

OFFICIAL STATEMENT

NEW AND RENEWAL ISSUE

BOND ANTICIPATION NOTES

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, interest on the Notes is excludable, under existing statutes and court decisions, and assuming continuing compliance with certain tax certifications described herein, from the gross income of the recipients thereof for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Under existing statutes, interest on the Notes will not be treated as a preference item for purposes of calculating the alternative minimum tax for individuals or corporations; such interest, however, is included in the adjusted current earnings of certain corporations for the purposes of calculating the alternative minimum tax imposed on such corporations. See "Tax Exemption" herein. In the opinion of Bond Counsel, under existing statutes, interest on the Notes is exempt from New York State and New York City personal income taxes.

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

**EDEN CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK
(the "District")
\$20,150,000
BOND ANTICIPATION NOTES, 2018
(the "Notes")**

Date of Issue: June 7, 2018

Date of Maturity: June 6, 2019

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 of and interest on the Notes, and unless paid from other sources, the Notes are payable from *ad valorem* taxes which may be levied upon all the taxable real property within the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York [the "Tax Levy Limitation Law"]; see "TAX INFORMATION-Tax Levy Limitation Law," herein).

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

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

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

The Notes are dated June 7, 2018 and bear interest from that date until June 6, 2019, the maturity date, at the annual rate as specified by the purchaser of the Notes. The Notes are not subject to redemption prior to maturity.

The Notes are offered when, as and if issued and received by the purchaser and subject to the approval of the legality thereof by Hodgson Russ LLP, of Buffalo, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery on or about June 7, 2018 in Jersey City, New Jersey (through the facilities of DTC) or as otherwise may be agreed upon between the District and the purchaser.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF RULE 15c2-12 UNDER THE SECURITIES AND EXCHANGE ACT OF 1934, AS AMENDED (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE NOTES. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE NOTES. UNDER CERTAIN CIRCUMSTANCES, THE DISTRICT WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN DESIGNATED EVENTS FOR THE NOTES, AS REQUIRED BY THE RULE. SEE "DISCLOSURE UNDERTAKING," HEREIN.

Dated: May __, 2018

**EDEN CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK**

Board of Education

Mr. Paul Shephard President
Ms. Jennifer Horschel Vice President
Mr. Michael Breeden Board Member
Mr. Michael Byrnes Board Member
Mr. Jack Cuddihy Board Member
Ms. Marlene Grunder Board Member
Mr. Donald Sutfin Board Member

Ms. Sandra Anzalone Superintendent of Schools
Ms. Barbara Thomasulo District Clerk
Ms. Laura Feldman Director of Finance
Ms. Mary Lobosco District Treasurer

BOND COUNSEL

**HODGSON RUSS LLP
Buffalo, New York**

MUNICIPAL ADVISOR



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

No dealer, broker, salesman or other person has been authorized by the District or the Financial Advisor to give any information or to make any representations other than those contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized by the foregoing. This Official Statement does not constitute an offer to sell or the solicitation of an offer to buy, nor shall there be any sale of the Notes by any person in any jurisdiction in which it is unlawful for such person to make such offer, solicitation or sale. The information set forth herein has been obtained from the District from sources which are believed to be reliable, but it is not to be 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.

TABLE OF CONTENTS

THE NOTES	1	Absence of Litigation	6
Description of the Notes	1	Legal Matters	6
Authority for and Purposes of the Notes.....	1	Closing Certificates	7
Nature of Obligation	2	DISCLOSURE UNDERTAKING	7
Book-Entry-Only System	2	Prior Disclosure History	8
MARKET FACTORS	4	RATINGS.....	8
TAX EXEMPTION	5	MISCELLANEOUS	8
DOCUMENTS ACCOMPANYING DELIVERY		MUNICIPAL ADVISOR	9
OF THE NOTES.....	6	ADDITIONAL INFORMATION.....	9

APPENDIX A

THE DISTRICT	A-1	Real Property Tax Rebate (Chapter 59)	A-11
General Information	A-1	Real Property Tax Rebate (Chapter 20)	A-12
District Organization.....	A-1	Tax Collection Procedure.....	A-12
Financial Organization	A-1	STAR - School Tax Exemption	A-12
District Facilities	A-1	Largest Taxpayers of the District.....	A-14
Employees	A-2	DISTRICT INDEBTEDNESS	A-14
Employee Pension Benefits.....	A-2	Constitutional Requirements.....	A-14
Other Post-Employment Benefits	A-4	Statutory Procedure.....	A-15
Investment Policy/Permitted Investments	A-5	Debt Limit.....	A-15
FINANCIAL FACTORS.....	A-5	Statutory Debt Limit and Net Indebtedness	A-16
Revenues	A-5	Remedies Upon Default	A-16
Property Tax.....	A-6	Short-Term Indebtedness	A-17
State Aid.....	A-6	Authorized but Unissued Indebtedness	A-17
Independent Audit.....	A-7	Trend of Outstanding Indebtedness	A-18
Fund Structure and Accounts	A-8	Installment Lease Obligations.....	A-18
Basis of Accounting	A-8	Overlapping and Underlying Debt	A-18
Budgetary Procedure.....	A-8	Debt Ratios	A-19
TAX INFORMATION	A-8	Debt Service Schedule	A-19
Real Property Tax Assessments and Rates	A-8	ECONOMIC AND DEMOGRAPHIC DATA	A-19
The State Comptroller’s Fiscal Stress		School Enrollment Trends.....	A-19
Monitoring System.....	A-9	Population	A-20
New York State Comptroller’s Audit.....	A-10	Employment and Unemployment	A-20
Tax Limit	A-10	LITIGATION	A-21
Tax Levy Limitation Law	A-10		

