	66,800	30,000

Date Certified: 04/09/2018
Source: Department of Taxation and Finance

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

The maximum savings for each of the municipalities for the 2018-19 fiscal year are as follows:

Municipality:	Basic Maximum Savings	Enhanced Maximum Savings
City of Corning	$736	$1,606
Town of Big Flats	736	1,606
Town of Bradford	709	1,549
Town of Campbell	749	1,630
Town of Catlin	736	1,606
Town of Caton	736	1,606
Town of Corning	727	1,588
Town of Dix	736	1,606
Town of Erwin	736	1,606
Town of Hornby	737	1,607
Town of Lindley	737	1,610
Town of Orange	736	1,606
Town of Southport	736	1,606

Updated: 03/28/2018
Source: Department of Taxation and Finance

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

Largest Taxpayers for the 2017-18 Fiscal Year

The following table presents the taxable assessments of the District's largest taxpayers from the June 1, 2017 tax roll for the 2017-18 fiscal year.

TABLE 7
Top Ten Largest Taxable Properties

Name	**Type**	**Full Valuation** [1]	**% of Taxable Full Valuation** [1]
Corning, Inc.	Manufacturing	$121,875,867	5.40%
Corning Natural Gas Corporation	Utility	49,015,240	2.17%
NYS Electric & Gas Corporation	Utility	44,687,418	1.98%
Pennsylvania Lines LLC	Railroad	25,033,001	1.11%
Emerald Springs Apts LLC	Real Estate	10,946,300	0.48%
Dominion Transmission	Utility	10,174,741	0.45%
Corning Federal Credit	Bank	9,007,200	0.40%
Corning Hotel Owner LLC	Hospitality	8,890,000	0.39%
Woods Edge Apts of Erwin LLC	Real Estate	7,750,000	0.34%
NY Inn LLC	Hospitality	7,550,000	0.33%
		$294,929,767	13.06%

[1] The District's total full valuation based on special equalization rates for the fiscal year 2017-18 is $2,306,162,521.

Source: District officials

DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

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

Purpose and Pledge

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

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

Payment and Maturity

Except for certain short-term indebtedness contracted in anticipation of taxes, or to be paid in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose (as determined by statute) or, in the alternative, the weighted average period of probable usefulness of the several objects or purposes for which such indebtedness is to be contracted; no installment may be more than fifty per centum in excess of the smallest prior installment unless the District determines to issue debt amortized on the basis of substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and bond anticipation notes.

General

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

Statutory Procedure

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

The Board of Education may adopt a bond resolution authorizing the expenditure of money for capital purposes and the issuance of bonds and notes in anticipation of the bonds, and such bond resolution is subject to the approval of the qualified electors of the District. The Local Finance Law provides a twenty-day statute of limitations after publication of a bond resolution, or summary thereof, 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 and the Notes.

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

Debt Limit

The District has the power to issue bonds and notes for any District purpose so long as the aggregate amount thereof shall not, as of the date of issuance, exceed five per centum of the average full valuation of taxable real estate of the District, less certain permitted exclusions. 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 special equalization ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

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Table 8
Computation of Debt Limit

Fiscal Year:	**Full Valuation** [(1)]
2013-14	$ 2,138,208,784
2014-15	2,185,905,800
2015-16	2,204,064,029
2016-17	2,238,160,627
2017-18	2,306,162,521
Total Five Year Valuation	$11,072,501,761
Average Five Year Full Valuation	$ 2,214,500,352
Debt Limit - 5% of Average Full Valuation	$ 110,725,018

(1) The amounts shown as full valuation have been computed with the use of Special Equalization Ratios (See Table 5). Chapter 280 of the Laws of 1978 provides for the determination of special equalization ratios for city school districts, which normally has the effect of increasing the tax base of a city school district for the purpose of computing debt limits of such city school districts. Regular state equalization rates are also established by the State Board of Real Property Services and are used for all other purposes.

(2)

Statutory Debt Limit and Net Indebtedness

The following table sets forth the computation of the debt limit of the District and its debt contracting margin as of May 24, 2018.

