

In the opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York, assuming continuing compliance by the District with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Notes is not includable in the gross income of the owners thereof for Federal income tax purposes under existing statutes and court decisions. Moreover, interest on the Notes is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code; provided, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining "adjusted current earnings" for purposes of calculating the federal alternative minimum tax imposed on such corporations. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). See "TAX MATTERS" herein for a discussion of certain Federal taxes applicable to corporate owners of the Notes.

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

**CITY SCHOOL DISTRICT OF THE CITY OF NEW ROCHELLE,
WESTCHESTER COUNTY, NEW YORK**

\$38,000,000

**GENERAL OBLIGATION
BOND ANTICIPATION NOTES, 2017 SERIES A
(the "Series A Notes")**

Date of Issue: July 13, 2017

Maturity Date: July 13, 2018

and

\$1,225,369

**GENERAL OBLIGATION
BOND ANTICIPATION NOTES, 2017 SERIES B
(the "Series B Notes" and collectively with the Series A Notes, the "Notes")**

Date of Issue: July 13, 2017

Maturity Date: July 13, 2018

The Notes are general obligations of the City School District of the City of New Rochelle, Westchester County, New York (the "District"), and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and interest thereon and, unless paid from other sources, the Notes are payable from ad valorem taxes which may be levied upon all the taxable real property within the District, without limitation as to rate or amount. See "NATURE OF OBLIGATION" and "TAX LEVY LIMITATION LAW," herein.

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

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

If the Notes are issued registered in the name of the successful bidder(s), a single note certificate will be issued for those Notes of each series bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in federal funds by the District to the registered owner(s).

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination of the Series B Notes. A single note certificate will be issued for those Notes of each series bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser at such interest rate(s). Principal of and interest on said Notes will be paid in federal funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The District will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "THE NOTES-Book-Entry-Only System" herein.)

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the respective final approving opinions of Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel. It is anticipated that the Notes will be available for delivery through the facilities of DTC in Jersey City, New Jersey or as otherwise agreed with the purchaser(s) on or about July 13, 2017.

THIS OFFICIAL STATEMENT IS IN A FORM DEEMED FINAL BY THE DISTRICT FOR PURPOSES OF UNITED STATES SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE NOTICE OF MATERIAL EVENTS AS DESCRIBED IN THE RULE, SEE "DISCLOSURE UNDERTAKING" HEREIN.

DATED: June 23, 2017

**CITY SCHOOL DISTRICT OF THE CITY OF NEW ROCHELLE
WESTCHESTER COUNTY, NEW YORK**

BOARD OF EDUCATION

RACHEL RELKIN.....President
MADDALI ATALLAH..... Vice President
DR. PAMELA DAVIS Trustee
DR. SALVADOR FERNANDEZ Trustee
JEFFREY HASTIE..... Trustee
TODD KERN..... Trustee
DAVID LACHER..... Trustee
CHRISANNE PETRONE..... Trustee

DISTRICT OFFICIALS

DR. BRIAN G. OSBORNE..... Superintendent of Schools
JEFFREY WHITEAssistant Superintendent
SANDRA CLOHESSYSchool Business Administrator
CAROL AMORELLO..... District Treasurer
LISDALIA SARAIVADistrict Clerk

INDEPENDENT AUDITORS

**PKF O'Connor Davies, LLP
Harrison, New York**

BOND COUNSEL

**Bond, Schoeneck & King PLLC
Syracuse, New York**

MUNICIPAL ADVISOR



**Capital Markets Advisors, LLC
Hudson Valley * Long Island * Southern Tier * Western New York
(845) 227-8678**

No person has been authorized by the City School District of the City of New Rochelle to give any information or to make any representations not contained in this Official Statement and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the City School District of the City of New Rochelle.

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2016

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OFFICIAL STATEMENT

**CITY SCHOOL DISTRICT OF THE CITY OF NEW ROCHELLE,
WESTCHESTER COUNTY, NEW YORK**

relating to

\$38,000,000

**GENERAL OBLIGATION
BOND ANTICIPATION NOTES, 2017 SERIES A
(the "Series A Notes")**

and

\$1,225,369

**GENERAL OBLIGATION
BOND ANTICIPATION NOTES, 2017 SERIES B
(the "Series B" and collectively with the Series A Notes, the "Notes")**

This Official Statement, which includes the cover page and appendices hereto, presents certain information relating to the City School District of the City of New Rochelle, in the County of Westchester, in the State of New York (the "District", "County", and "State", respectively), in connection with the sale of \$38,000,000 Bond Anticipation Notes, 2017 Series A (the "Series A Notes") and \$1,225,369 Bond Anticipation Notes, 2017 Series B (the "Series B Notes" and collectively with the Series A Notes, "Notes").

All quotations from and summaries and explanations of the 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 compilation thereof, and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description

The Notes will be dated and will mature as reflected on the cover page hereof.

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

The Notes will be issued in registered form either registered in the name of the successful bidder(s) or registered to Cede & Co, as the partnership nominee for DTC. If the Notes are registered in the name of the successful bidder(s), the District will act as Paying Agent for the Notes. The District contact information is as follows: Carol Amorello, Treasurer, City School District of the City of New Rochelle, 515 North Avenue, New Rochelle, New York 10801, (914) 576-4247, e-mail: camorello@nred.org.

Authority for and Purpose of the Series A Notes

The Series A Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law, and a bond resolution adopted by the Board of Education of the District on March 29, 2016 for the reconstruction and construction of improvements to school buildings, including equipment, furnishings, machinery and apparatus, as well as site improvements and incidental costs related thereto,

at a maximum estimated cost of \$106,479,575. The proceeds of the Series A Notes will be used to redeem \$11,000,000 in bond anticipation notes which mature on July 14, 2017 and provide \$27,000,000 in original financing.

Authority for and Purpose of the Series B Notes

The Series B Notes are issued pursuant to the State Constitution and statutes of the State, including among others, the Education Law and the Local Finance Law, and bond resolutions adopted by the Board of Education of the District on various dates authorizing the issuance of serial bonds for general improvements to the New Rochelle Public Library and the Library’s HVAC system.

The proceeds of the Series B Notes, along with \$65,315 in available funds, will be utilized to redeem \$1,290,684 in bond anticipation notes which mature on July 14, 2017, as noted in the below table.

Authorization Date	Purpose	Notes Currently Outstanding	Principal Payment	Amount of the Bond Anticipation Notes
05-18-10	General Library Improvements	\$ 790,684	\$ 25,563	\$ 765,121
05-05-15	HVAC Improvements (Library)	500,000	39,752	460,248
		<u>\$1,290,684</u>	<u>\$ 65,315</u>	<u>\$ 1,225,369</u>

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, New York, will act as securities depository for the Notes if issued as book-entry-only Notes. Such 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 of each series bearing the same rate of interest and CUSIP and deposited with DTC.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Notes 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 Money Market Instruments (MMI) Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to the District as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the 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.

Source: The Depository Trust Company

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

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST 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 OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST 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.

NATURE OF OBLIGATION

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 as required by the Constitution and laws of the State. For the payment of such principal and interest, the District has power and statutory authorization to levy ad valorem taxes on all real property within the District subject to such taxation by the District without limitation as to rate or amount. See “TAX LEVY LIMITATION LAW” herein.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay “interest on or principal of indebtedness theretofore contracted” prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). 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 local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

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 is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the District’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “TAX LEVY LIMITATION LAW,” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean...

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

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

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank Court noted, the term "faith and credit" in its context is "not qualified in any way". Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977), the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, "with respect to traditional real estate tax levies, the noteholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations." According to the Court in Quirk, the State Constitution "requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness."

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a "first lien" on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

While the courts in New York State have historically been protective of the rights of holders of general obligation debt of political subdivisions, it is not possible to predict what a future court might hold.

TAX LEVY LIMITATION LAW

Chapter 97 of the New York Laws of 2011, as amended (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 and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers, the latter four of which are affected indirectly by applicability to their respective City.)

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"). Chapter 97 now requires that a school district submit its proposed tax levy to the voters each year beginning with the 2012-2013 fiscal year.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, the Tax Levy Limitation Law provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

A school district's calculation of each fiscal year's tax levy limit is subject to review by the Commissioner of Education and the Commissioner of Taxation and Finance prior to adoption of each fiscal year budget.

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

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cashflow borrowings including tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes. "Capital Local Expenditures", are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy" and this is an exclusion from the tax levy limitation, applicable to the Bond Anticipation Notes.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. The suit alleges that the Tax Levy Limitation Law arbitrarily caps property tax levy increases and perpetuates funding inequities between affluent and low-wealth school districts. The suit further alleges that the tax cap unconstitutionally limits the ability of school districts and their taxpayers to address these inequities by exercising substantial local control. Among seven causes of action, the suit also alleges that the Tax Levy Limitation Law unconstitutionally interferes with fundamental voting rights in violation of the principle of "one person, one vote." An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals. See also "State Aid" for a discussion of the New Yorkers for Students' Educational Rights v. State of New York case which includes a challenge to the supermajority requirements regarding school district property tax increases.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), included provisions which provided a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts were 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 were 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 depended on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. School

districts budgets must have complied in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have had their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must have been within the tax cap limits set by the Tax Levy Limit Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions included 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 were indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit were set forth in Chapter 59 in order for the tax cap to qualify as one which would have provided the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount was increased in the second year if compliance occurred in both taxable years.