APPENDIX B – SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

APPENDIX C – LINK TO FINANCIAL STATEMENT FOR FISCAL YEAR ENDED JUNE 30, 2017

**OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF
EDEN CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK
\$20,150,000
BOND ANTICIPATION NOTES, 2018
(the "Notes")**

This Official Statement (the "Official Statement"), which includes the cover page and appendices hereto, presents certain information relating to the Eden Central School District, Erie County, in the State of New York (the "District," "County" and "State" respectively), in connection with the sale of the District's \$20,150,000 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 Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description of the Notes

The Notes will be issued as registered notes and, at the option of the purchaser, may be registered to DTC or may be registered in the name of the purchaser.

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

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

The Notes are dated June 6, 2018 and bear interest from that date until June 7, 2019, the maturity date, at the annual rate as specified by the purchaser of the Notes. The Notes are not subject to redemption prior to maturity.

Authority for and Purposes 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 pursuant to two bond resolutions that were duly adopted by the Board of Education of the District on January 20, 2016 (following the approval of two propositions by the qualified voters of the District on December 15, 2015) authorizing the issuance of serial bonds in an amount not to exceed (A) \$12,250,000 for the financing of renovation, reconstruction, replacement and upgrade work at various District buildings and facilities (and the sites thereof) and (B) \$9,900,000 for the financing of the renovation and upgrades of the District's music, art and athletic facilities, along with auditorium and cafetorium improvements. A portion of the proceeds of the Notes in the amount of

\$13,800,000 will be used to redeem bond anticipation notes maturing on June 8, 2018 and \$6,350,000 will be used to provide original financing for such purposes. Following the issuance of the Notes the District will not borrow additional new money for such purposes.

Nature of Obligation

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

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

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

Book-Entry-Only System

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

Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of the Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

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

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

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

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

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

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

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

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

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

Source: The Depository Trust Company

MARKET FACTORS

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

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

Should the District fail to receive moneys expected from the State in the amounts and at the times expected, the District is authorized by the Local Finance Law to provide operating funds by borrowing in anticipation of the receipt of uncollected State aid.

The market for the Notes could also be affected if the Internal Revenue Code of 1986, as amended (the "Code") were to be amended to reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the District. See the discussion in "TAX exemption" herein.

TAX EXEMPTION

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

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

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

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

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

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

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

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE NOTES

Absence of Litigation

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

Legal Matters

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

Closing Certificates

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

DISCLOSURE UNDERTAKING

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 Notice of Certain Designated Events" (the "Undertaking"). Such Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, to (i) the Electronic Municipal Market Access system established and operated by the Municipal Securities Rulemaking Board ("MSRB") currently at <http://www.emma.msrb.org>, or such other similar system established and operated by the MSRB, and (ii) the appropriate state information depository ("SID"), if any, for the State of New York, as designated by the Commission in accordance with the Rule, notice of the occurrence of any of the following events with respect to the Notes in a timely manner (i.e., not in excess of ten business days after the occurrence of the event):

- (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Notes; (vii) modifications to rights of Noteholders, if material; (viii) bond and note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the District; (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of the name of a trustee, if material.

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

established for the Notes.

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

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

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

The District's Undertaking shall remain in full force and effect until such time as the principal of, redemption premiums, if any, and interest on the Notes shall have been paid in full. The sole and exclusive remedy for breach or default under the Undertaking is an action to compel specific performance of the undertakings of the District, and no person or entity, including a holder of the Notes, shall be entitled to recover monetary damages thereunder under any circumstances. Any failure by the District to comply with the Undertaking will not constitute a default with respect to the Notes.

The District reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in a manner consistent with the Rule as then in effect.

Prior Disclosure History

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

RATINGS

The District did not apply for a rating on the Notes.

Moody's Investment Services, Inc. ("Moody's") had assigned the District an underlying uninsured rating of "Aa3".

With respect to the ratings, such ratings reflect only the view of such organization, and an explanation of the significance of such rating may be obtained only from such rating agency. 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 Notes or the availability of a secondary market for the Notes.

MISCELLANEOUS

So far as any statements made in this Official Statement involve matters of opinions or estimates, whether

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

Statements in this official statement, and the documents included by specific reference, that are not historical facts are forward-looking statements, which are based on the District management's beliefs as well as assumptions made by, and information currently available to, the District's management and staff. Because the statements are based on expectations about future events and economic performance and are not statements of fact, actual results may differ materially from those projected. Important factors that could cause future results to differ include legislative and regulatory changes, changes in the economy, and other factors discussed in this and other documents that the District files with the repositories. When used in District documents or oral presentation, the words "anticipate", "estimate", "expect", "objective", "projection", "forecast", "goal", or similar words are intended to identify forward-looking statements.