TABLE 9
Statutory Debt Limit and Net Indebtedness

	Special State Equalization Ratios
Average Full Valuation of Taxable Real Property	$2,214,500,352
Debt Limit (5% of Average Full Valuation)	$ 110,725,018
Inclusions:	
Serial Bonds	$ 56,955,000
Bond Anticipation Notes	53,980,000
Total Inclusions	$ 110,935,000
Exclusions:	
Building Aid [(1)]	0
Appropriations to Pay Bonded Debt Service	4,515,000
Appropriations to Pay BAN Debt Service	2,590,000
Total Exclusions	$ 7,105,000
Total Net Indebtedness	$ 103,830,000
Net Debt-Contracting Margin	$ 6,895,018
Percentage of Debt Contracting Margin Exhausted	93.77%

(1) The District anticipates receiving approximately 81.2% of State building aid on current bonded debt, as well as for indebtedness contracted for the Project. Small city school districts, such as the District, are not permitted to exclude such amount from the amount of Total Net Indebtedness.

Additional Borrowing

The District has authorized and unissued balance of $7,000,000 pursuant to the $63,000,000 bond resolution adopted on July 30, 2014.

The District plans to finance said $7,000,000 aggregate balance in phases over the next year, subject to the constraints of its debt limit and debt contracting margin, as illustrated in Tables 8 and 9 herein. It is expected that the retirement of currently outstanding bonded debt, together with modest annual increases in its debt limit, will enable the District to accomplish all necessary financing, within its debt limit, in the foreseeable future. (See "Authorized but Aggregate Indebtedness" herein.)

Short-Term Note Indebtedness

The District has $53,480,000 in bond anticipation notes which will mature on June 21, 2018, and will be redeemed with budget appropriations and the Bonds and the Notes.

Authorized but Aggregate Indebtedness

The District has an authorized and aggregate balance of $7,000,000 pursuant to the $63,000,000 bond resolution adopted on July 30, 2014 as well as $627,000 in bus bonds approved on May 15, 2018. The District plans to finance said $7,000,000 aggregate balance in phases over the next year. (See "Additional Borrowing" herein.)

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

Overlapping Units	Total Net Indebtedness	As of	Percentage Applicable	Applicable Net Indebtedness
County of Chemung	$44,278,127	09/20/17	1.62%	$ 717,305
County of Schuyler	3,042,586	12/31/16	2.23%	67,850
County of Steuben	6,560,000	06/25/17	39.17%	2,569,552
City of Corning	7,444,750	01/10/17	100.00%	7,444,750
Town of Big Flats	1,545,000	09/27/17	1.94%	29,973
Town of Bradford	0	09/27/17	1.32%	0
Town of Campbell	3,180,581	09/27/17	30.35%	965,306
Town of Catlin	603,764	09/27/17	34.13%	206,064
Town of Caton	0	09/27/17	99.23%	0
Town of Corning	5,788,775	09/27/17	100.00%	5,788,775
Town of Dix	25,000	09/27/17	4.56%	1,140
Town of Erwin	14,571,644	09/27/17	96.93%	14,124,295
Town of Hornby	0	09/27/17	100.00%	0
Town of Lindley	0	09/27/17	99.55%	0
Town of Orange	166,754	09/27/17	19.49%	32,500
Town of Southport	0	09/27/17	0.33%	0
Village of Painted Post	1,125,000	09/29/17	100.00%	1,125,000
Village of Riverside	0	09/29/17	100.00%	0
Village of South Corning	1,322,758	09/29/17	100.00%	1,322,758
Total Net Overlapping Debt				$ 34,395,268
Net Direct Debt				103,860,000
Total Net Direct and Overlapping Debt				$138,255,268

Source: State Comptroller's Special Report on Municipal Affairs or more recently published Official Statements

Debt Ratios

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

TABLE 11
Debt Ratios

	Amount	Debt Per Capita [(1)]	Debt to Full Value [(2)]
Net Direct Debt	$103,860,000	$ 3,114	4.50%
Net Direct and Overlapping Debt	$138,255,268	$ 4,145	6.00%

(1) The population of the District is estimated by District officials to be approximately 33,350.
(2) The District's full value of taxable real property based on Special Equalization Rates for fiscal year 2017-18 is $2,306,162,521.