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

Municipalities, school districts and independent special districts were required to 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.

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they did provide an incentive for such tax levies to remain with the tax cap limits established by the Tax Levy Limit Law. The District complied with the provisions of Chapter 59 and its taxpayers received the rebates provided in 2015 and 2016.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of the Laws of 2015, signed into law by the Governor on June 26, 2015 which generally extends the provisions of the program through 2019 and includes continued tax cap compliance.

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

State Aid Intercept For School Districts. In the event of a default in the payment of the principal of and/or interest on the Notes, the State Comptroller is required to withhold, under certain conditions prescribed by Section 99-b of the State Finance Law, state aid and assistance to the School District and to apply the amount thereof so withheld to the payment of such defaulted principal and/or interest, which requirement constitutes a covenant by the State with the holders from time to time of the Notes. The covenant between the State of New York and the purchasers and the holders and owners from time to time of the notes and bonds issued by the school districts in the State for school purposes provides that it will not repeal, revoke or rescind the provisions of Section 99-b, or amend or modify the same so as to limit, impair or impede the rights and remedies granted thereby.

Said section provides that in the event a holder or owner of any note issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such 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. Such investigation by the State Comptroller shall cover the current status with respect to the payment of principal of and interest on all outstanding notes of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such 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, the State Comptroller 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 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 notes shall be forwarded promptly to the paying agent or agents for the notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such notes. If any of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the 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 notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such 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 notes pursuant to said Section 99-b.

General Municipal Law Contract Creditors' Provision. The Notes when duly issued and paid for will constitute a contract between the District and the holder thereof. Under current law, provision is made for contract creditors of the District to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Notes in the event of a default in the payment of the principal of and interest on the Notes.

Execution/Attachment of Municipal Property. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment, although judicial mandates have been issued to officials to appropriate and pay judgments out of certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

Authority to File For Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as counties, cities, towns and villages, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Section 85.80 of the Local Finance Law contains specific authorization for any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not be made so applicable in the future.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

At the Extraordinary Session of the State Legislature held in November, 1975, legislation was enacted which purported to suspend the right to commence or continue an action in any court to collect or enforce certain short-term obligations of The City of New York. The effect of such act was to create a three-year moratorium on actions to enforce the payment of such obligations. On November 19, 1976, the Court of Appeals, the State's highest court, declared such act to be invalid on the ground that it violates the provisions of the State Constitution requiring a pledge by such City of its faith and credit for the payment of obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law, as described below, enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the District.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial

emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in the county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law (“Title 6-A”) effectively prohibits the doing of any act for ninety days in the payment of claims against the municipality, including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which, upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such “additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder.” Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims, including debt service due or overdue, must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a “material change in circumstances” the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In

addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature, the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities, and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. 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 any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon default have resulted in litigation. While courts of final jurisdiction have upheld and sustained the rights of noteholders, such courts might hold that future events including financial crises as they may occur in the State and in political subdivisions of the State, require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

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

MARKET FACTORS

The financial and economic 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 and in other jurisdictions, including, for example, the seeking by a municipality or large taxable property owner of remedies pursuant to the Federal Bankruptcy Code 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 another jurisdiction or 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.

There can be no assurance that the State appropriation for State aid to the District will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. The availability of such monies and the timeliness of such payment may also be affected by a delay in the adoption of the State budget and other circumstances, including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. (See "State Aid" and "Events Affecting New York School Districts" herein).

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.

If and when a holder of any of the Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Notes. In addition, the price and principal value of the Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to the U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Notes and other debt issued by the District. Any such future legislation could have an adverse effect on the market value of the Notes (See "TAX MATTERS" herein).

The enactment of Chapter 97, which imposes a tax levy limitation upon municipalities, school districts, including the District, and fire districts in the State could have an impact upon operations of the District and as a result, the market price for the Notes. See "TAX LEVY LIMITATION LAW," herein.

THE STATE COMPTROLLER'S FISCAL STRESS MONITORING SYSTEM AND COMPLIANCE REVIEWS

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller ("OSC") 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, for 2016 data, of the State Comptroller designates the District as "Susceptible to Fiscal Stress," with a fiscal score of 28.3% and an environmental score of 30.0%.

See the State Comptroller's official website for more information on FSMS. Reference to this website implies no warranty of accuracy of information therein.

State Audits. A State audit report reviewing the District's financial condition for the period July 1, 2010 through June 30, 2013 was made available by the State on April 18, 2014. Full copies of the State audit may be obtained by visiting the New York State Comptroller's Local Government and School Accountability website.

LITIGATION

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

Tax Certiorari Claims. The District is also a party to various tax certiorari proceedings instituted under Article 7 of the Real Property Tax Law. In these actions, taxpayers (including seven of the District's larger taxpayers presented) claim that their current real property assessment is excessive and ask that such assessment be reduced. Generally, tax claims request a refund of taxes applicable to the alleged overassessment. Claims of this nature are filed continuously and some cases may not be settled for several years or more. It is not unusual for certain taxpayers to have multiple outstanding claims affecting a period of years. Claims involving the special franchise assessments of public utilities are handled by the State Office of Real Property Tax Services (the "ORPTS").

It is not possible to provide an estimate of the District's potential exposure with respect to pending certiorari claims. Most claims are settled for amounts substantially below the assessment reduction and tax refund specified in the original filing. For the fiscal years ended June 30, 2015 and 2016 the District paid tax refunds of \$2,827,991 and \$2,724,579, respectively. For the 2017-18 fiscal year the adopted budget included an appropriation of \$2,500,000.

TAX MATTERS

The Internal Revenue Code of 1986, as amended (the "Code"), establishes certain requirements that must be met subsequent to the issuance and delivery of the Notes in order that interest on the Notes be and remain excludable from gross income for federal income tax purposes. These requirements include provisions, which prescribe yield and other limits relative to the investment and expenditures of the proceeds of the Notes and other amounts and require that certain earnings be rebated to the federal government. The District will agree to comply with certain provisions and procedures, pursuant to which such requirements can be satisfied. Non-compliance with such requirements may cause interest on the Notes to become included in gross income for federal income tax purposes retroactive to the date of issuance thereof, irrespective of the date on which non-compliance is ascertained.

Interest on the Notes will be included in the computation of "adjusted current earnings", which may be included in the computation of the alternative minimum taxable income used in calculating the alternative minimum tax that may be imposed with respect to corporations.

The Code imposes a 30% branch profits tax on the earnings and profits of a United States branch of certain foreign corporations attributable to its income effectively connected (or treated as effectively connected) with a United States trade or business. Included in the earnings and profits of the United States branch of a foreign corporation is income that would be effectively connected with the United States trade or business if such income were taxable, such as the interest on the Notes. Existing United States income tax treaties may modify, reduce, or eliminate the branch profits tax, except in cases of treaty shopping.

The Code further provides that interest on the Notes is included in the calculation of modified adjusted gross income in determining whether a portion of Social Security or railroad retirement benefits is to be included in taxable income of individuals. In addition, certain S Corporations may have a tax imposed on passive income, including tax-exempt interest, such as interest on the Notes.

Prospective purchasers should consult their tax advisors with respect to the calculations of the alternative minimum tax or foreign branch profits tax liability, and the tax on passive income of S Corporations or the inclusion of Social Security or other retirement payments in taxable income.

In the opinion of Bond Counsel, assuming compliance with certain requirements of the Code, under existing laws, interest on the Notes is not included in gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided, however, that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining “adjusted current earnings” for purposes of calculating the federal alternative minimum tax imposed on such corporations. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes.

The opinion of Bond Counsel described herein with respect to the federal income tax treatment of interest paid on the Notes is based upon the current provisions of the Code. There can be no assurance that the Code will not be amended in the future so as to reduce or eliminate such favorable federal income tax treatment on the Notes. Any such future legislation would have an adverse effect on the market value of the Notes.

In addition, in the opinion of Bond Counsel, under existing laws, interest on the Notes is exempt from personal income taxes imposed by the State or any political subdivision thereof, including The City of New York.

LEGAL MATTERS

The legality of the authorization and issuance of the Notes will be covered by the unqualified legal opinion of Bond, Schoeneck & King, PLLC, Bond Counsel, Syracuse, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Notes have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, all the taxable property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, without limitation as to rate or amount, subject to the limitations of the Tax Levy Limitation Law, (ii) interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York; and (iii) interest on the Notes is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations; provided however, it should be noted that with respect to corporations (as defined for federal income tax purposes), such interest is taken into account in determining adjusted current earnings for the purpose of computing the alternative minimum tax imposed on such corporations. The opinions of Bond Counsel set forth in (iii) above are subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Notes in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District has covenanted to comply with each such requirement. Failure to comply with certain of such requirements may cause the inclusion of interest on the Notes in gross income for federal income tax purposes to be retroactive to the date of issuance of the Notes. Bond Counsel expresses no opinion regarding other federal tax consequences arising with respect to the Notes. It is to be understood that the rights of the holders of the Notes and the enforceability thereof may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted to the extent constitutionally applicable and that their enforcement may be also subject to exercise of judicial discretion in appropriate cases.

Bond Counsel has not been engaged or undertaken to review the accuracy, completeness or sufficiency of the Official Statement (except to the extent, if any, stated in the Official Statement) or any other offering material relating to the Notes, and Bond Counsel expresses no opinion relating thereto (excepting only matters set forth as Bond Counsel's opinion in the Official Statement).

