OFFICIAL STATEMENT

NEW ISSUE **SERIAL BONDS**
S&P GLOBAL: Underlying "A+" (Stable Outlook) **See "BOND RATING" herein**
Insured "AA" (Stable Outlook)**

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel, under existing law (1) interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes and is not an "item of tax preference" for the purposes of the individual alternative minimum tax imposed by the Internal Revenue Code of 1986, as amended (the "Code"), except that the School District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance thereof, and (2) interest on the Bonds 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 the caption "TAX MATTERS" herein.

The Bonds will be designated, or deemed designated as, "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

$7,039,381

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

HERKIMER AND ONEIDA COUNTIES, NEW YORK

GENERAL OBLIGATIONS

$7,039,381 School District (Serial) Bonds, 2018

(referred to herein as the "Bonds")

Dated: June 12, 2018 **Due: June 1, 2019-2033**

MATURITIES**
CUSIP BASE # 951716

Year	Amount	Rate	Yield	CSP	Year	Amount		Rate	Yield	CSP	Year	Amount		Rate	Yield	CSP
2019	$394,381	2.750%	1.700%	FF1	2024	$430,000		3.000%	2.300%	FL8	2029	$510,000	*	3.000%	2.900%	FR5
2020	395,000	2.875%	1.850%	FG9	2025	445,000		3.000%	2.500%	FM6	2030	525,000	*	3.000%	3.000%	FS3
2021	405,000	3.000%	2.000%	FH7	2026	460,000		3.000%	2.600%	FN4	2031	540,000	*	3.000%	3.050%	FT1
2022	410,000	3.000%	2.050%	FJ3	2027	475,000	*	3.000%	2.700%	FP9	2032	560,000	*	3.000%	3.100%	FU8
2023	420,000	3.000%	2.150%	FK0	2028	490,000	*	3.000%	2.800%	FQ7	2033	580,000	*	3.125%	3.125%	FV6

* The Bonds maturing in the years 2027-2033 are subject to redemption prior to maturity. See "Optional Redemption" herein.
** The scheduled payment of principal and interest on the Bonds when due will be guaranteed under a municipal bond insurance policy to be issued concurrently with the delivery of the Bonds by **Build America Mutual Assurance Company**.

BAM
BUILD AMERICA MUTUAL

The Bonds are general obligations of the West Canada Valley Central School District, Herkimer and Oneida Counties, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount. See "Description of the Bonds" herein.

The Bonds will be issued as registered bonds and, when issued, will be registered in the name of Cede & Co., as nominee of the Depository Trust Company ("DTC"), which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of $5,000 each or integral multiples thereof., except for one necessary odd denomination maturing in 2019. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on Bonds will be payable on December 1, 2018 and semi-annually thereafter on June 1 and December 1 in each year until maturity (or early redemption). Principal and interest will be paid by the District to DTC, which in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds, as described herein. The Bonds may not be converted into coupon bonds or be registered to bearer.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of an unqualified legal opinion as to the validity of the Bonds of Barclay Damon LLP, Bond Counsel, Albany, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in Jersey City, New Jersey, or as otherwise may be agree upon with the purchaser, on or about June 12, 2018.

May 24, 2018

THE REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE DISTRICT DATED MAY 16, 2018 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLDUING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER, THE REVISONS TO THE SECTIONS ENTITLED "PURPOSE AND AUTHORIZATION" AND "BOND RATING" AND "MISCELLANEOUS" AND THE ADDITION OF "APPENDIX E", THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

ROOSEVELT & CROSS, INC. AND ASSOCIATES

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT
HERKIMER AND ONEIDA COUNTIES, NEW YORK

2017-18 BOARD OF EDUCATION

Shawn Schultz - President
Melissa Bolton - Vice President

Jessica Bartlett
Charles Gage
Roger Kemler
Janine Lynch
Karen Murphy

Donald J. Shepardson - Superintendent of Schools
Kelley Crossett – Business Manager/Treasurer
Karen Sheets - District Clerk
Girvin & Ferlazzo, P.C. – Local Attorney

BOND COUNSEL

BARCLAY DAMON LLP

MUNICIPAL ADVISOR

R. G. Timbs, Inc.
New Hartford, NY

No person has been authorized by the School District 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 Bonds 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 School District

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PREPARED WITH THE ASSISTANCE OF:

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R.G. TIMBS INC.