Debt Service Schedule

The following table shows the debt service requirements to maturity on all of the District's outstanding bonded indebtedness (as of May 24, 2018).

TABLE 12
Schedule of Principal and Interest on Long-Term Bond Indebtedness

Fiscal Year Ending June 30	Total Principal	Total Interest	Total
2018	$ 4,515,000	$ 1,308,919	$ 5,823,919
2019	4,475,000	2,399,488	6,874,488
2020	3,780,000	2,182,688	5,962,688
2021	5,660,000	1,993,688	7,653,688
2022	5,660,000	1,710,688	7,370,688
2023	5,395,000	1,427,688	6,822,688
2024	5,175,000	1,157,938	6,332,938
2025	5,240,000	899,188	6,139,188
2026	5,320,000	637,188	5,957,188
2027	5,385,000	424,388	5,809,388
2028	2,215,000	155,138	2,370,138
2029	1,510,000	110,838	1,620,838
2030	1,300,000	78,750	1,378,750
2031	1,065,000	39,750	1,104,750
2032	260,000	7,800	267,800
Total:	$56,955,000	$14,534,131	$71,489,131

Note: Columns may not sum due to rounding.

Source: District Officials

ECONOMIC AND DEMOGRAPHIC DATA

School Enrollment Trends

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

TABLE 13
School Enrollment Trends

Fiscal Year	Actual Enrollment	Fiscal Year	Projected Enrollment
2014-15	4,811	2017-18	4,800
2015-16	4,814	2018-19	4,800
2016-17	4,759	2019-20	4,800

Source: District Officials

Population

The District estimates its population to be approximately 33,350. The following table presents population trends for the City, Counties and State, based upon recent census data.

TABLE 14
Population Trend

	2000	2010	Percentage Change 2000/2010
City of Corning	11,893	11,183	(6.4%)
Steuben County	98,990	98,726	(0.3%)
Schuyler County	18,343	19,224	4.80%
Chemung County	95,195	88,830	(7.2%)
State	18,976,457	19,378,102	2.1%

Source: U.S. Census Bureau

Employment and Unemployment

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

TABLE 15
Civilian Labor Force
(Thousands)

	2013	2014	2015	2016	2017
Steuben County	45.7	44.3	44.0	43.4	43.1
Schuyler County	8.9	8.6	8.4	8.3	8.3
Chemung County	39.6	38.3	37.7	36.5	35.9
New York State	9,659.2	9,591.3	9,644.6	9,668.7	9,704.7

Source: New York State Department of Labor

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

TABLE 16
Yearly Average Unemployment Rates

Year	Steuben County	Schuyler County	Chemung County	State
2013	8.4%	8.8%	7.9%	7.7%
2014	6.9%	7.0%	6.3%	6.3%
2015	6.4%	6.6%	5.9%	5.3%
2016	5.8%	6.0%	5.7%	4.8%
2017	5.8%	5.9%	5.6%	4.7%

Source: New York State Department of Labor

TABLE 17
Monthly Unemployment Rates

Month	Steuben County	Schuyler County	Chemung County	State
April 2017	5.5%	5.8%	5.4%	4.4%
May	5.4%	5.0%	5.4%	4.4%
June	5.3%	4.6%	5.4%	4.6%
July	5.4%	4.6%	5.5%	4.9%
August	5.3%	4.7%	5.4%	4.9%
September	5.4%	4.6%	5.4%	4.6%
October	5.3%	4.8%	5.2%	4.4%
November	5.7%	6.1%	5.4%	4.4%
December	6.2%	7.4%	5.5%	4.4%
January 2018	7.3%	8.2%	6.2%	5.1%
February	7.4%	8.3%	6.6%	5.1%
March	6.8%	7.9%	6.1%	4.8%