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

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

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

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

MUNICIPAL ADVISOR

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

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

ADDITIONAL INFORMATION

Additional information may be obtained from Ms. Laura Feldman, Director of Finance, (716) 992-3613; Email: LFeldman@edencsd.org; Address: 3150 Schoolview Road, Eden, New York 14057 or from the District's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

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

Capital Markets Advisors, LLC may place a copy of this Official Statement on its website at www.capmark.org. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Capital Markets Advisors, LLC has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Capital Markets Advisors, LLC assumes any liability or responsibility for errors or omissions on such website. Further, Capital Markets Advisors, LLC and the District disclaim any duty or obligation either to update or to maintain that information or any responsibility or liability for any damages caused by viruses in the electronic files on the website. Capital Markets Advisors, LLC and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

**Eden Central School District
Erie County, New York**

By: /s/ Paul Shephard
Paul Shephard
President of the Board of Education

DATED: May __, 2018

APPENDIX A
THE DISTRICT

THE DISTRICT

General Information

The District, with an estimated population of 10,000, comprises approximately 68 square miles of the southwestern portion of the County including various portions of the Towns of Eden, Boston, Concord, Evans and North Collins. The City of Buffalo is located approximately 18 miles to the north.

The area itself is primarily agricultural in nature with commercial activity centered in and around the Town of Eden. Many of the residents are employed within the District while others find employment in the commercial and industrial activities of the City of Buffalo and the Western New York area.

Primary highways serving the area include Interstate 90 and New York State Route 62. Airport facilities are available at the Buffalo Niagara International Airport located about 25 miles to the north.

Hospital, banking, recreational and utility facilities are available to the residents of the District, either within the District or in nearby areas. Public safety is provided by the New York State Police, the Erie County Sheriff Department and the Town of Eden Police Department. Fire protection is provided by volunteer fire companies.

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 seven members including the President and Vice President. Board members are elected for overlapping terms of three years such that as nearly as possible an equal number of members are elected to the Board on the third Tuesday of May each year. 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, the Director of Finance and the District Clerk.

Financial Organization

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

District Facilities

The District currently operates the following facilities:

TABLE 1
School Statistics

<u>Name of School</u>	<u>Grades</u>	<u>Year of Construction</u>	<u>Designed Capacity</u>
Junior /Senior High School	7-12	1969-70	1,050
Elementary School	3-6	1939	900
Primary	K-2	1954	750
Bus Garage		1939	N/A

Source: School District Officials.

Employees

There are approximately 247 full-time and part-time employees of the District, including two non-represented administrators. The collective bargaining agents representing the employees and the dates of expirations of the various agreements are as follows:

TABLE 2
Employees

<u>Approximate No. of Employees</u>	<u>Union</u>	<u>Contract Expiration Date</u>
130	Eden Teachers Association	6/30/18
103	Civil Service Employees Association	6/30/18
1	Supervisory Staff Association	6/30/19
7	Eden Administrative/Supervisory Association	6/30/20
4	Confidential Employees	6/30/18
1	Superintendent	4/21/19
1	Director of Finance	6/30/21

**Currently under negotiations*

Updated: December 2017

Employee Pension Benefits

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

Both the ERS and the TRS (together, the "Retirement Systems") are non-contributing with respect to members hired prior to July 27, 1976. The Retirement Systems are non-contributory with respect to members working ten or more years. All members working less than ten years must contribute 3% of gross annual salary toward the cost of retirement programs.

The following table details the District's contractually required contributions to the ERS for the preceding two audited fiscal years, and the estimated amount for the fiscal year ending **March 31, 2017** (for ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31):

<u>Fiscal Year End 3/31</u>	<u>ERS</u>
2018	
2017	\$919,221
2016	542,531
2015	583,594

Source: Audited Financial Statements and District budgets.

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

<u>Fiscal Year End 6/30</u>	<u>TRS</u>
2018	
2017	\$1,154,407
2016	1,284,332
2015	1,683,886

Source: Audited Financial Statements and District budgets.

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

On March 16, 2012, Governor Cuomo signed into law the new Tier 6 pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier 6 legislation provides for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 years to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from three years to five 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 of the prior fiscal year instead of the following April 1 so that the District will be able to more accurately include the cost of the contribution into its budget. The reform legislation also (i) required the District to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible and (ii) moved the annual payment date for contributions from December 15th to February 1st, effective December 15, 2004.

The New York State ERS rate for the 2016-17 fiscal year was 16.1%. The 2017-18 TRS rate is not expected to change. The New York State TRS rate for the 2016-17 fiscal year is 11.72%. The 2017-18 TRS rate is expected to be 9.8%.

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

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

The TRS SCO deferral plan is available to school districts 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.

Other Post-Employment Benefits

The District provides post-retirement healthcare benefits to various categories of former employees. These costs have been rising substantially, and may be expected to rise substantially in the future. School districts and Boards of Cooperative Education Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees. This protection from unilateral reduction of benefits had been extended annually by the New York State Legislature until recently when legislation was enacted to make permanent these health insurance benefit protections for retirees. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of the date hereof. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

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

The District is in compliance with the requirements of GASB 75, and a summary of the actuarial valuation is included in the District's June 30, 2017 Financial Audit attached herein. The following table summarizes the District's annual OPEB statements for the year ended June 30, 2017:

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

Changes in the Total OPEB Liability	Total OPEB Liability
Balance as of June 30, 2016 as restated	<u>\$2,571,416</u>
Changes for the year:	
Service cost	72,699
Interest	85,129
Change in assumptions	191,351
Differences between expected and actual experience	(101,798)
Benefit payments	(102,958)
Net changes	<u>144,423</u>
Balance as of June 30, 2017	<u>\$2,715,839</u>

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; (4) with the approval

of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those bonds issued by the District; (5) certificates of participation issued by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, obligations of the District.

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

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

FINANCIAL FACTORS

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. A summary of such revenues for the last five audited fiscal years and budgeted revenues for the prior and current fiscal years may be found in Appendix A.

Property Tax

The following table sets forth total general fund revenues and real property tax and tax item revenues received during the last five audited fiscal years and the amount budgeted for the current fiscal year.