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OFFICIAL STATEMENT

of the

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT
HERKIMER AND ONEIDA COUNTIES, NEW YORK
Relating To
$7,039,381 School District (Serial) Bonds, 2018

This Official Statement, which includes the cover page, has been prepared by the West Canada Valley Central School District, Herkimer and Oneida Counties, New York in connection with the sale by the School District of $7,039,381 aggregate principal amount of School District (Serial) Bonds, 2018 (herein referred to as the "Bonds").

The factors affecting the School District's financial condition and the Bonds are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the School District tax base, revenues, and expenditures, this Official Statement should read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

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

Description of the Bonds

The Bonds are general obligations of the School District, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State of New York (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the School District is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, without limitation as to rate or amount.

The Bonds will be dated June 12, 2018 and mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under the heading "Optional Redemption" hereunder. The "Record Date" of the Bonds will be the fifteenth day of the calendar month preceding each such interest payment date.

The Bonds will be issues as registered bonds and, when issued will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York, which will act as Securities Depository for the Bonds. Individual purchases will be made in book-entry only form, in the principal amount of $5,000 or integral multiples thereof, except one Bond of an odd denomination maturing in 2019. Purchasers will not receive certificates representing their ownership interest in the Bonds. Principal and Interest will be paid by the School District to the Securities Depository, which will in turn remit such principal and interest to its Participants for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. The Bonds bear interest from June 12, 2018, with interest thereon payable on December 1, 2018 and semi-annually thereafter on June 1 and December 1.

Optional Redemption

The Bonds maturing on or before June 1, 2026 will not be subject to redemption prior to maturity. The Bonds maturing on or after June 1, 2027 will be subject to redemption prior to maturity as a whole or in part (selected at random if less than all of a maturity is to be redeemed) at the option of the District on June 1, 2026 or any date thereafter at par (100%), plus accrued interest to the date of redemption.

If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the District at random (by lot or in any other customary manner of selection as determined by the President of the Board of Education). Notice of such call for redemption shall be given by mailing such notice to the registered owners of the Bonds not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

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Purpose and Authorization

The Bonds are issued pursuant to the Constitution and statutes of the State of New York, including among other things, the Education Law and Local Finance Law, and pursuant to a bond resolution that was adopted by the Board of Education of the District on January 11, 2016 authorizing the issuance of $7,500,000 of serial bonds of the District to pay the cost of the construction of improvements, and the partial reconstruction of, various District buildings and sites. The District plans to use EXCEL aid in the amount of $460,619 to partially fund the project.

Proceeds of the Bonds in the amount of $6,960,000 will be used to redeem and retire a $6,960,000 outstanding bond anticipation note of the District maturing June 14, 2018 that was issued to fund the aforementioned project. The remaining portion of the proceeds of the Bonds in the amount of $79,381 will provide new monies for the aforementioned project.

Book-Entry Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds will be issued as fully-registered securities registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC.

DTC, the world's largest depository, is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments from over 100 countries that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities, through electronic computerized book-entry transfers and pledges between Direct Participants' accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation ("DTCC"). DTCC is the holding company for DTC, National Securities Clearing Corporation and Fixed Income Clearing Corporation, all of which are registered clearing agencies. DTCC is owned by the users of its regulated subsidiaries. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly ("Indirect Participants"). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or

Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bond is discontinued.