Source: New York State Department of Labor

TABLE 18
Largest Employers

Business	Type	Approx. # of Employees
Corning Incorporated	Manufacturing	5,000
Arnot Ogden Medical Center	Medical	1,600
Corning CSD	Education	1,067
Gunlocke Co., Inc.	Manufacturing	886
Alstom Transportation	Manufacturing	839
Dresser Rand	Manufacturing	698
Corning Hospital	Medical	585
Kraft Foods	Manufacturing	445
Sitel	Business Services	400
World Kitchen	Manufacturing	350

Source: Corning Area Chamber of Commerce

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the attorney for the District, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

End of Appendix A

APPENDIX B

FINANCIALS

CITY SCHOOL DISTRICT OF THE CITY OF CORNING
General Fund
Balance Sheets
Fiscal Year Ended June 30:

	2016	2017
Assets:		
Cash	$19,441,680	$18,579,192
Due From Other Governments	2,083,248	1,980,194
Accounts Receivable	342,817	377,683
State and Federal Aid Receivable	1,083,150	951,275
Due from other Funds	2,120,631	2,035,396
Property Taxes Receivable	81,761	65,113
Total Assets	$25,153,287	$23,988,853
Liabilities and Fund Balance:		
Accounts Payable	$1,130,470	$675,304
Accrued Liabilities	1,401,698	1,363,966
Due to Retirement Systems	5,376,331	4,932,033
Unavailable and Unearned Revenue	55,117	54,613
Total Liabilities	7,963,616	7,025,916
Fund Balance:		
Nonspendable	522,864	516,702
Restricted	9,267,449	9,693,837
Assigned	3,239,576	2,481,716
Unassigned	4,159,782	4,270,682
	17,189,671	16,962,937
Total Liabilities and Fund Balance	$25,153,287	$23,988,853

Source: Audited Financial Statements

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

	2013	2014	2015	2016	2017
Revenues:					
Real Property Taxes & Tax Items	$50,100,830	$52,680,054	$54,035,571	$54,175,026	$54,612,422
Charges for Services	510,931	604,534	701,251	689,190	844,157
Use of Money & Property	203,222	155,530	81,498	87,809	94,872
Sale of Prop. & Comp. for Loss	118,522	630,660	870,910	24,950	87,613
Miscellaneous	1,221,751	903,163	1,712,876	1,365,185	1,429,442
State Aid	33,078,177	41,574,932	41,499,603	43,730,691	45,442,529
Federal Aid	230,451	190,948	121,674	228,918	234,587
Total Revenues	85,463,884	96,739,821	99,023,383	100,301,769	102,745,622
Expenditures:					
General Support	10,706,012	11,055,072	11,348,318	11,806,908	12,416,765
Instruction	39,014,808	41,192,031	44,941,741	45,528,555	47,045,704
Pupil Transportation	4,581,848	4,829,408	5,204,013	5,391,375	5,859,724
Community Services	70,084	80,976	84,836	95,527	97,279
Employee Benefits	21,641,538	24,849,663	27,349,138	25,770,239	26,785,697
Debt Service	3,775,680	8,158,392	8,060,867	21,584,671	3,010,056
Total Expenditures	79,789,970	90,165,542	96,988,913	110,177,275	95,215,225
Excess of Revenues (Expenditures)	5,673,914	6,574,279	2,034,470	(9,875,506)	7,530,397
Other Financing Sources (Uses)					
Operating Transfer Out	(7,001,905)	(5,905,013)	(2,739,159)	11,483,127	(7,757,131)
Total Other Financing Sources (Uses)	(7,001,905)	(5,905,013)	(2,739,159)	11,483,127	(7,757,131)
Net Change in Fund Balances	(1,327,991)	669,266	(704,689)	1,607,621	(226,734)
Adjustments					
Fund Balance - Beg. of Year	16,945,464	15,617,473	16,286,739	15,582,050	17,189,671
Fund Balance - End of Year	$15,617,473	$16,286,739	$15,582,050	$17,189,671	$16,962,937