TABLE 3
Property Taxes

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>Real Property Taxes & Tax Items</u>	<u>Real Property Taxes to Revenues</u>
2013	\$24,920,574	\$12,808,239	51.4%
2014	25,479,839	13,061,204	51.3%
2015	25,673,757	13,285,566	51.7%
2016	26,538,333	13,581,621	51.2%
2017	26,752,047	13,712,548	51.3%
2018 <i>Budgeted</i>	27,557,732	14,275,814	51.8%

(1) General Fund only.

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

State Aid

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

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

TABLE 4
State Aid

<u>Fiscal Year</u>	<u>Total Revenues</u> ⁽¹⁾	<u>State Aid</u>	<u>State Aid to Revenues</u>
2013	24,920,574	9,582,598	38.5%
2014	25,479,839	9,835,166	38.6%
2015	25,673,757	9,892,395	38.5%
2016	26,538,333	10,303,732	38.8%
2017	26,752,047	10,661,791	39.9%
2018 <i>Budgeted</i>	27,557,732	11,222,839	40.7%

(1) General Fund only

Source: District's audited financial statements and adopted budget

In addition to the amount of State Aid budgeted by the District in its 2017-18 fiscal year, the State is expected to make payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR (see "STAR-School Tax Exemption") Program. The District expects to receive timely receipt of STAR aid for the remainder of the current fiscal year.

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

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York is scheduled to be heard on appeal on May 30, 2017 in New Yorkers for Students' Educational Rights ("NYSER") v. State of New York, and a consolidated case on the right to a sound basic education. The complaint filed in the NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the "foundation aid" formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. It is not possible to predict the outcome of this litigation.

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

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

The Gap Elimination Adjustment ("GEA") law was first introduced for the 2010-11 fiscal year (although it existed in 2009-10 and was called "Deficit Reduction Assessment") as a way to help close the State's then \$10 billion budget deficit. Under legislation, a portion of the funding shortfall at the State level is divided

among all school districts throughout the State and reflected as a reduction in school district State aid. The GEA is a negative number, money that is deducted from the aid originally due to the District. Since the program began, the GEA and Deficit Reduction Assessment reduction in State aid for the District has amounted to approximately \$1.25 million annually. As a result, the District has been forced to reduce programs, services, and staff accordingly. Beginning in the 2014-15 fiscal year, the State made modest restorations to the GEA. In the 2014-15 fiscal year, the GEA was reduced by \$229,000, dropping the total GEA to \$1.02 million. In the 2015-16 fiscal year, it has been further reduced by \$646,000, yielding a remaining GEA of \$375,000. The enacted 2016-2017 State Budget called for a full restoration of GEA.

The Smart Schools Bond Act was passed as part of the Enacted 2014-2015 State Budget. The Smart Schools Bond Act authorizes the issuance of \$2 billion of general obligation bonds to finance improved educational technology and infrastructure to improve learning and opportunity for students throughout the State. The District's estimated allocation of funds is \$958,018.

The School District presently anticipates an increase in its State Aid not related to building aid for its 2018-19 fiscal year of \$1,376,864.

It should also be noted that the School District receives federal aid for certain programs. In its last audited fiscal year, the School District received \$44,743 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.

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

No delay in payment of State aid for the District's 2018-19 fiscal years is presently anticipated, although no assurance can be given that there will not be a delay in payment thereof. Should the District fail to receive monies expected from the State in the amounts and at the times expected, the District is permitted to issue revenue anticipation notes in anticipation of the receipt of delayed State aid.

Independent Audit

The District retains independent certified public accountants to audit its financial statements. Appendix B to the Official Statement presents excerpts from the District's most recent audited reports. Appendix C contains the District's audited financial statements for the fiscal year ending June 30, 2016. 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.

Fund Structure and Accounts

The General Fund is the principal operating fund for the District which is used to account for substantially all financial resources except those accounted for in another fund. Special Revenue Funds include: the School Lunch Fund and the Special Aid Fund. A Capital Projects Fund is used to account for and report financial resources used for the acquisition, construction, or renovation of major capital facilities or equipment.

Expendable trust funds and funds held in an agency capacity are accounted for in the Trust and Agency Fund. The District also maintains account groups for its General Fixed Asset and General Long-Term Debt Accounts in order to maintain accountability for its fixed assets and long-term debt, respectively. The Long-Term Debt Group is used to account for long-term obligations of the District including bonds, most obligations under lease/purchase and other financing arrangements, certain retirement liabilities and compensated absences to be funded by future budgets.

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, charges for services and intergovernmental revenues. 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 and accumulated vacation and sick leave are accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase. Fixed assets are recorded at actual (historical) cost or estimated historical cost or, in the case of gifts and contributions at fair market value at the time received. There is no provision for depreciation expense.

Budgetary Procedure

Pursuant to the State Education Law, the Board of Education annually prepares or causes to be prepared a proposed budget of the District for the ensuing year. A public hearing is held about two weeks prior to the referendum to adopt the budget now held on the third Tuesday in May of each year. If the voters approve the budget, the Board of Education, by resolution, shall adopt the proposed budget as the budget of the District for the following fiscal year. If the budget is not so approved, the Board may make changes to the budget and resubmit it, as revised, to the voters one additional time. Alternatively, the Board may, by resolution, adopt a contingency budget for the following fiscal year.

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

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 each town containing a part of the District (collectively, the "Towns"). Assessment valuations are determined by each Town assessor and the State Board of Equalization and Assessment which is responsible for certain utility and railroad property. In addition, the Office of Real Property Services 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.