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

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time. Beneficial Owners of Bonds may wish to take certain steps to augment the transmission to them of notices of significant events with respect to the Bonds, such as redemptions, tenders, defaults, and proposed amendments to the Bond documents. For example, Beneficial Owners of Bonds may wish to ascertain that the nominee holding the Bonds for their benefit has agreed to obtain and transmit notices to Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

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

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

The District may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered 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 DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO DTC, THE DIRECT PARTICIPANTS, THE INDIRECT PARTICIPANTS OF DTC OR THE BENEFICIAL OWNERS WITH RESPECT TO (1)

THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC; (2) THE PAYMENT BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY AMOUNT DUE TO ANY BENEFICIAL OWNER IN RESPECT OF THE PRINCIPAL AMOUNT OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

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

Certificated Bonds

In the event the book-entry-only system is discontinued the following provisions will apply: The Bonds will be issued registered form in denominations of $5,000 each or integral multiples thereof for any single maturity, except one Bond of an odd denomination maturing in 2019. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State of New York to be named as fiscal agent by the School District upon termination of the book-entry-only system. Interest on the Bonds will remain payable on December 1, 2018 and semi-annually thereafter on June 1 and December 1, in each year to maturity. Interest on the Bonds will be payable by check or draft mailed by the fiscal agent to the registered owners of the Bonds, as shown on the registration books of the School District maintained by the fiscal agent as of the close of business on the Record Date, being the fifteenth day of the calendar month preceding each interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner for Bonds of the same maturity or any other authorized denomination or denominations in the same aggregate principal amount in the manner described on the Bonds and as referenced in certain proceedings of the School District referred to therein.

The District

General Information

The West Canada Valley School District is in the Towns of Fairfield, Herkimer, Manheim, Newport, Norway and Schuyler in Herkimer County and the Town of Deerfield in Oneida County. The District covers approximately 112 square miles and has an estimated population of 4,614 (Source: 2015 U.S. Census Bureau estimate). The School is located on an 88-acre campus approximately mid-way between the Villages of Middleville and Newport.

The School District is primarily a rural area, with some residents employed in agriculture. Other residents also commute to the Herkimer and Utica areas for employment. Opportunities for higher education are available nearby at the Herkimer County and Mohawk Valley Community Colleges, Utica College, and SUNY Institute of Technology.

The Villages of Middleville and Newport provide public water to their residents, while the remainder of the District is served by private wells. Telephone service is provided by the Newport Telephone Company and Verizon New York Inc. Electricity is provided by National Grid. The Newport Volunteer Fire Company provides fire protection for the School District's buildings, while various additional volunteer organizations serve the remainder of the District. Police protection is provided by the New York State Police.

Residents find commercial and financial services in the Villages of Middleville and Newport as well as in the Herkimer and Utica areas. Cultural and recreational opportunities are provided by the various colleges and the Adirondack

A network of road and highways serve this area, including New York State Routes 28, 29 and 169, with access to the New York State Thruway at Little Falls, Utica, or Herkimer. Bus and rail transportation are also available in Utica. Air transportation is available in Syracuse or Albany.

District Facilities

Name	Grades	Year Built	Current Maximum Capacity	Date of Last Addition or Alteration
West Canada Valley Central School	PK-12	1963	1223	2017

Source: District Officials

District Employees

The School District employs 145 full-time and part-time employees. The number of members, the collective bargaining units which represent them and their current contract expiration dates are as follows:

Employees	Bargaining Unit	Expiration Date
68	West Canada Valley Teachers Association	6/30/2021
68	West Canada Valley Unit CSEA	6/30/2020
3	West Canada Valley Administrators' Association	6/30/2020
6	Employees not in a bargaining unit	N/A

Source: District Officials

Historical and Projected Enrollment

Fiscal Year	Actual	Fiscal Year	Projected
2013-14	746	2018-19	727
2014-15	721	2019-20	727
2015-16	701	2020-21	727
2016-17	686	2021-22	727
2017-18	727	2022-23	727