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 Notices of Material Events” (the “Undertaking”). The 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, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

- (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) 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 of 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) Note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Notes, if material; (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 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 Notes.

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

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 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.

Compliance History

Since 2007, there have been in excess of 50 rating actions reported by Moody's Investors Service, S&P Global Ratings and Fitch Ratings affecting the municipal bond insurance companies, some of which had insured bonds previously issued by the District. Due to widespread knowledge of these rating actions, material event notices were not filed by the District in each instance.

MUNICIPAL ADVISOR

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

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

RATING

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

The District's underlying rating by Moody's Investors Service ("Moody's") is "Aa2." The District's underlying rating by S&P Global Ratings. ("S&P") is "AA-."

Such ratings reflect only the respective views of Moody's and S&P and any desired explanation of the significance of such rating should be obtained from Moody's, 7 World Trade Center at 250 Greenwich Street, New York, New York 10007, and S&P, 55 Water Street, New York, New York 10041. There can be no assurance that such ratings continue for any specified period of time or that such ratings will not be revised or withdrawn, if in the judgment of S&P or Moody's, circumstances so warrant. Any such change or withdrawal of such ratings may have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

ADDITIONAL INFORMATION

Additional information may be obtained from Carol Amorello, District Treasurer, 515 North Avenue, New Rochelle, New York 10801, (914) 576-4247, e-mail: camorello@newrochelle.k12.ny.us, or from the District's municipal advisor, Capital Markets Advisors, LLC, 1075 Route 82 – Suite 4, Hopewell Junction, New York 12533, (845) 227-8678.

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.

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are "forward-looking statements", within the meaning of Section 27A of the Securities Act of 1933, as amended,

and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the District's 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's files with the MSRB. When used in District documents or oral presentations, the words "anticipate," "believe," "intend," "plan," "foresee," "likely," "estimate," "expect," "objective," "projection," "forecast," "goal," "will," or "should," or similar words or phrases are intended to identify forward-looking statements.

To the extent any statements made in this Official Statement involve matters of opinion or estimates, whether or not expressly stated, they are set forth as such and not as representations of fact, and no representation is made that any of the statements will be realized. Neither this Official Statement nor any statement which may have been made verbally or in writing is to be construed as a contract with the holder of the Notes.

Bond, Schoeneck & King, PLLC, Syracuse, New York, Bond Counsel to the District, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer 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 limitation as to information in the Official Statement obtained from sources other than the District, as to which no representation can be made.

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

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

CITY SCHOOL DISTRICT OF THE CITY OF NEW ROCHELLE
WESTCHESTER COUNTY, NEW YORK

By: _____
Rachel Relkin
President of the Board of Education and
Chief Fiscal Officer

DATED: June 23, 2017

APPENDIX A

THE DISTRICT

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THE DISTRICT

General Information

The District is located in the southeastern portion of the County on Long Island Sound, approximately fifteen miles from midtown Manhattan, and is coterminous with the City, which was settled in 1688 and was incorporated as a city in 1899.

The character of the District is both urban and suburban residential. Residential housing is comprised of single-family as well as multi-family units. Commercial and industrial activity is principally located in those areas of the City close to Interstate 95 and U.S. Route 1.

The City provides general governmental services including, but not limited to, police and fire protection, garbage collection, street maintenance, sewage collection and library and recreational programs. The County is responsible for social and health programs and maintains a corrections system. Sewage treatment is provided through various County sewer districts.

Higher education is offered by Iona College, the College of New Rochelle and Monroe Business College, which are situated in the District, as well as various colleges and universities in the County, including Westchester Community College, sponsored by the County.

The City is served by three major highways; the New England Thruway (Interstate 95), the Boston Post Road (U.S. Route 1) and the Hutchinson River Parkway. CSX provides railroad freight service. The Metro-North Commuter Railroad provides passenger service to and from New York City and Connecticut, while Amtrak provides service nationwide. The County Airport provides scheduled airline service to many major metropolitan airports. LaGuardia, John F. Kennedy, and Newark airports are all less than one hour from the City and residents may utilize various airport limousine services to reach these airports.

City residents and businesses receive electric and natural gas service from the Consolidated Edison Company. The water supply and distribution system for the City is maintained by United Water Company of New Rochelle, a private utility. Local and some long distance telephone services are generally provided by Verizon.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, other laws applicable to school districts generally, 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.

Board of Education. The legislative power of the District is vested in its Board of Education (the “Board”). The Board consists of nine members who serve overlapping five-year terms. An election is generally held on the third Tuesday in May to elect one or more members to the Board. As nearly as practicable, an equal number of members is elected to the Board each year. Board members may succeed themselves. During the first ten days of July of each year, the Board conducts a reorganization meeting. At that time, the Board elects a President and Vice President and appoints other District officials.

Administration. The Board of Education appoints a superintendent of schools (the “Superintendent”) who is employed through a contract with the Board. Such Superintendent is the chief executive officer of the District and the education system. In addition, the Superintendent is an ex officio member of the Board of Education with the right to speak on all matters before the Board but not to vote. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the District and other educational, social and recreational activities under the direction of the Board of Education. Also, certain of the financial functions of the District are the responsibility of the Assistant Superintendent and the District Treasurer, who are also appointed by the Board of Education.

Financial Organization

Pursuant to the Local Finance Law, the President of the Board of Education is the Chief Fiscal Officer of the District. However, certain of the financial functions of the District are the responsibility of the Superintendent of Schools, the Assistant Superintendent, the Business Official, the District Clerk, and the District Treasurer.

Financial Statements and Accounting Procedures

The financial accounts of the District are maintained in accordance with the New York State Uniform System of Accounting for School Districts. Such accounts are audited annually by independent auditors, and are available for public inspection upon request. See “Financial Factors,” herein.

Budgetary Procedure

Pursuant to the Education Law, the District's Board of Education generally prepares or causes to be prepared a budget for the ensuing fiscal year. The budget, effective for fiscal years beginning on or after July 1, 1998, must consist of three parts: program, administration and capital. During November and December the tentative budget is developed and refined in consultation with school administrators. At the March and April meetings of the Board of Education, the proposed budget is discussed and further refined. The tentative budget is adopted by the Board at its April meeting and submitted to referendum at the Annual Meeting held on the third Tuesday of May. Residents of the District who are qualified to vote may participate in the referendum. Prior to the Annual Meeting a public hearing on the proposed budget is held.

The District’s budget is subject to the provisions of Chapter 97 of the Laws of 2011, which imposes a limitation on the amount of real property taxes that a school district may levy, and by law is submitted to voter referendum on the third Tuesday of May each year. See “Tax Levy Limitation Law,” herein for a further discussion regarding the budget vote, revote, contingency budget and the tax cap.

The voters approved the District’s 2017-18 budget on May 16, 2017. See Appendix B for summaries of the 2016-17 and 2017-18 adopted budgets of the District.

School Enrollment Trends

The trend of school enrollments is outlined in the below table.

<u>Fiscal Year Ended June 30:</u>	<u>Enrollment ⁽¹⁾</u>
2013 (Actual)	10,592
2014 (Actual)	10,893
2015 (Actual)	10,978
2016 (Actual)	10,945
2017 (Actual)	10,658
2018 (Estimated)	10,716

(1) Represents enrollment for prekindergarten through grade 12.

Source: The adopted budgets of the District and District Officials.

District Facilities

The District operates 10 schools; statistics relating to each are shown below.

<u>Name</u>	<u>Grades</u>	<u>Capacity</u>	<u>Year of Original Construction or Addition ⁽¹⁾</u>
Barnard Elementary School	PreK-2	733	1930,1952,1958
Columbus Elementary School	K-5	1,167	1968, 2000
Davis Elementary School	K-5	930	1952,1953,1957,1988
Jefferson Elementary School	K-5	777	1930,1970
Trinity Elementary School	K-5	1,144	1955,1958,2001
Ward Elementary School	K-5	1,570	1960,1984,1994
Webster Elementary School	K-5	789	1930,1994,1996
Albert Leonard Middle School	6-8	1,837	1960,1964
Isaac E. Young Middle School	6-8	1,548	1926,1960,2001
New Rochelle High School	9-12	3,736	1926,1930,1966,1972,1994,2005

- (1) On August 2, 2016 the District issued \$11.0 million in bond anticipation notes for the commencement of a district-wide capital improvement project. The Notes will provide additional funding for such purposes. Subject to adjustment, the District anticipates the project will be completed in 2019 and additional funds will be issued as required by the project's cash flow needs.

Source: School District Officials.

District Employees

The District provides services through 1,272 full time unionized and 20 nonunion employees. The District also employs approximately 500 part-time employees. Information concerning union membership and contract expiration dates are as follows:

<u>Number of Employees</u>	<u>Organization</u>	<u>Contract Expiration Date ⁽¹⁾</u>
50	Administrators-Supervisory Association	06-30-18
1,256	Federation of United School Employees (FUSE)	06-30-18

Source: School District Officials.

Employee Benefits

New York State Certified employees (teachers and administrators) are members of the New York State Teachers Retirement System ("TRS"). Payments to the TRS are generally deducted from State aid payments. All non-NYS certified/civil service employees of the District eligible for pension or retirement benefits under the Retirement and Social Security Law of the State of New York are members of the New York State and Local Employee's Retirement System ("ERS"). Both the TRS and ERS are non-contributory with respect to members hired prior to July 1, 1976. Other than as discussed below, all members of the respective systems hired on or after July 1, 1976 with less than 10 year's full-time service contribute 3% (ERS) or 3.5% (TRS) of their gross annual salary toward the cost of retirement programs.