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TABLE 5
Real Property Tax Assessment and Rates
(Fiscal Years Ending June 30:)

Roll Year	2013	2014	2015	2016	2017
Tax Year	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Assessed Valuation</u>					
Town of Boston	\$109,313,766	\$109,994,225	\$110,597,684	\$111,587,054	\$112,588,810
Town of Concord	5,461,363	5,463,771	5,437,456	5,461,664	5,720,097
Town of Eden	332,831,011	334,182,193	331,998,373	334,003,604	335,721,769
Town of Evans	47,198,188	47,903,487	47,391,549	47,534,619	47,781,393
Town of North Collins	<u>10,119,268</u>	<u>10,224,496</u>	<u>10,180,514</u>	<u>10,350,485</u>	<u>10,439,309</u>
Total Assessed Valuation	\$504,923,596	\$507,768,172	\$505,605,576	\$508,937,426	\$512,251,378
<u>State Equalization Rates</u>					
Boston	99.00%	99.00%	92.00%	92.00%	87.00%
Concord	46.00%	46.00%	44.00%	44.00%	41.00%
Eden	66.00%	64.00%	64.00%	64.00%	63.00%
Evans	100.00%	100.00%	93.00%	93.00%	87.00%
North Collins	100.00%	100.00%	90.00%	86.00%	83.00%
<u>Full Valuation</u>					
Boston	\$110,417,945	\$111,105,278	\$120,214,874	\$121,290,276	\$129,412,425
Concord	11,872,528	11,877,763	12,357,855	12,412,873	13,951,456
Eden	504,289,411	522,159,677	518,747,458	521,880,631	532,891,697
Evans	47,198,188	47,903,487	50,958,655	51,112,494	54,921,141
North Collins	<u>10,119,268</u>	<u>10,224,496</u>	<u>11,311,685</u>	<u>12,035,448</u>	<u>12,577,481</u>
Total Full Valuation:	\$683,897,340	\$703,270,701	\$713,590,523	\$718,731,721	\$743,754,200
Tax Levy:	\$13,045,189	\$13,276,679	\$13,571,363	\$13,697,577	\$14,275,945
Tax Rate/\$1,000 of FV	\$19.07	\$18.88	\$19.02	\$19.058	\$19.194

Source: School District Officials.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that the 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/pdf/schools/schoolsummarylist.pdf)

New York State Comptroller's Audit

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

On April 7, 2017, OSC, Division of Local Government and School Accountability released an audit of the District to evaluate the accuracy of payroll payments during the period July 1, 2015 through December 6, 2016. The audit found that the District had not established a comprehensive payroll policy that District officials had not updated existing written payroll procedures since October 2011 and that the Director of Finance did not adequately review the accuracy of payroll, particularly in situations when wages or pay rates changed or when there were additional payments. OSC has recommended the District develop and adopt a comprehensive written payroll policy, and update existing written procedures and provide adequate oversight of payrolls, including changes to wages or pay rates and stipend payments. A full report of the audit can be found at: www.osc.state.ny.us/localgov/audits/schools/2017/eden.pdf.

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

Tax Limit

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

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City). The discussion herein does not include school districts in New York City, Buffalo, Rochester, Syracuse, or Yonkers.

On June 25, 2015, Chapter 20 of the 2015 Laws of New York (“Chapter 20”) amended the Tax Levy Limitation Law to extend its expiration from June 15, 2016 to June 15, 2020. Chapter 20 also affects the calculation of tax base growth factor and exclusions available to school districts, and introduces a new real property tax rebate, as outlined below.

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

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year’s tax levy. Certain adjustments are permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. The newly enacted Chapter 20 additionally allows the State Commissioner of Taxation and Finance to adjust for changes in the real property base to reflect development on tax exempt real property.

Beginning with the 2012-13 fiscal year, school districts have had to submit their proposed tax levies to the voters each year. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a budget by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation only require approval by at least a simple majority of those voting. In the event that a budget is defeated and not re-proposed, or in the event of two budget vote defeats in the same year, a school district may not levy taxes in an amount greater than the amount levied in the most recent year when a budget was approved. A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

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

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures" are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The newly enacted Chapter 20 also allows the State Commissioner of Taxation and Finance to adjust the exclusion to reflect a school district's share of capital expenditures related to projects funded through a board of cooperative education services ("BOCES"). The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and this is an exclusion from the tax levy limitation (except in a case when the District would be prohibited from raising the tax levy amount at all due budget vote results, as explained above).

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.

Tax Collection Procedure

The real property taxes of the District are collected by the Towns. Such taxes are due on September 15, and may be paid without penalty through October 15. The Towns pay to the District the amounts collected on a periodic basis. The penalty on unpaid taxes is 5% from October 16 to October 31 and an additional 1% for each month thereafter. On or about December 1, the Towns file reports of any uncollected District taxes with the County. The County thereafter on or before April 1, pays to the District the full amount of its uncollected taxes. Thus, the full amount of the District's real property tax levy is collected by the District in the fiscal year of the levy. The County has the power to issue and sell tax anticipation notes to fund the reimbursement of uncollected taxes due to the District.