Source: District Officials

Employee Pension Benefits

All non-teaching and non-certified administrative 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 and Local Employees' Retirement -System ("ERS"). In the District's 2017-18 Budget, the appropriation for payments to ERS is $295,903

Teachers and certified administrators are members of the New York State Teachers' Retirement System ("TRS"). Payments to TRS are deducted from the School District's State aid payments. In the District's 2017-18 Budget, the appropriation for payments to TRS is $471,652

Both the ERS and the TRS (together, the "Retirement Systems") are non-contributory with respect to members hired prior to July 27, 1976. Other than those in Tier V and Tier VI, all members hired on or after July 27, 1976 with less than 10 years of service must contribute 3% of their gross annual salary toward the cost of retirement programs.

On December 12, 2009, pension reform legislation was signed into law that created a new Tier V pension level. Key components of Tier V include:

• Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62.

• Requiring ERS employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.

• Increasing the minimum years of service required to draw a pension from 5 years to 10 years.

• Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15% of non-overtime wages.

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

• Raising the minimum age an individual can retire without penalty from 55 to 57 years.

• Contributing 3.5% of their annual wages to pension costs rather than 3% and continuing this increased contribution so long as they accumulate additional pension credits.

• Increasing the 2% multiplier threshold for final pension calculations from 20 to 25 years.

In accordance with constitutional requirements, Tier V applies only to public employees hired after December 31, 2009 and before April 2, 2012.

On March 16, 2012, legislation was signed into law that created a new Tier VI pension program, The Tier VI plan only applies to those employees hired on or after April 1, 2012. The new pension tier has progressive contribution rates between 3% to 6% of salary; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under previous tiers, there was no limit to the number of public employers a public employee worked for from which retirement benefits could be calculated. Tier VI permits only two salaries to be included in the calculation. The pension multiplier for Tier VI is 1.75% for the first 20 years of service and 2% thereafter; Vesting will occur after 10 years of service. The final average salary is based on a five-year average instead of the previous Tiers' three-year average. Pension eligible overtime for civilian and non-uniformed employees will be capped at $15,000, indexed for inflation. For uniformed employees outside of New York City, the cap is set at 15% of base pay. The number of sick and leave days that can be applied toward retirement service credit is reduced from 200 to 100. The legislation includes an optional defined contribution plan for new non-union employees with annual salaries of $75,000 or more. The State is required to fund any pension enhancements on an ongoing basis. This is a potential future cost savings for local governments.

The average contribution rate for the ERS for the 2017-18 fiscal year is 15.3%. The average contribution rate for the TRS for the 2017-18 fiscal year is 9.8%

The average contribution rate for the ERS for the 2018-19 fiscal year is 14.9% and the estimated average contribution rate for the TRS for the 2018-19 fiscal year is 10.63%

In 2003, Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and the Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program for ERS. The reform program established a minimum contribution for any local governmental employer equal to 4.5% of pensionable salaries for bills which were due December 15, 2003 and for all fiscal years thereafter, as a minimum annual contribution where the actual rate would otherwise be 4.5% or less due to the investment performance of the fund. In addition, the reform program instituted a billing system to match the budget cycle of municipalities and school districts that will advise such employers over one year in advance concerning actual pension contribution rates for the next annual billing cycle. Under the previous method, the requisite ERS contributions for a fiscal year could not be determined until after the local budget adoption process was complete. Under the new system, a contribution for a given fiscal year is based on the valuation of the pension fund on the prior April 1 of the calendar year preceding the contribution due date instead of the following April 1 in the year of contribution so that the exact amount may now be included in a budget.