On December 10, 2009 a new Tier V was signed into law. The law is effective for new ERS and TRS employees hired after January 1, 2010 and on or before April 1, 2012. Tier V ERS employees will contribute 3% of their salaries and 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 Chapter 18 of the Laws of 2012, which legislation provides for a new Tier VI for employees hired on or after April 1, 2012. The new pension tier has progressive contribution

rates between 3% and 6% with no provision for these contributions to cease after a certain period of service; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at \$15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of \$75,000 or more.

Pension reform legislation enacted in 2003 and 2004 changed the cycle of ERS billing to match budget cycles of the District. The reform legislation also 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 otherwise make a lower contribution possible.

Due to prior poor performance of the investment portfolio of TRS and ERS, the employer contribution rates for required pension contributions to the TRS and ERS in 2011 and certain subsequent years have increased. To help mitigate the impact of such increases, legislation was enacted to permit school districts to amortize a portion of the contributions to the ERS only. Under such legislation, school districts that choose to amortize will be required to set aside and reserve funds with the ERS for certain future rate increases. The District has not and does not reasonably expect to amortize such contributions.

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. 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 TRS SCO deferral plan is available to school districts for a total of seven 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. The District has not and does not reasonably expect to participate in the ERS or TRS SCO program.

Retirement Billing Procedures

TRS. TRS contributions are paid as a reduction in State aid payments due September 15, October 15 and November 15 of the succeeding fiscal year. Any deficiency or excess in TRS contributions are settled on a current basis in the month of January.

ERS. The District's contributions to ERS are due on or before February 1. Such contributions are based on salary estimates for the State fiscal year ending on March 31 of the next calendar year.

The amounts contributed to ERS and TRS for the fiscal years ended June 30, 2012 through 2016 and the amounts budgeted for the 2016-17 and 2017-18 fiscal years are as follows:

Fiscal Year Ended June 30	TRS ⁽¹⁾	ERS ⁽²⁾
2012	\$11,062,255	\$4,064,556
2013	12,143,751	4,639,910
2014	17,021,021	5,025,894
2015	18,575,494	4,831,992
2016	14,381,190	4,033,149
2017 (Budget)	13,066,849	4,210,917
2018 (Budget)	11,669,357	4,266,469

(1) Includes contribution in the General Fund and Special Aid Fund.

(2) Includes contribution in the General Fund, Special Aid Fund, School Lunch Fund, and Public Library Fund.

Source: The Audited Financial Statements and Adopted Budgets of the District.

See “Note 3-H” in the Audited Financial Statements for the year ended June 30, 2016.

Other Post Employment Benefits

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

GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement healthcare benefits and other nonpension benefits (“OPEB”). GASB 45 generally requires that employers account for and report the annual cost of the OPEB and the outstanding obligations and commitments related to OPEB in essentially the same manner as they currently do for pensions. Under previous rules, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements. Only current payments to existing retirees were recorded as an expense.

GASB 45 requires that state and local governments adopt the actuarial methodologies to determine annual OPEB costs. Annual OPEB cost for most employers will be based on actuarially determined amounts that, if paid on an ongoing basis, generally would provide sufficient resources to pay benefits as they come due.

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

GASB 45 does not require that the unfunded liabilities actually be funded, only that the District account for its unfunded accrued liability and compliance in meeting its ARC.

Actuarial valuation will be required every two years for the District. The District is in compliance with the requirements of GASB 45. The District has determined that its unfunded actuarial accrued liability (“UAAL”) for OPEB as of July 1, 2015 was \$240,235,595. For the year ended June 30, 2016, the District’s ARC was \$9,967,220 (see “Note 3-H” on page 53 of the Audited Financial Statements for the year ended June 30, 2016).

Should the District be required to fund its unfunded actuarial accrued OPEB liability, it could have a material adverse impact upon the District’s finances and could force the District to reduce services, raise taxes or both. At the present time, however, there is no current or planned requirement for the District to partially fund its actuarial accrued OPEB liability. At this time, New York State has not developed guidelines for the creation and use of reserve funds or irrevocable trusts for the funding of OPEB. The District continues funding the expenditure on a pay-as-you-go basis.

Legislation was introduced in the State Legislature to authorize local governments and other public entities to establish trusts to accumulate and disburse funds through governing board appropriation for payment of OPEB liabilities. This legislation would authorize the establishment of a trust by resolution of the local government’s governing body which would serve as the trustee (unless trustee authority is delegated to the local government’s chief fiscal officer). Trust investments would be held by the State Comptroller as sole custodian for investment in accordance with the written investment policy developed by the trustee and the written agreement between the trust and the State Comptroller. Trust funds would not be subject to local government creditor claims, and local government officers would not be subject to liability for loss on investments in the trust. The District can’t predict whether the bill will be enacted into law.

See “Note 3-H” in the Audited Financial Statements for the year ended June 30, 2016.

Source: The Audited Financial Statements for the fiscal year ended June 30, 2016.

Investment Policy

Pursuant to Section 39 of the State’s General Municipal Law, the District has an investment policy applicable to the investment of all moneys and financial resources of the District. The responsibility for the investment program has been delegated by the Board of Education to the Deputy Superintendent for who was required to establish written operating procedures consistent with the District’s investment policy guidelines. According to the investment policy of the District, all investments must conform to the applicable requirements of law and provide for: the safety of the principal; sufficient liquidity; and a reasonable rate of return.

Authorized Investments. The District has designated six banks or trust companies which are located and authorized to conduct business in the State to receive deposits of money. The District is permitted to invest in special time deposits or certificates of deposit.

In addition to bank deposits, the District is permitted to invest moneys in direct obligations of the United States of America, obligations guaranteed by agencies of the United States where the payment of principal and interest are further guaranteed by the United States of America and obligations of the State. Other eligible investments for the District include: revenue and tax anticipation notes issued by any municipality, school district or district corporation other than the District (investment subject to approval of the State Comptroller); obligations of certain public authorities or agencies; obligations issued pursuant to Section 109(b) of the General Municipal Law (certificates of participation) and certain obligations of the District but only with respect to moneys of a reserve fund established pursuant to Section 6 of the General Municipal Law. The District may also utilize repurchase agreements to the extent such agreements are based upon direct or guaranteed obligations of the United States of America. Repurchase agreements are subject to the following restrictions, among others: all repurchase agreements are subject to a master repurchase agreement; trading partners are limited to banks or trust companies authorized to conduct business in the State or primary reporting dealers as designated by the Federal Reserve Bank of New York; securities may not be substituted; and the custodian for the repurchase security must be a party other than the trading partner. All purchased obligations, unless registered or inscribed in the name of the District, must be purchased through, delivered to and held in the custody of a bank or trust company located and authorized to conduct business in the State.

Collateral Requirements. All District deposits in excess of the applicable insurance coverage provide by the Federal Deposit Insurance Act must be secured in accordance with the provisions of and subject to the limitations of Section 10 of the General Municipal Law of the State. Such collateral must consist of the “eligible securities,” “eligible surety bonds” or “eligible letter of credit” as described in the law.

Eligible securities pledged to secure deposits must be held by the depository or third party bank or trust company pursuant to written security and custodial agreements. The District’s security agreements provide that the aggregate market value of pledged securities must equal or exceed the principal amount of deposit, the agreed upon interest, if any, and any costs or expenses arising from the collection such deposits in the event of a default. Securities not registered or inscribed in the name of the District must be delivered, in a form suitable for transfer or with an assignment in blank, to the District or its designated custodial bank. The custodial agreements used by the District provide that pledged securities must be kept separate and apart from the general assets of the custodian and will not, under any circumstances, be commingled with or become part of the backing for any other deposit or liability. The custodial agreement must also provide that the custodian shall confirm the receipt, substitution or release of the collateral, the frequency of revaluation of eligible securities and the substitution of collateral when a change in the rating of a security may cause ineligibility.

An eligible irrevocable letter of credit may be issued, in favor of the District, by a qualified bank other than the depository bank. Such letters may have a term not to exceed 90 days and must have an aggregate value equal to 140% of the deposit obligations and the agreed upon interest. Qualified banks include those with commercial paper or other unsecured or short-term debt ratings within one of the three highest categories assigned by at least one nationally recognized statistical rating organization or a bank that is in compliance with applicable Federal minimum risk-based capital requirements.

An eligible surety bond must be underwritten by an insurance company authorized to do business in the State which has claims paying ability rated in the highest rating category for claims paying ability by at least two nationally recognized statistical rating organizations. The surety bond must be payable to the District in an amount equal to 100% of the aggregate deposits and the agreed interest thereon.

FINANCIAL FACTORS

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. A summary statement of revenues and expenditures for the five-year period ended June 30, 2016 can be found in Appendix B of this Official Statement. Information included in the summary has been derived from the Districts audited financial statements, but the summary itself has not been audited. As reflected in the aforementioned summaries, the District derives the bulk of its annual revenues from a tax on real property. Capital improvements are generally financed by the issuance of bonds, bond anticipation notes and the use of funds reserved for capital improvements.

Real Property Taxes

The District derives a major portion of its revenues from a tax on real property. On June 24, 2011, Chapter 97 imposes a tax levy limitation upon the municipalities, school districts and fire districts in the State, including the District. See “TAX LEVY LIMITATION LAW” in this Official Statement.