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

STAR - School Tax Exemption

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

For the 2017-18 school year, home owners, subject to certain household income limitations, are eligible for an enhanced exemption and basic exemption as follows:

	<u>Enhanced Exemption</u>	<u>Basic Exemption</u>
Town of Eden	\$42,080	\$18,900
Town of Boston	58,120	26,100
Town of Concord	27,390	12,300
Town of Evans	58,120	26,100
Town of North Collins	55,440	24,900

Date Certified: 04/09/2018

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

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

The maximum savings for each of the municipalities within the District for the 2017-18 fiscal year are as follows:

	<u>Basic Maximum Savings</u>	<u>Enhanced Maximum Savings</u>
Town of Eden	\$595	\$1,244
Town of Boston	595	1,277
Town of Concord	595	1,277
Town of Evans	595	1,277
Town of North Collins	609	1,277

Updated: 03/28/2018

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

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Largest Taxpayers of the District

The following table presents the taxable assessments of the District's largest taxpayers for the 2017-2018 fiscal year.

TABLE 6
Ten Largest Taxpayers
2017 Assessment Roll Used for 2017-18 Taxes

<u>Name</u>	<u>Type of Business</u>	<u>Assessed Value</u>	<u>Percentage of Assessed Value⁽¹⁾</u>
National Fuel Gas Supply Corp (Eden)	Utility	\$9,334,201	1.83%
Tennessee Gas Pipeline Co (Eden)	Utility	3,402,544	0.67%
Nat'l Fuel Gas Supply Corp (Boston)	Utility	3,099,077	0.61%
National Grid (Eden)	Utility	2,504,207	0.49%
Eden Heights (Eden)	Commercial	2,219,000	0.44%
Welch B&B (Eden)	Commercial	1,300,000	0.26%
Niagara Mohawk Power Corp (Eden)	Utility	1,176,860	0.23%
Southtowns Auto Auction LLC (Evans)	Commercial	983,400	0.19%
Schreiber & Winkelman (Eden)	Commercial	943,900	0.19%
DARS Key LLC (Evans)	Commercial	<u>837,900</u>	<u>0.16%</u>
	<u>Total:</u>	<u>\$25,801,089</u>	<u>5.07%</u>

⁽¹⁾ The above ten taxpayers represent 5.07% of the District's 2017 total assessed valuation of \$508,937,426.

Source: School District Officials.

DISTRICT INDEBTEDNESS

Constitutional Requirements

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

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

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

Payment and Maturity. Except for certain short-term indebtedness contracted in anticipation of taxes, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds 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, as has been noted under "THE NOTES - Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the

power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Statutory Procedure

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

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

The Local Finance Law also provides a 20-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, stops legal challenges to the validity of obligations authorized by such bond resolution except for alleged constitutional violations. The District has completed such procedure with respect to the bond resolutions pursuant to which the Notes will be issued.

The Board of Education, as the finance board of the District, also has the power to authorize the sale and issuance of District obligations, including the Notes. However, such finance board may delegate (and has delegated) the power to sell the Notes to the President of the Board of Education, the chief financial officer of the District, pursuant to the Local Finance Law.

Debt Limit

The District has the power to contract indebtedness for any District purpose so long as the principal amount thereof shall not exceed ten per centum of the full valuation of taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. The statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the 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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Statutory Debt Limit and Net Indebtedness

The following table sets forth the debt limit of the District as of May 3, 2018. This is calculated by taking 10% of the current full valuation of the taxable real property of the District.

TABLE 7
Statutory Debt Limit and Net Indebtedness

Full Value	\$718,731,721
Debt Limit: 10% of Full Valuation	71,873,172
Gross Indebtedness:	
Serial Bonds	3,420,000
Bond Anticipation Notes	<u>13,800,000</u>
Exclusions: ^(a)	<u>0</u>
Total Net Indebtedness:	<u>17,220,000</u>
Net Debt Contracting Margin:	<u>\$54,653,172</u>
Percentage of Debt Contracting Margin Exhausted	23.95%

^(a) The District has received and expects to continue to receive State aid on a portion of existing indebtedness contracted for school building purposes pursuant to Section 121.20 of the Local Finance Law. However, since the District has not applied for a building aid exclusion certificate from the Commissioner of Education, the District may not currently exclude such portion from the gross indebtedness. State aid for qualifying building purposes is currently estimated by District officials at 78.2%.

Remedies Upon Default

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

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

Upon the filing of such a certificate in the Office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and

notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

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

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

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

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

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

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

Short-Term Indebtedness

The District has \$13,800,000 of bond anticipation notes outstanding, which will mature on June 8, 2018 and will be redeemed with a portion of the Notes. In recent years, the District has not needed to issue tax or revenue anticipation notes to finance operating cash flow deficits and the District does not expect such a need.

Authorized but Unissued Indebtedness

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

Additionally, the District has authorized but unissued indebtedness of \$460,000 which was approved by the voters on May 16, 2017 for the purchase of buses and various maintenance vehicles and equipment.

Trend of Outstanding Indebtedness

The following table provides information relating to outstanding indebtedness on June 30 for the last six fiscal years.

TABLE 8
Outstanding Bond Indebtedness

<u>Fiscal</u> <u>Year End</u>	<u>Total</u> <u>Serial Bonds</u>
2012	\$10,030,000
2013	8,905,000
2014	7,730,000
2015	6,505,000
2016	5,365,000
2017	4,320,000

Installment Lease Obligations

The District has entered into an energy performance contract with an energy service company to make energy conservation improvements to various school buildings in the principal amount \$1,580,441. This project has been financed with a tax-exempt installment financing agreement, requiring quarterly payments of \$37,111 through July 15, 2018 (representing principal and interest), respectively. The energy company has guaranteed that the operational cash flow savings together with State aid estimated to be received will more than offset the cost of the financing agreement in each year of the ten-year period. Pursuant to Section 9-103 of the Energy Law, these contracts shall not create any legal or moral obligation to request, appropriate or make available monies for the purpose of the contract.