Source: Audited Financial Statements
Summary not Audited

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

	Adopted Budget 2017-18	Adopted Budget 2018-19
Estimated Revenues:		
Real Property Tax	$51,854,114	$52,941,672
Other Tax Items	3,752,093	3,902,913
Charges for Services	599,500	643,500
Use of money and property	90,000	220,000
Sale of property and compensation for loss	21,500	21,500
Miscellaneous	905,000	905,000
State Aid	46,605,997	48,585,036
Federal Aid	120,000	120,000
Subtotal Estimated Revenues	103,948,204	107,339,621
Other Sources:		
Interfund Transfers	1,530,000	1,775,000
Appropriated Fund Balance	1,300,000	1,663,683
Total Estimated Revenues & Other Sources	$106,778,204	$110,778,304
Appropriations:		
General Support	$12,651,555	$13,125,232
Instruction	47,785,480	49,418,044
Public Safety and Transportation	6,240,333	6,408,708
Community Services	124,837	132,142
Employee Benefits	28,920,435	29,840,922
Debt Service (1)	3,197,727	3,276,539
Total Appropriations:	98,920,367	102,201,587
Other Uses:		
Interfund Transfers (2)	7,857,837	8,576,717
Total Appropriations and Other Uses:	$106,778,204	$110,778,304

(1) Budgetary appropriations for Debt Service include bond anticipation note principal and interest and interest on revenue and tax anticipation notes.

(2) Budgetary appropriations for Interfund Transfers include principal of and interest on serial bonds, capital outlay project expenditures and transfers to special aid.

Source: School District Officials

APPENDIX C

INDEPENDENT AUDITORS' REPORT
FOR THE FISCAL YEAR ENDED
June 30, 2017

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/ER1095679-ER857322-ER1257985.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. Lumsden & McCormick, LLP has not been requested by the District to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**

APPENDIX D

Form of Continuing Disclosure Undertaking

UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE

Section 1. Definitions

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

"EMMA" shall mean the 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 City School District of the City of Corning, in the Counties of Steuben, Schuyler and Chemung, 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.

"Purchaser" shall mean the financial institution referred to in the Certificate of Award, executed by the President of the Board of Education as of June 7, 2018.

"Rule" means 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 **$9,845,000 School District Serial Bonds-2018**, dated June 20, 2018, maturing in various principal amounts on June 15 in each of the years 2019 to 2029, 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) no later the last day of the sixth month following the fiscal year ending June 30, 2018, the Annual Information relating to such fiscal year, together with audited financial statements of the Issuer for such fiscal year 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 thirty (30) days after they become available and in no event later than 360 days after the end of each fiscal year; and

(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 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 material 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: "Description of the District", "District Indebtedness", "Financial Factors", "Budgetary Procedures", 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, if prepared, shall be prepared in accordance with GAAP or New York State regulatory requirements as in effect from time to time. Such financial statements, if prepared, shall be audited by an independent accounting firm. The Issuer's Annual Financial Report Update Document prepared by the Issuer and filed annually with New York State in accordance with applicable law, shall not be subject to the foregoing requirements.

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 (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 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 Bonds, 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 **June 20, 2018**.

CITY SCHOOL DISTRICT OF THE CITY OF CORNING

By____

President of the Board of Education
and Chief Fiscal Officer

APPENDIX E

Form of Events Notice Undertaking

UNDERTAKING TO PROVIDE NOTICES OF EVENTS

Section 1. Definitions

"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 **City School District of the City of Corning**, in the Counties of Steuben, Schuyler and Chemung, 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.

"Purchaser" shall mean the financial institution referred to in the Certificate of Determination, executed by the President of the School Board as of June 20, 2018.

"Rule 15c2-12" shall mean Rule 15c2-12 under the Securities Exchange Act of 1934, as amended through the date of this Undertaking, including any official interpretations thereof.

"Securities" shall mean the Issuer's $41,545,000 Bond Anticipation Note-2018, dated June 20, 2018, maturing on June 20, 2019, and delivered on the date hereof.