Excluding other financing sources, property taxes accounted for approximately 70.7% of General Fund revenue for the fiscal year ended June 30, 2016, while State aid accounted for approximately 15.5%. See tables below.

The following table sets forth General Fund revenue, excluding other financing sources, and real property tax revenue during the last five completed fiscal years, and the amounts budgeted for the two most recent fiscal years.

Real Property Taxes to General Fund Revenue

Fiscal Years Ended June 30:	Total General Fund Revenue ⁽¹⁾	Real Property Tax Revenue ⁽²⁾	Real Property to General Fund Revenue %
2012	\$221,307,626	\$159,929,197	72.3%
2013	226,272,168	163,081,481	72.1
2014	236,098,254	169,365,036	71.7
2015	240,954,044	174,255,322	72.3
2016	247,208,141	174,700,519	70.7
2017 (Budget) ⁽³⁾	253,685,636	179,391,595	70.1
2018 (Budget) ⁽³⁾	259,088,668	183,441,642	70.8

(1) Excludes other financing sources.

(2) Excludes STAR reimbursements (and an estimated reimbursement of \$21,051,215 for 2016-17 and 2017-18, which is based on the STAR application for the 2016-17 fiscal year. See “STAR - School Tax Exemption,” herein.

(3) The District’s 2016-17 budget was balanced without the appropriation of fund balance. Excludes \$553,820 in appropriated fund balance for the 2017-18 fiscal year.

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

State Aid

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

The following table sets forth General Fund revenue, excluding other financing sources, and State aid revenue during the last five completed fiscal years, and the amounts budgeted for the two most recent fiscal year.

State Aid to General Fund Revenue

Fiscal Year Ended June 30:	General Fund Revenue ⁽¹⁾	State Aid	State Aid to Revenue (%)
2012	\$221,307,626	\$27,020,774	12.2%
2013	226,272,168	28,936,654	12.8
2014	236,098,254	31,302,944	13.3
2015	240,954,044	34,279,826	14.2
2016	247,208,141	38,312,805	15.5
2017 (Budget) ⁽²⁾	253,685,636	41,027,994	16.2
2018 (Budget) ⁽²⁾	259,088,668	43,055,794	16.6

(1) Excludes other financing sources.

(2) The District’s 2016-17 budget was balanced without the appropriation of fund balance. Excludes \$553,820 in appropriated fund balance for the 2017-18 fiscal year.

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

In addition to the amount of State Aid budgeted annually by the District, the State makes payments of STAR aid representing tax savings provided by school districts to their taxpayers under the STAR Program (see “STAR-School Tax Exemption,” herein). The District expects to receive timely STAR aid from the State for the current fiscal year.

There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid appropriated and apportioned to the

District can be paid only if the State has such monies available therefore. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget or other circumstances including State fiscal stress. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefore.

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

Events Affecting New York School Districts

The recent history of state aid to school districts in the State for the last five years is as follows:

School district fiscal year (2013-2014): The State Legislature adopted the State budget on March 29, 2013. The budget included an increase of \$1.0 billion in State aid for school districts.

School district fiscal year (2014-2015): The State Legislature adopted the State budget on March 31, 2014. The budget included an increase of \$1.1 billion in State aid for school districts.

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 \$3,527,277.

School district fiscal year (2015-2016): The State Legislature adopted the State budget on March 31, 2015. The budget includes an increase of \$1.4 billion in State aid for school districts that is tied to changes in the teacher evaluation and tenure process. School districts were required to obtain approval of their revised teacher evaluation plans by November 15, 2015 in order to receive their allotted increase in State aid.

School district fiscal year (2016-2017): The State Legislature adopted the State budget on March 31, 2016. The budget includes an increase of \$991 million in State aid for school districts over the 2015-16 budget, \$863 million of which consists of traditional operating aid. In addition to the \$408 million of expense based aid, the Governor's budget includes a \$266 million increase in Foundation Aid and a \$189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase includes \$100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

School district fiscal year (2017-2018): The State's 2017-2018 Enacted Budget provides for school aid of approximately \$25.8 billion, an increase of \$1.1 billion in school aid spending from the 2016-2017 school year. The majority of the increases have been targeted to high need school districts. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted Budget continues to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. In addition, the State 2017-18 Enacted Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. The Legislature then will have 90 days to approve the Governor's plan.

The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing. (See also "Market Factors" herein).

Other Revenues

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

Independent Audits

The District retained the firm of PKF O'Connor Davies, LLP, Certified Public Accountants, to audit its financial statements for the fiscal year ended June 30, 2016. Appendix B, attached hereto, presents excerpts from the District's most recent audited reports covering the last five fiscal years. Appendix C contains a link to the last fiscal year audit.

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. See "The State Comptroller's Fiscal Stress Monitoring System and Compliance Reviews."

Financial Reporting and Summary of Accounting Policies

See "Note 1 - Summary of Significant Accounting Policies," in the audited financial statements for the year ended June 30, 2016.

Net Position. The District's audited statement of net position showed a total net position of \$72,060,088 at June 30, 2016. Net position is comprised of: net investment in capital assets, \$54,320,399, restricted assets, \$9,402,620, and unrestricted assets, \$8,337,069. Net position was \$60,131,187 at June 30, 2015.

Fiscal 2014-15. During 2014-15 the Districts total net position, as reflected in the financial statements, increased by \$36,783,992 (including an adjustment to the opening net position of \$19,459,050 due to the implementation of the provisions contained in GASB Statement No. 68). While the increase of \$7,156,413 in the liability recorded for other post-employment benefit obligations recorded in accordance with GASB Statement No. 45 reduced net position, this amount was more than offset by pension adjustments (pension assets, net pension liabilities and deferred inflows/outflows of resources) in the net positive amount of \$23,920,172 (exclusive of the cumulative effect of the change in accounting principle noted above) recorded in accordance with GASB Statement No. 68.

By far, the largest component of the District's net position (\$51,033,591) reflects its investment in capital assets, less any related debt used to acquire those assets that is still outstanding. The District uses these capital assets to provide services to students and consequently, these assets are not available for future spending. Although the Districts investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Those assets subject to external restrictions listed above constitute \$7,846,207 of net position and are comprised of amounts set aside for specific purposes, i.e., payments of tax certioraris, debt service, workers' compensation, etc. The remaining balance represents an unrestricted net position of \$1,251,389. Overall, the unrestricted net position increased by \$32,254,714 from the prior year, primarily from the recording of the School District's proportionate share of the net pension asset of TRS.

For further information on the Districts net position and GASB related adjustments, see the audited financial statements for the fiscal year ended June 30, 2015, herein.

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REAL PROPERTY TAXES

Assessed and Full Valuations

The following table sets forth the assessed and full valuation of taxable real property, the District's real property tax levy, including taxes levied for library purposes, and rates of tax per \$1,000 assessed valuation for the last five fiscal years.

	Real Property Tax Assessments, Rates and Collections				
	<u>Fiscal Years Ended June 30:</u>				
	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Taxable Assessed Values	\$ 234,478,070	\$ 233,699,442	\$ 266,740,126	\$ 265,591,937	\$266,981,513
STAR Exemptions	<u>37,977,196</u>	<u>37,317,738</u>	<u>34,686,138</u>	<u>34,311,728</u>	<u>31,577,322</u>
Gross Assessed Values	272,455,266	271,017,180	301,426,264	299,903,665	298,558,835
Equalization Rate ⁽¹⁾	<u>2.96%</u>	<u>2.99%</u>	<u>2.93%</u>	<u>2.93%</u>	<u>2.91%</u>
Full Values	<u>\$9,204,569,797</u>	<u>\$9,064,119,732</u>	<u>\$10,287,585,802</u>	<u>\$10,235,619,965</u>	<u>\$10,259,753,780</u>
Tax Levy ⁽²⁾					
District	\$ 163,757,175	\$ 169,590,276	\$ 173,442,207	\$ 176,435,130	\$ 179,391,595
Library	<u>4,333,995</u>	<u>4,506,755</u>	<u>4,603,500</u>	<u>4,815,408</u>	<u>4,939,483</u>
	<u>\$ 168,091,170</u>	<u>\$ 174,097,031</u>	<u>\$ 178,045,707</u>	<u>\$ 181,250,538</u>	<u>\$184,331,078</u>
Tax Rate Per \$1,000 Assessed Valuation ⁽²⁾					
District	\$ 681.83	\$ 707.23	\$ 728.68	\$ 746.40	\$750.41
Library	<u>16.58</u>	<u>16.63</u>	<u>17.26</u>	<u>18.13</u>	<u>18.50</u>
	<u>\$ 698.41</u>	<u>\$ 723.86</u>	<u>\$ 745.94</u>	<u>\$ 764.53</u>	<u>\$768.91</u>

(1) Regular State equalization rates as determined by the ORPTS.

(2) Net of STAR payments (approximately \$21.1 estimated for 2016-17). The District became responsible for levying library taxes effective for the school year ended June 30, 2004.

Source: The Joint Statement of School Taxes and the STAR Reimbursement Application Form.