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 an estimate of the amount of overlapping and underlying debt and the District's share of this debt as of the date of this statement.

TABLE 9
Statement of Direct and Overlapping Indebtedness

<u>Overlapping Units</u>	<u>Total Net</u> <u>Indebtedness</u>	<u>As of</u>	<u>Percentage</u> <u>Applicable</u>	<u>Applicable Net</u> <u>Indebtedness</u>
County of Erie	\$475,089,545	09/30/17	1.43%	\$ 6,793,780
Town of Boston	5,947,550	09/29/17	19.76%	1,175,235
Town of Concord	2,721,087	09/29/17	2.16%	58,775
Town of Eden	10,890,000	09/29/17	97.01%	10,564,389
Town of Evans	16,795,000	09/29/17	5.24%	880,058
Town of North Collins	187,863,683	09/29/17	5.99%	<u>11,253,034</u>
Total Net Overlapping Debt				\$ 30,725,271
Net Direct Debt				<u>\$ 17,220,000</u>
Total Net Direct and Overlapping Debt				<u>\$47,945,271</u>

Source: *New York State Comptroller's Office and Official Statements.*

Debt Ratios

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

TABLE 10
Debt Ratios

	<u>Amount</u>	<u>Debt Per Capita</u> ⁽¹⁾	<u>Debt to Full Value</u> ⁽²⁾
Net Direct Debt	\$ 17,220,000	\$ 1,722	2.31%
Net Direct and Overlapping Debt	\$ 47,945,271	\$4,795	6.45%

(1) The population of the District is estimated by District officials to be approximately 10,000.
 (2) The District's full value of taxable real property for fiscal year 2017-18 is \$743,754,200.

Debt Service Schedule

The following table shows net debt outstanding for the District as of May 3, 2018.

TABLE 11
Schedule of Principal and Interest on Long-Term Bond Indebtedness

<u>Fiscal Year Ending June 30th</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2018	\$150,000	\$23,345	\$175,345
2019	690,000	137,771	827,771
2020	725,000	104,346	829,346
2021	725,000	70,165	795,165
2022	760,000	35,190	795,190
2023	180,000	16,053	196,053
2024	<u>190,000</u>	<u>8,313</u>	<u>198,313</u>
	<u>\$3,420,000</u>	<u>\$397,182</u>	<u>\$3,817,182</u>

Note: Columns may not sum due to rounding.

ECONOMIC AND DEMOGRAPHIC DATA

School Enrollment Trends

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

TABLE 12
School Enrollment Trends

<u>Fiscal Year</u>	<u>Actual Enrollment</u>	<u>Fiscal Year</u>	<u>Projected Enrollment</u>
2015-16	1,408	2018-19	1,331
2016-17	1,385	2019-20	1,314
2017-18	1,349	2020-21	1,293

Source: District Officials.

Population

The District estimates its population to be approximately 10,000. The following table presents population trends for the County and the State based upon recent census data and is not necessarily representative of the District.

TABLE 13
Population Trend

	<u>2000</u>	<u>2010</u>	<u>Percentage Change</u> <u>2000/2010</u>
County	950,265	919,040	(3.2%)
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 County and the State. Data provided for the County and the State is not necessarily representative of the District.

TABLE 14
Civilian Labor Force
(Thousands)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
County	460.3	450.4	451.2	448.1	448.6
State	9,659.2	9,591.3	9,644.6	9,668.7	9,704.7

Source: U.S. Census Bureau.

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

TABLE 15
Monthly Average Unemployment Rates

<u>Year</u>	<u>County</u>	<u>State</u>
2013	7.4%	7.7%
2014	6.1%	6.3%
2015	5.3%	5.3%
2016	4.9%	4.8%
2017	5.2%	4.7%

Source: New York State Department of Labor. Data not seasonally adjusted.

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TABLE 16
Monthly Unemployment Rates

<u>Month</u>	<u>County</u>	<u>State</u>
November 2016	4.7%	4.5%
December	4.9%	4.5%
January 2017	5.5%	4.9%
February	5.6%	5.0%
March	4.9%	4.4%
April	4.9%	4.2%
May	4.9%	4.3%
June	5.0%	4.5%
July	5.3%	4.9%
August	5.2%	4.9%
September	4.9%	4.7%
October	4.8%	4.6%
November	5.0%	4.5%
December	5.2%	4.4%
January	5.8%	5.1%
February	6.1%	5.1%
March	5.6%	4.8%

Source: New York State Department of Labor. Data not seasonally adjusted.