Chapter 57 of the Laws of 2010 (Part TT) amended the Retirement and Social Security Law to authorize participating employers, if they so elect, to amortize an eligible portion of their annual required contributions to ERS when employer contribution rates rise above certain levels. The option to amortize the eligible portion began with the annual contribution due February 1, 2011. The amortizable portion of an annual required contribution is based on a "graded" rate by the State Comptroller in accordance with formulas provided in Chapter 57. Amortized contributions are to be paid in equal annual installments over a ten-year period, but may be prepaid at any time. Interest is to be charged on the unpaid amortized portion at a rate to be determined by State Comptroller, which approximates a market rate of return on taxable fixed rate securities of a comparable duration issued by comparable issuers. The interest rate is established annually for that year's amortized amount and then applies to the entire ten years of the amortization cycle of that amount. When in any fiscal year, the participating employer's graded payment eliminates all balances owed on prior amortized amounts, any remaining graded payments are to be paid into an employer contribution reserve fund established by the State Comptroller for the employer, to the extent that amortizing employer has no currently unpaid prior amortized amounts, for future such use. The annual required pension contribution is due February 1 annually with the ability to pre-pay on December 15 at a discount.

Stable Rate Pension Contribution Option: The 2013-14 State Budget included a provision that provides local governments and school districts, including the District, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS and TRS. The stable rates would be 12% for ERS and 12.5% for TRS. The pension contribution rates under this program would reduce near-term payments for employers, but will require higher than normal contributions in later years. The District did not participate in the Stable Rate Pension Contribution Option nor does it intend to do so in the foreseeable future.

The investment of monies, and assumptions underlying same, of the Retirement Systems covering the District's employees is not subject to the direction of the District. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the Retirement Systems ("UAALs"). The UAAL is the difference between total actuarially accrued liabilities and actuarially calculated assets available for the payment of such benefits. The UAAL is based on assumptions as to retirement age, mortality, projected salary increases attributed to inflation, across-the-board raises and merit raises, increases in retirement benefits, cost-of-living adjustments, valuation of current assets, investment return and other matters. Such UAALs could be substantial in the future, requiring significantly increased contributions from the District which could affect other budgetary matters. Concerned investors should contact the Retirement Systems administrative staff for further information on the latest actuarial valuations of the Retirement Systems.

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 Educational Services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits.

There is now an accounting rule that will require governmental entities, such as the District, to account for employment healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

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

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

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

GASB 45 does not require that the unfunded 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 2 years for OPEB plans with more than 200 members, every 3 years if there are fewer than 200 members.

The following table shows the components of the District's annual OPEB cost for the year 2017, the amount contributed to the plan and changes in the District's net OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation	FYE June 30:
Annual required contribution (ARC)	$ 4,461,365
Interest on net OPEB obligation	720,257
Adjustments to ARC	(1,272,878)
Annual OPEB cost (expense)	3,908,744
Contributions made	(829,451)
Increase in net OPEB Obligation	3,079,293
Net OPEB obligation-beginning of year	20,578,784
Net OPEB obligation-end of year	$ 23,658,077

Funding Status	
Actuarial Accrued Liability (AAL)	$ 40,692,262
Actuarial Value of Assets	-
Unfunded Actuarial Accrued Liability (UAAL)	$ 40,692,262
Funded Ratio (Assets as a Percentage of AAL)	0%

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2017 and the two preceding years are as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed (%)	Net OPEB Obligation
June 30, 2017	$ 3,908,744	21%	$ 26,658,077
June 30, 2016	3,729,949	20%	20,578,784
June 30, 2015	3,945,642	18%	17,611,188

The aforementioned liability and ARC are recognized and will be disclosed in accordance with GASB 45 standards in the District's audited financial statements.

There is no authority in current State law to establish a trust account or reserve fund for this liability. While State Comptroller Thomas P. DiNapoli proposed a bill in April of 2015 that would create an optional investment pool to help local governments fund their OPEB liabilities, such legislation has not advanced past the committee stage.

The School District's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the School District's finances and could force the School District to reduce services, raise taxes or both.