Tax Collection Procedures

The real property taxes of the District are collected by the City. School taxes are due and payable in two equal installments due on October 1 and April 1, and may be paid without penalty to the end of those respective months. District taxes, including any delinquent payments, are remitted to the District by the City as they are collected. Interest accrues on delinquent taxes at a rate of 2% per month; such interest is paid to the District by the City. A 5% penalty, which is retained by the City, is added to all current school taxes unpaid as of July 20th. The City must remit to the District any school taxes which remain unpaid two years after the date on which the District certifies the unpaid taxes to the City. The STAR Reimbursement Application Form is submitted to the ORPTS is completed in the fall of each year.

The District is responsible for the taxes levied for the New Rochelle Public Library (the “Library”) and pays the full amount of such taxes to the Library on or before June 30th each year. District officials indicate that the Library receives 50% of its taxes in November and 50% in May.

The following table sets forth the amount of the annual real property tax levy and the current tax collection record of the District for the five most recently completed fiscal years.

Fiscal Years Ended June 30:	Tax Levy ⁽¹⁾	Current Taxes Collected	Percentage Collected
2012	\$164,284,193	\$161,718,215	98.44%
2013	168,091,170	164,656,915	97.96
2014	174,097,031	170,303,152	97.82
2015	178,375,534	173,288,251	97.15
2016	176,435,160	N/A	N/A
2017 ⁽¹⁾	179,391,595	N/A	N/A

(1) Net of STAR estimated payments (approximately \$21.1 million for 2016-17).

Source: School District Officials.

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 in full by the State for real property taxes exempted pursuant to the STAR program on or before the first business day of January in each year.

Based on the 2015-16 STAR reimbursement application, approximately 10.5% of the District’s 2016-17 school tax levy was expected to be exempted by the STAR program. In connection with the 2016-17 fiscal year the District applied for a STAR reimbursement of \$21,051.215 (see “State Aid” herein).

Ten of the Largest Taxpayers

Larger Taxpayers (For the Collection of 2015-2016 Taxes)

Name	Property Use	Assessed Valuation	% Total Assessed Valuation ⁽¹⁾
Consolidated Edison Company	Public Utility	\$10,602,698	3.54%
NEW ROC Associates LP	Entertainment	2,172,491	0.72
United Water Company	Public Utility	1,757,391	0.59
Harbor One Company	Apartment Bldg.	1,457,350	0.49
HD Development of Maryland	Retail Services	780,000	0.26
Palmer-Petersville Leopold LP	Retail Services	727,900	0.24
GHP 145 Huguenot Delaware LLC	Office Building	725,000	0.24
Costco Wholesale Corporation	Retail	693,550	0.23
210-220-230 Owners Corp.	Apartment Bldg.	661,500	0.22
Joyce Road E&A LLC	Retail	655,000	0.22
Total		\$20,232,880	6.75%

(1) Total gross assessed valuations of the District are \$299,903,665 for the fiscal year ending June 30, 2016.

Source: The City of New Rochelle Assessors Office and 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 contract indebtedness. Such constitutional and statutory limitations include the following, in summary form, and are generally applicable to the District:

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

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

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

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, the Tax Levy Limitation Law imposes a statutory limitation on the power of the District to increase its annual tax levy. The law also provides a procedural method to override that limitation. (See "TAX LEVY LIMITATION LAW" in this Official Statement).

Statutory Procedure

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

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

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

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

Debt Contracting Limitation and Power

The ORPTS annually establishes State equalization rates applicable to all municipalities and school districts in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization ratios are used in the calculation and distribution of certain State aid and in the calculation of tax and debt contracting limitations. The District is not subject to a tax limitation but is subject to a debt limit, as noted above. See “Tax Levy Limitation Law” herein.

The City determines real property assessments for City and District purposes while the State determines the assessed valuation of special franchises and the taxable ceiling of railroad property. Special franchises include assessments on certain specialized equipment of utilities under, above, upon or through public streets or public places.

In response to a judicial decision requiring a reduction in the proposed tax levies of certain affected cities and school districts of the State (including the District) for the fiscal year 1978-1979, the State Legislature authorized special State equalization ratios to be used in the computation of tax levying (no longer in effect) and debt contracting limitations for those affected entities. Such special State equalization ratios have been determined in accordance with the procedures set forth in Article 12-B of the Real Property Tax Law.

The following table sets forth the current debt contracting limitation for the District. Special State equalization ratios were used to determine the District's debt limit.

**Computation of Constitutional
Debt Contracting Limitation
As of June 16, 2017**

<u>Fiscal Years Ended June 30:</u>	<u>Year of Assessment Roll:</u>	<u>Assessed Valuation</u>	<u>Special State Equalization Ratio ⁽¹⁾</u>	<u>Full Valuations</u>
2013	2012	\$272,455,266	3.13%	\$8,704,641,086
2014	2013	271,017,180	3.04	8,915,038,816
2015	2014	301,426,264	3.02	9,981,002,119
2016	2015	299,903,665	3.08	9,737,131,981
2017	2016	299,903,665	3.14	9,551,072,134
				<u>\$ 46,888,886,136</u>
Total Five Year Average Full Valuation				<u>9,377,777,227</u>
Constitutional Debt Limit (5%)				<u><u>\$ 468,888,861</u></u>

(1) Special State Equalization Rates established by the ORPTS.

Note: The District's debt contracting limitation would be approximately \$491.1 million if regular State equalization rates were used in the calculation of the District's debt limit.

Statutory Debt Limit and Net Indebtedness

Statutory Debt Limit and Net Indebtedness As of June 16, 2017

	<u>Amount</u>	<u>Percentage of Debt Limit</u>
Debt Contracting Limitation: Five Per Centum of Five-Year Average Full Valuation ⁽¹⁾	<u>\$ 468,888,861</u>	<u>100.00%</u>
Gross Debt:		
Serial Bonds:		
Original Issue ⁽²⁾	39,675,000	8.46
Bond Anticipation Notes	12,290,684	2.62
Tax Anticipation Notes	<u>12,000,000</u>	<u>2.56</u>
Total Gross Debt	<u>63,965,684</u>	<u>13.64</u>
Less Exclusions and Deductions: ⁽³⁾		
Appropriations to Pay Principal Debt	<u>-0-</u>	<u>0.00</u>
Total Exclusions	<u>-0-</u>	<u>0.00</u>
Net Indebtedness	<u>63,965,684</u>	<u>13.64</u>
Debt Contracting Margin	<u>\$404,923,177</u>	<u>86.36%</u>

- (1) Based on Special State Equalization Rates as established by the ORPTS. The District's debt contracting limitation would be approximately \$491.0 million if regular State equalization rates were used in the calculation of the District's debt limit.
- (2) Debt excludes energy performance contract debt of \$12,541,691 as of June 16, 2017. Payments will be made semi-annually through the 2030 fiscal year.
- (3) State law makes no provision for deducting State School Building Aid to determine the debt contracting power of a city school district. Based on current State aid data, the District estimates it will receive approximately \$13.3 million in such State building aid.

Short-Term Indebtedness

The District may issue tax anticipation notes and revenue anticipation notes to provide cash to finance cash flow deficits. Historically, the District has not utilized revenue anticipation notes ("RAN") but did issue a \$3,300,000 RAN in June 2003 due to delays in State aid. To date, no such borrowings were required by delays in State aid during the 2014-15 fiscal year. Borrowings for this purpose are restricted by formulas contained in the Local Finance Law and the Internal Revenue Code of 1986 (the "Code") and the Regulations thereunder. Such notes may be renewed from time to time generally not beyond three years in the case of revenue anticipation notes and five years for tax anticipation notes. Budget notes may be issued to finance current operating expenditures for which there is no appropriation or the amount appropriated therefor is not sufficient. Generally, the amount of budget notes issued may not exceed 5% of the budget and must be redeemed in the next fiscal year.

Tax Anticipation Notes

In common with other school districts in the State, the District periodically borrows in anticipation of the receipt of its real property tax levy. Historically, the District has paid all notes on their due date and such notes have been paid by the end of the fiscal year.

The following table is a history of the District's tax anticipation note borrowings during the last five completed fiscal years and the current fiscal year (as of June 16, 2017):

<u>Fiscal Years Ended June 30:</u>	<u>Balance July 1:</u>	<u>Amount Issued</u>	<u>Amount Paid</u>	<u>Balance June 30:</u>
2012	\$ -0-	\$13,500,000	\$13,500,000	\$ -0-
2013	-0-	13,500,000	13,500,000	-0-
2014	-0-	13,500,000	13,500,000	-0-
2015	-0-	13,000,000	13,000,000	-0-
2016	-0-	5,000,000	5,000,000	-0-
2017 ⁽¹⁾	-0-	12,000,000	N/A ⁽¹⁾	N/A

(1) As of June 16, 2017, the District has \$12,000,000 in outstanding tax anticipation notes. Such notes were issued on September 14, 2016 and will mature on June 29, 2017.

The District is in the process of reviewing its cash flow in connection with the 2017-18 fiscal year and has yet to determine if a tax anticipation borrowing will be necessary. If such a borrowing does occur it would be expected to be in similar amount and timeline to previous issues.

Bond Anticipation Notes

Pursuant to the Local Finance Law, the District is authorized to issue short-term indebtedness, in the form of notes as specified by such statute, to finance both capital and operating purposes.

As of June 16, 2017, the District has \$12,290,684 in outstanding bond anticipation notes. Such notes were issued for the purpose of general improvements to the New Rochelle Public Library (\$790,684), improvements to the New Rochelle Public Library HVAC system (\$500,000), and for the commencement of a district-wide capital improvement project (\$11,000,000). The outstanding bond anticipation notes correlating to the district-wide capital improvements will mature on July 14, 2017. The Series A Notes will be provide funding for the renewal of such notes along with \$27 million to continue wok o the project. (see "Authorized and Unissued Debt," herein).