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 actions 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

Eden Central School District
Summary of Estimated Revenues and Budgetary Appropriations
General Fund
As Adopted for the Fiscal Year Ending June 30:

	Adopted Budget <u>2016-17</u>	Adopted Budget <u>2017-18</u>
<u>Estimated Revenues:</u>		
Real Property Tax	\$13,697,577	\$14,275,814
Non-Property Taxes	1,573,521	1,573,520
Use of Money and Property	7,000	7,000
Sale, Cont. Education & Misc.	471,439	460,471
State Aid	10,601,606	11,222,839
Federal Aid	18,088	18,088
Subtotal	<u>26,369,231</u>	<u>27,557,732</u>
Appropriated Fund Balance	<u>1,000,000</u>	<u>1,460,000</u>
Total Estimated Revenues and Fund Balance	<u><u>\$27,369,231</u></u>	<u><u>\$29,017,732</u></u>
<u>Appropriations</u>		
General Support	\$3,228,199	\$3,640,536
Instructional Support	14,431,230	14,954,308
Transportation	1,479,528	2,093,690
Employee Benefits	6,634,357	6,703,281
Debt Service	148,446	148,446
Interfund Transfers	<u>1,447,471</u>	<u>1,477,471</u>
Total Appropriations	<u><u>\$27,369,231</u></u>	<u><u>\$29,017,732</u></u>

Source: Adopted Budgets

**Eden Central School District
Balance Sheet
General Fund
Fiscal Year Ending June 30:**

	<u>2016</u>	<u>2017</u>
Assets		
Cash and Investments	\$2,050,843	\$1,948,543
Restricted cash and cash equivalents	8,856,028	8,144,991
Accounts Receivable	5,627	21,933
Due from Other Funds	606,357	211,332
Intergovernmental receivables	1,794,837	1,936,122
Prepaid Expenditures	<u>37,112</u>	<u>37,112</u>
 Total Assets	 <u><u>\$13,350,804</u></u>	 <u><u>\$12,300,033</u></u>
 Deferred Inflows of Resources		
State Aid Receivable	<u>\$306,242</u>	<u>\$306,521</u>
 Total Deferred Inflows of Resources	 <u><u>\$306,242</u></u>	 <u><u>\$306,521</u></u>
 Liabilities and Fund Equity		
Liabilities		
Accounts Payable	\$57,274	\$100,674
Accrued Liabilities	44,800	35,186
Due to Other Funds	23,543	76,162
Due To Retirement Systems	1,469,776	1,339,451
Intergovernmental payables	360,319	2,496
Deferred Revenue	<u>1,510</u>	<u>14,129</u>
 Total Liabilities	 <u><u>\$1,957,222</u></u>	 <u><u>\$1,568,098</u></u>
 Fund Balance		
Non-spendable	37,112	37,112
Restricted	8,836,655	8,125,341
Assigned	1,118,805	1,154,401
Unassigned	<u>1,094,768</u>	<u>1,108,560</u>
 Total Fund Balance	 <u><u>\$11,087,340</u></u>	 <u><u>\$10,425,414</u></u>
 Total Liabilities and Fund Balance	 <u><u>\$13,350,804</u></u>	 <u><u>\$12,300,033</u></u>

Source: Audited Financial Statements of the District though summary itself is not subject to audit.

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

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>Revenues</u>					
Real Property Taxes	\$10,619,568	\$10,833,943	\$11,027,099	\$11,297,548	\$11,467,965
Other Real Property Tax Items	2,188,671	2,227,261	2,258,467	2,284,073	2,244,583
Non-Property Taxes	1,644,495	1,659,287	1,649,542	1,585,114	1,550,130
Charges of Services	313,013	462,746	418,636	385,219	437,901
Use of Money and Property	63,261	30,615	41,386	40,367	39,264
Sales of Property and Comp.for Loss	25,286	20,844	3,806	69,365	35,344
State Aid	9,582,598	9,835,166	9,892,395	10,303,732	10,661,791
Federal Aid	136,092	43,656	81,225	37,200	44,743
Miscellaneous	347,590	364,914	298,027	532,557	256,883
Interfund Revenue	0	1,407	3,174	3,158	13,443
Total Revenues	<u>24,920,574</u>	<u>25,479,839</u>	<u>25,673,757</u>	<u>26,538,333</u>	<u>26,752,047</u>
<u>Expenditures</u>					
General Support	2,680,765	2,748,117	2,845,067	2,728,001	3,541,153
Instruction	12,401,213	12,323,562	13,076,040	13,064,718	13,338,688
Pupil Transportation	1,392,264	1,416,658	1,569,347	1,674,577	1,682,636
Community Services	0	0	0	180	0
Employee Benefits	5,460,282	5,854,904	5,837,502	5,368,158	5,300,471
Debt Service	536,188	537,188	148,445	148,446	148,446
Total Expenditures	<u>22,470,712</u>	<u>22,880,429</u>	<u>23,476,401</u>	<u>22,984,080</u>	<u>24,011,394</u>
Excess of Revenues over Expenditures	<u>2,449,862</u>	<u>2,599,410</u>	<u>2,197,356</u>	<u>3,554,253</u>	<u>2,740,653</u>
<u>Other Sources and (Uses)</u>					
Proceeds from the issuance of long-term debt	0	0	0	0	0
Operating Transfers In	0	172	0	0	0
Operating Transfers Out	(1,575,485)	(1,587,112)	(1,571,583)	(1,411,545)	(3,402,579)
Total Other Sources and (Uses)	<u>(1,575,485)</u>	<u>(1,586,940)</u>	<u>(1,571,583)</u>	<u>(1,411,545)</u>	<u>(3,402,579)</u>
Excess (Deficiency) of Revenues and Expenditures over Other Sources and (Uses)	874,377	1,012,470	625,773	2,142,708	(661,926)
<u>Changes in Fund Balance</u>					
Fund Balance Beginning of Fiscal Year	6,432,012	7,306,389	8,318,859	8,944,632	11,087,340
Fund Balance End of Fiscal Year	<u>\$7,306,389</u>	<u>\$8,318,859</u>	<u>\$8,944,632</u>	<u>\$11,087,340</u>	<u>\$10,425,414</u>

Source: Audited Financial Statements of the District though summary itself is not subject to audit.