In June 2015, the Governmental Accounting Standards Board issued GASB Statement 75 ("GASB 75"), which when implemented will supersede and eliminate GASB 45. GASB 75 establishes new standards for recognizing and measuring OPEB liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. Municipalities and school districts are required to account for OPEB within the financial statements rather than only noted in the footnotes as previously required by GASB 45. GASB 75 is required to be implemented for all municipalities and school districts in the fiscal year beginning after June 2017. Actuarial valuation will be required every two years for GASB 75.

Major Employers

Name	Nature of Business	Estimated Number of Employees
West Canada Valley Central School District	Public Education	145
Todd Cable	Utility	105
Newport Telephone Company	Utility	20
Renee Shevat	Campground/Restaurant	15
Left Over Express	Refuse Removal	10
E.J. Willis	Manufacturing	8

Unemployment Rate Statistics

Unemployment statistics are not available for the School District as such. The smallest area for which such statistics are available (which includes the School District) is Herkimer County. The data set forth below with respect to the County is included for information purposes only. It should not be inferred from the inclusion of such data in this Official Statement that the School District is necessarily representative of the County or vice versa.

Year	County Unemployment Rate	New York State Unemployment Rate	U.S. Unemployment Rate
2012	8.8%	8.5%	8.1%
2013	7.8%	7.7%	7.4%
2014	6.7%	6.3%	6.2%
2015	6.2%	5.3%	5.3%
2016	5.5%	4.8%	4.9%

Source: Department of Labor, State of New York. (Note: Figures not seasonally adjusted)

Investment Policy

Pursuant to the statutes of the State of New York, the School District is permitted to invest only in the following investments: (1) special time deposit accounts in, certificates of deposit issued by or a deposit placement program (as provided by statute) with a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) obligations issued pursuant to Local Finance Law Sections 24.00 (tax anticipation notes) or 25.00 (revenue anticipation notes) with approval of the State Comptroller, by any municipality, school district or district corporation other than the School District; and (6) in the case of the School District moneys held in certain reserve funds established pursuant to law, obligations issued by the School District. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by a pledge of eligible securities, an eligible letter of credit or an eligible surety bond, as each such term is defined in the law, or satisfy the statutory requirements of the deposit placement program.

Form of School Government

The legislative power of the School District is vested in the Board of Education (the "Board"). Each year an election is held within the School District to elect one or more members to the Board. The Board consists of seven members with overlapping three-year terms. Therefore, as nearly as practicable, an equal number of members is elected to the Board each year.

During the first 14 days in July of each year the Board meets for the purpose of reorganization. At that time, an election is held within the Board to elect a President and Vice President and to appoint other School District officials.

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

Budgetary Procedures

Pursuant to the Education Law, the Board of Education of the School District annually prepares, a budget for the ensuing fiscal year. A public hearing on such budget is held not less than seven and not more than fourteen days prior to the vote. The Board of Education causes notice of such public hearing to be published four times beginning seven weeks prior to the vote. After the public hearing, but not less than six days prior to the budget vote, the School District must mail a school budget notice to all qualified voters which contains the total budgeted amount, the dollar and percentage increase or decrease in the proposed budget (or contingency budget) as compared to the current budget, the percentage increase or decrease in the consumer price index, the estimated property tax levy, the basic STAR exemption impact and the date, time and place of the budget vote. After the budget hearing and subsequent notice, a referendum upon the question of the adoption of the budget is held on the third Tuesday in May each year. All qualified School District residents are eligible to participate.

Pursuant to Chapter 97 of the Laws of 2011 of the State of New York ("Chapter 97"), beginning with the 2012-13 fiscal year, if the proposed budget requires a tax levy increase that does not exceed the lesser of 2% (plus certain adjustments, if applicable) or the rate of inflation (the " Tax Cap"), then a majority vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the Tax Cap, the budget proposition must include special language and a 60% vote is required for approval. Any separate proposition that would cause the School District to exceed the School District Tax Cap also must receive at least 60% voter approval.