Trend of Capital Indebtedness

The following table provides information relating to the outstanding bonded indebtedness of the District for the years ended June 30, 2012 through 2016. Refunded debt and energy performance contract debt has been excluded.

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Bonds	<u>\$67,060,000</u>	<u>\$60,190,000</u>	<u>\$55,514,526</u>	<u>\$53,570,000</u>	<u>\$46,555,000</u>

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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 the City and County, including certain special County districts. Such taxpayers' share of overlapping debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The following table presents the amount of overlapping debt and the District's share of this debt as of the dates provided. Authorized but unissued debt has not been included.

Statement of Direct and Overlapping Indebtedness As of June 16, 2017

Gross Direct Indebtedness	\$ 63,965,684
Exclusions and Deductions	<u>-0-</u>
Net Direct Indebtedness ⁽¹⁾	<u>\$ 63,965,684</u>

<u>Overlapping Units</u>	<u>Date of Report</u>	<u>Net Indebtedness</u>	<u>Percentage Applicable</u>	<u>Applicable Net Indebtedness</u>
Westchester County ⁽²⁾ (General and Sewer):	12-31-15	\$1,079,243,418	5.93% ⁽³⁾	\$ 63,999,135
City	02-16-16	67,435,370	100.00	<u>67,435,370</u>
				<u><u>\$131,434,505</u></u>

(1) Excludes energy performance contract debt.

(2) Excludes: Water Debt (\$10,107,677) and Refuse Debt (\$14,205,910).

(3) Computed based upon the ratio of the taxable full valuation of the City of New Rochelle to the County for 2013.

Source: Official Statements obtained from the Municipal Securities Rulemaking Board.

Debt Ratios

The following table presents certain debt ratios relating to the District's debt. Energy performance contract debt has been excluded. The effects of State school building aid, estimated to be approximately \$12.8 million, are not reflected in the following ratios.

	<u>Amount</u>	<u>Debt Per Capita ⁽¹⁾</u>	<u>Ratio to Estimated Full Value of Taxable Property ⁽²⁾</u>
Net Direct Debt	\$ 63,965,684	\$ 807	0.62%
Net Direct and Overlapping Debt	195,400,189	2,464	1.90

(1) The population of the City (coterminous with the District) is 79,280 according to estimated data obtained from the US Census Bureau (American Community Survey – 5 Year Estimate).

(2) The District's full value of taxable property, computed with regular state equalization rates, for fiscal 2016-17 is \$10,305,967,869 (See "Real Property Taxes" herein).

Authorized and Unissued Debt

On March 29, 2016, the Board adopted a bond resolution in the amount of \$106,479,575, authorizing the reconstruction and construction of improvements to various buildings, including equipment, furnishings, machinery and apparatus, as well as site improvements and incidental costs related thereto. Subsequently, on May 17, 2016 the capital project was approved by District voters. On August 3, 2016 the District issues \$11,000,000 in bond anticipation notes which provided original financing for the commencement of the project. The Series A Notes will provide \$55,000,000 in additional financing. The District anticipates the full amount of the authorization will be utilized and additional debt obligations are expected to be issued annually in accordance to the cash flow requirements of the project. Although subject to adjustment, the project cash flow indicates work will be completed during the fall of 2019.

Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness. The calculation excludes energy performance contract debt (\$12,541,691 outstanding principal as of June 16, 2017).

Years Ending June 30:	Principal	Interest	Total	Cumulative % Principal Paid
2017 ⁽¹⁾	\$ 6,880,000	\$ 1,634,988	\$ 8,514,988	14.78%
2018	7,155,000	1,318,776	8,473,776	30.15
2019	7,425,000	982,426	8,407,426	46.10
2020	7,690,000	677,613	8,367,613	62.61
2021	3,105,000	496,051	3,601,051	69.28
2022	3,180,000	404,701	3,584,701	76.11
2023	3,235,000	311,201	3,546,201	83.06
2024	3,315,000	213,207	3,528,207	90.18
2025	3,400,000	110,338	3,510,338	97.49
2026	85,000	45,713	130,713	97.67
2027	90,000	42,950	132,950	97.86
2028	95,000	39,800	134,800	98.07
2029	95,000	36,000	131,000	98.27
2030	100,000	32,200	132,200	98.49
2031	105,000	28,200	133,200	98.71
2032	110,000	24,000	134,000	98.95
2033	115,000	19,600	134,600	99.19
2034	120,000	15,000	135,000	99.45
2035	125,000	10,200	135,200	99.72
2036	130,000	5,200	135,200	100.00
Total	\$ 46,555,000	\$ 6,448,164	\$ 53,003,164	

(1) As of June 16, 2017, the District has paid \$6,880,000 in principal and \$1,634,988 million in interest for serial bond payments due in the fiscal year ending June 30, 2017.

ECONOMIC AND DEMOGRAPHIC DATA

Population

The following table sets forth population statistics for the City, the County and the State.

	<u>Population</u>			<u>% Change</u>	
	<u>2000</u>	<u>2010</u>	<u>2015</u>	<u>2000-2010</u>	<u>2010-2015</u>
City	72,182	77,062	79,027	6.8%	2.5%
County	923,459	949,113	967,315	2.8	1.9
State	18,976,457	19,378,102	19,673,174	2.1	1.5

Source: U.S. Department of Commerce, Bureau of the Census.

Income

Income levels for the City are below the County as a whole but have consistently exceeded those of the State. Median family income in 2015 for City residents was approximately 24.5% above the levels recorded for the entire State of New York.

Per Capita Money Income **2015**

	<u>2015</u>
City	\$41,485
County	48,885
State	33,236

Source: The U.S. Department of Commerce, Bureau of the Census.

Median Income of Families **2015**

	<u>Median</u> <u>Income</u>	<u>Income Groups - % of Families</u>				
		<u>Under</u> <u>\$25,000</u>	<u>\$25,000</u> <u>-49,999</u>	<u>\$50,000</u> <u>-74,999</u>	<u>\$75,000</u> <u>-99,999</u>	<u>\$100,000</u> <u>Or More</u>
City	\$ 89,547	10.1%	20.0%	13.6%	9.9%	46.4%
County	108,108	9.7	14.0	12.3	10.4	53.6
State	71,913	16.0	19.1	16.8	13.2	34.9

Source: The U.S. Department of Commerce, Bureau of the Census.

Employment

Civilian employment levels are not compiled for the District, but are available for the City, County and State.

Average Employed Civilian Labor Force 2000 - 2016

	2000	2010	2016	% Change	
				2000-2010	2010-2016
City	34,700	35,600	37,100	2.6%	4.2%
County	445,400	441,900	459,000	(0.4)	3.9
State	8,718,700	8,769,700	9,121,300	0.6	4.0

Source: The New York State Department of Labor.

Unemployment rates are not compiled for the District, but are available for the City, County and State.

Average Unemployment Rates

Year	City	County	State	United States
2012	8.3%	7.3%	8.5%	8.1%
2013	7.0	6.3	7.7	7.4
2014	5.8	5.1	6.3	6.2
2015	5.3	4.6	5.3	5.3
2016	4.8	4.2	4.8	4.9
2017 ⁽¹⁾				
Jan	5.8	4.5	4.9	5.1
Feb	6.1	4.8	5.0	4.9
Mar	5.3	4.1	4.4	4.6
Apr	4.8	4.1	4.2	4.1

(1) Monthly Rates.

Source: New York State Labor Department and U.S. Bureau of Labor Statistics.

Major Private Sector Employers in the County

Name of Business	Nature of The Business
* Consolidated Edison	Utility services
Energy Nuclear Northeast	Energy Provider
* IBM Corporation	Computer products and research services
ITT Corp	Water and fluid management
* MasterCard	Financial services
Pace University	Private university
* Pepsico, Inc.	Soft drinks and snack foods
Regeneron Pharmaceuticals Inc.	Pharmaceuticals
St. John's Riverside Hospital	Hospital and health care services
Westchester Medical Center	Hospital and health care services
White Plains Hospital	Hospital and health care services

* Headquarters or major branch operations in Westchester.

Source: Official Statement of Westchester County, dated April 1, 2016. Compiled by the Westchester Business Journal as of February 2016.

Development Activities

The City of New Rochelle is ready to embark upon a bold and ambitious multi-stage transformation that will be the largest economic undertaking in the City's 325 year history. This New Rochelle Redevelopment Action plan includes goals that could result in roughly one million square feet of retail and restaurant space in the core downtown area, with over two million square feet of office space, up to 5,500 residential units and a mix of hotel rooms, adult care and independent living units, cultural attractions and significantly expanded parking.

The plan includes retrofitting vacant buildings for productive re-use; increasing the City's tax base; generating jobs and career opportunities to help retain current residents and attract new ones; leveraging Metro North's plan to run trains from New Rochelle to both Grand Central Station and Penn Station, making New Rochelle the only Westchester County community to do so; integrating innovative downtown parking solutions; and incorporating sustainable, yet economical, smart growth elements where feasible.

The City has partnered with RDRXR Realty LLC as the project's master developer. A joint venture between two of the region's most prominent real estate development companies --- Renaissance Downtowns and RXR Realty --- RDRXR was selected in October 2014 from a group of qualified developers that responded to the City's requirements for turning development goals and objectives into reality. To date, an action plan resulting in comprehensive zoning changes to allow for this development has been approved by the City Council and the City is entertaining proposals to achieve these goals.