Section 2. Obligation to Provide Notices of Events. (a) The Issuer hereby undertakes, for the benefit of Holders of the Securities, to provide or cause to be provided to the Electronic Municipal Market Access ("EMMA") System implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any successor thereto or to the functions of such Board contemplated by the Undertaking, in a timely manner, not in excess of ten (10) business days after the occurrence of any 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.

(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. 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 4. Parties in Interest. This Undertaking is executed to assist the Purchaser to comply with (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 5. 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 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 5 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 6. 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 in accordance with 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.

Section 7. 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 8. 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 **June 20, 2018.**

CITY SCHOOL DISTRICT OF THE CITY OF CORNING

By______________________________________

President of the Board of Education

<u>APPENDIX F</u>

Form of Approving Legal Opinion

June 20, 2018

The Board of Education of the
City School District of the City of Corning,
in the Counties of Steuben, Schuyler and Chemung, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to the City School District of the City of Corning, (the "School District"), in the Counties of Steuben, Schuyler and Chemung, 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 $41,545,000 Bond Anticipation Note-2018 (the "Note"), dated and delivered on the date hereof.

We have examined a record of proceedings relating to the Note 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.

The School District issued its $9,845,000 School District Serial Bonds-2018 (the "Bonds") concurrently with the issuance of the Notes. The Notes are treated, together with the Notes, as a single issue for federal tax purposes. We served as Bond Counsel with respect to the issuance of the Bonds and, on the date hereof, we rendered our opinion with respect to the exclusion of interest on the Bonds from gross income for federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on both the Bonds and the Notes to become subject to federal income taxation retroactive to their respective dates of issue, irrespective of the date on which such noncompliance occurs or is ascertained.

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

1. The Note is a valid and legally binding general obligation 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 Note and interest thereon without limitation as to rate or amount. The enforceability of rights or remedies with respect to such Note 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 Note 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 Note is not treated as a preference item in calculating the alternative minimum tax 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 for taxable years beginning prior to January 1, 2018.

The Code establishes certain requirements that must be met subsequent to the issuance of the Note in order that the interest on the Note 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 Note, restrictions on the investment of proceeds of the Note 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 Note 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 Note, the School District will execute a Tax Certificate relating to the Note 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 Note 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 Note, 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 Note is exempt from personal income taxes of New York State and its political subdivisions, including The City of New York.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Note, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Note.

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

Very truly yours,

Hawkins Delafield & Wood LLP
7 World Trade Center
250 Greenwich Street
New York, New York 10007

June 20, 2018

The Board of Education of
City School District of the City of Corning, in the
Counties of Steuben, Schuyler and Chemung, New York

Ladies and Gentlemen:

We have acted as Bond Counsel to City School District of the City of Corning (the "District"), in the Counties of Steuben, Schuyler and Chemung, New York, and have examined a record of proceedings relating to the authorization, sale and issuance of the $9,845,000 School District Serial Bonds-2018 (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.

Concurrently with the issue of the Bonds, the District is issuing its $41,545,000 Bond Anticipation Note-2018 (the "Note"). The Note is treated, together with the Bonds, as a single issue for Federal tax purposes. We served as Bond Counsel with respect to the issuance of the Note and, on the date hereof, we rendered our opinion with respect to the exclusion of interest on the Note from gross income for Federal income tax purposes in substantially the form of paragraph 2 below and subject to the same conditions and limitations set forth herein. Noncompliance with such conditions and limitations may cause interest on the Bonds and the Note to become subject to Federal income taxation retroactive to the date hereof, irrespective of the date on which such noncompliance occurs or is ascertained.

Based upon 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 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 for taxable years beginning prior to January 1, 2018.

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.

We express no opinion as to any other federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated in paragraphs 2 and 3 above. We render our opinion under existing statutes and court decisions as of the date hereof, and assume no obligation to update, revise or supplement our opinion to reflect any action hereafter taken or not taken, any fact or circumstance that may hereafter come to our attention, any change in law or interpretation thereof that may hereafter occur, or for any other reason. We express no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, we express no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

We give no assurances as to the adequacy, sufficiency or completeness of the Preliminary Official Statement and/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