Source: Official Statement of the City of New Rochelle, Westchester County, dated March 3, 2016 (obtained from the Electronic Municipal Market Access website, ("EMMA").

END OF APPENDIX A

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APPENDIX B

UNAUDITED SUMMARY OF FINANCIAL STATEMENTS AND BUDGETS

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CITY SCHOOL DISTRICT OF THE CITY OF NEW ROCHELLE
GENERAL FUND
BALANCE SHEET
UNAUDITED PRESENTATION

AS OF JUNE 30:

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
ASSETS					
Cash And Equivalents	\$ 34,748,830	\$ 33,055,835	\$ 34,496,169	\$ 36,993,558	\$ 31,193,620
Receivables:					
Taxes	5,538,252	5,773,702	5,452,575	5,156,772	4,050,108
Accounts	3,166,193	6,804,114	11,968,477	18,623,901	25,668,966
State and Federal Aid	2,524,356	2,833,671	4,290,214	4,280,214	4,779,753
Due From Other Governments (Net)	3,745,391	4,414,677	5,998,290	6,910,177	9,963,243
Due From Other Funds	5,131,982	1,950,393	990,522	678,832	4,073,931
Prepaid Expenditures	<u>1,548,711</u>	<u>1,751,462</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Assets	<u>\$ 56,403,715</u>	<u>\$ 56,583,854</u>	<u>\$ 63,196,247</u>	<u>\$ 72,643,454</u>	<u>\$ 79,729,621</u>
LIABILITIES AND FUND BALANCE					
Liabilities:					
Accounts Payable	\$ 6,724,058	\$ 6,179,100	\$ 7,199,814	\$ 6,725,967	\$ 6,469,836
Accrued Liabilities	14,139,490	14,561,879	15,691,277	16,496,072	16,267,771
Due To Other Funds	2,750,234	3,987,667	6,902,149	8,900,869	17,089,288
Due To Other Governments	0	0	0	1,357,280	1,854,677
Due To Retirement System	13,069,782	14,230,196	19,015,183	20,696,103	16,177,142
Deferred Tax Revenues	4,296,892	4,448,031	0	0	0
Unearned Revenues	<u>70,895</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities	<u>41,051,351</u>	<u>43,406,873</u>	<u>48,808,423</u>	<u>54,176,291</u>	<u>57,858,714</u>
Deferred Inflows of Resources					
Deferred Tax Revenue	<u>0</u>	<u>0</u>	<u>4,309,611</u>	<u>3,402,470</u>	<u>3,022,036</u>
Total Liabilities And Deferred Inflows Of Resources	<u>41,051,351</u>	<u>43,406,873</u>	<u>53,118,034</u>	<u>57,578,761</u>	<u>60,880,750</u>
Fund Balance:					
Nonspendable	1,548,711	1,751,462	0	0	0
Restricted	2,831,122	2,845,278	257,880	5,166,282	6,613,330
Assigned	6,181,910	4,812,072	3,830,824	2,374,232	2,109,075
Unassigned	<u>4,790,621</u>	<u>3,768,169</u>	<u>5,989,509</u>	<u>7,524,179</u>	<u>10,126,466</u>
Total Fund Balance	<u>15,352,364</u>	<u>13,176,981</u>	<u>10,078,213</u>	<u>15,064,693</u>	<u>18,848,871</u>
Total Liabilities and Fund Balance	<u>\$ 56,403,715</u>	<u>\$ 56,583,854</u>	<u>\$ 63,196,247</u>	<u>\$ 72,643,454</u>	<u>\$ 79,729,621</u>

The financial data presented on this page has been excerpted from the audited financial statements of the District. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

CITY SCHOOL DISTRICT OF THE CITY OF NEW ROCHELLE
GENERAL FUND
STATEMENT OF REVENUES, EXPENDITURES
UNAUDITED PRESENTATION

FOR THE FISCAL YEARS ENDED JUNE 30:

	2012	2013	2014	2015	2016
REVENUES:					
Real Property Taxes	\$ 159,929,197	\$ 163,081,481	\$ 169,365,036	\$ 174,252,322	\$ 174,700,519
Other Tax Items	24,363,393	24,900,991	25,066,211	23,749,886	24,538,213
Non-Property Taxes	3,230,074	3,201,572	3,506,953	3,335,025	3,382,159
Charges For Services	2,302,853	2,900,798	4,291,846	2,584,961	4,177,165
Use Of Money And Property	662,155	291,831	178,520	735,209	254,401
Sale Of Property And Compensation For Loss	183,141	332,238	252,157	56,399	51,069
State Aid	27,020,774	28,936,654	31,302,944	34,279,826	38,312,805
Federal Aid	174,901	298,824	97,969	50,775	170,285
Miscellaneous	3,441,138	2,327,779	2,036,618	1,909,641	1,621,525
Total Revenues	<u>221,307,626</u>	<u>226,272,168</u>	<u>236,098,254</u>	<u>240,954,044</u>	<u>247,208,141</u>
EXPENDITURES:					
Current:					
General Support	28,857,503	26,878,809	28,851,095	29,160,545	29,733,657
Instruction	125,559,485	130,291,231	133,939,808	131,638,703	133,943,839
Pupil Transporttation	11,901,463	12,278,347	12,163,542	12,317,385	12,299,085
Community Service	48,622	49,883	0	0	823
Employee Benefits	45,614,669	48,222,762	54,297,883	56,716,203	53,216,952
Debt Service	10,619,441	9,792,244	9,460,675	9,438,380	9,703,186
Total Expenditures	<u>222,601,183</u>	<u>227,513,276</u>	<u>238,713,003</u>	<u>239,271,216</u>	<u>238,897,542</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>(1,293,557)</u>	<u>(1,241,108)</u>	<u>(2,614,749)</u>	<u>1,682,828</u>	<u>8,310,599</u>
OTHER FINANCING SOURCES (USES):					
Bonds Issued	0	0	0	5,000,000	0
Operating Transfers - In	172,456	11,048	500,000	0	0
Operating Transfers - Out	(1,456,627)	(945,323)	(984,019)	(1,696,348)	(4,526,421)
Total Other Financing Sources (Uses)	<u>(1,284,171)</u>	<u>(934,275)</u>	<u>(484,019)</u>	<u>3,303,652</u>	<u>(4,526,421)</u>
Net Change In Fund Balance	<u>(2,577,728)</u>	<u>(2,175,383)</u>	<u>(3,098,768)</u>	<u>4,986,480</u>	<u>3,784,178</u>
Fund Balance - Beginning of Year	17,930,092	15,352,364	13,176,981	10,078,213	15,064,693
Change In Accounting Principle	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Fund Balance - End of Year	<u>\$ 15,352,364</u>	<u>\$ 13,176,981</u>	<u>\$ 10,078,213</u>	<u>\$ 15,064,693</u>	<u>\$ 18,848,871</u>

The financial data presented on this page has been excerpted from the audited financial statements of the District. Such presentation, however, has not been audited. Complete copies of the District's audited financial statements are available upon request to the District.

THE CITY OF NEW ROCHELLE CITY SCHOOL DISTRICT
GENERAL FUND
STATEMENT OF ESTIMATED REVENUES AND APPROPRIATIONS

	<u>Adopted Budget 2016-17</u>	<u>Adopted Budget 2017-18</u>
ESTIMATED REVENUES:		
Real Property Taxes	\$ 200,442,810	\$ 204,441,642
Real Property Tax Items	2,600,000	1,161,113
Non-Property Tax Items	3,375,000	3,415,980
Charges For Services	3,025,000	3,460,682
Use Of Money & Property	210,000	538,316
Sale of Property And Compensation For Loss	81,000	131,640
Interfund Revenue	275,000	275,000
State Aid (1)	41,027,994	43,055,794
Federal Aid	400,000	500,000
Miscellaneous	<u>2,248,832</u>	<u>2,108,501</u>
TOTAL ESTIMATED REVENUES	<u>253,685,636</u>	<u>259,088,668</u>
APPROPRIATED FUND BALANCE	<u>0</u>	<u>533,820</u>
TOTAL ESTIMATED REVENUES AND APPROPRIATED FUND BALANCE	<u>\$ 253,685,636</u>	<u>\$ 259,622,488</u>
APPROPRIATIONS:		
General Support	\$ 28,783,746	\$ 29,260,802
Instruction	140,916,718	143,472,341
Pupil Transportation	13,205,612	13,206,829
Community Services	2,469	2,469
Employee Benefits	55,720,020	58,016,871
Debt Service	9,844,486	10,009,551
Interfund Transfers	<u>5,212,585</u>	<u>5,653,625</u>
TOTAL APPROPRIATIONS	<u>\$ 253,685,636</u>	<u>\$ 259,622,488</u>

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APPENDIX C

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

**Can be accessed on the Electronic Municipal Market Access (“EMMA”) website
of the Municipal Securities Rulemaking Board (“MSRB”)
at the following link:**

<https://emma.msrb.org/EP968365-EP751372-EP1152967.pdf>

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

*** Such Financial Statements and opinion are intended to be representative only as of the
date thereof. PKF O'Connor Davies, LLP, Certified Public Accountants has not been
requested by the District to further review and/or update such Financial Statements or
opinion in connection with the preparation and dissemination of this Official Statement.**

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