If the proposed budget is not approved by the required margin, the Board of Education may resubmit the original budget or a revised budget to the voters on the third Tuesday in June, or adopt a contingency budget (which would provide for ordinary contingent expenses, including debt service) that levies a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy).

If the resubmitted and/or revised budget is not approved by the required margin, the Board of Education must adopt a budget that requires a tax levy no greater than that of the prior fiscal year (i.e. a 0% increase in the tax levy). For a complete discussion of Chapter 97, see "Tax Levy Limitation Law" herein.

The State's 2018-19 Enacted Budget includes a school building-based budget approval review process. Beginning with the 2018-19 school year, any school district with at least four schools that receives at least 50% percent of its total revenue through State aid will be required to annually report its budgeted support for individual schools within the school district. The report must follow a format, to be developed by the State Division of Budget ("DOB") in consultation with SED. In 2019-20, this requirement will expand to all school districts with at least four schools, regardless of State aid. In 2020-21, the requirement will apply to all school districts in the State. This report will be due to the State by the beginning of the school year, and the State will have 30 days to respond. While DOB or SED will not formally approve a school district's school-based budget, DOB and SED will have authority to determine whether the information was provided in a timely and sufficient manner. The reporting must include demographic data, per pupil funding, source of funds and uniform decision rules regarding allocation of centralized spending to individual schools from all funding sources. Should either DOB or SED determine that a school district did not meet this requirement, the school district's State aid increase can be withheld for the applicable year until compliance is determined by DOB and SED. If either DOB or SED determines that a school district has not properly complied, the school district will have 30 days to "cure" the problem. In the event the problem is not cured in 30 days, the city comptroller or chief financial officer, and in the event a school district located outside a city, the chief financial officer in the municipality where the school district is most located, will be authorized, at his or her discretion, to gather information and submit on behalf of the school district. [Under this newly enacted legislation, the School District will be required to annually report its budgeted support for individual schools beginning with the 2020-21 fiscal year.

The budget for the 2016-17 fiscal year was adopted by the qualified voters on May 17, 2016. The School District's 2016-17 Budget remained within the School District Tax Cap imposed by Chapter 97.

The budget for the 2017-18 fiscal year was adopted by the qualified voters on May 16, 2017. The School District's 2017-18 Budget remained within the School District Tax Cap imposed by Chapter 97.

The budget for the 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018. The School District's 2018-19 Budget remained within the School District Tax Cap imposed by Chapter 97.

State Aid

The School District receives financial assistance from the State. In its adopted budget for the 2017-18 fiscal year, approximately 61.92% of the revenues of the School District are estimated to be received in the form of State aid. If the State should experience difficulty borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the School District, in any year, the School District may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, should the State budget not be adopted in a timely manner, municipalities and school districts in the State, including the School District, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the School District. No assurance can be given that present State aid levels will be maintained in the future. State budgetary restrictions which could eliminate or substantially reduce State aid could have a material adverse effect upon the District requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

The State's 2011-12 Budget included school aid of $19.6 billion. This reflected a reduction of $1.3 billion or 6.1% from the State's 2010-11 Budget.

The State's 2012-13 Budget provided for school aid of approximately $20 billion, which represented an increase of approximately $751 million in State aid for school districts.

The State's 2013-14 Budget provided for school aid of approximately $21.1 billion, which represented an increase of approximately $936.6 million, or 4.4% in total school aid spending from the 2012-13 school year.

The State's 2014-15 Budget included a $1.1 billion or 5.3% increase in state aid for the 2014-15 school year. High-needs school districts received approximately 70% of the 2014-15 allocated increase. The 2014-2015 State budget restored $602 million of Gap Elimination Adjustment ("GEA") reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The 2014-2015 State budget invested $1.5 billion over five years to support the phase-in of a statewide universal full-day pre-kindergarten program.

The State's 2015-16 Budget contained a school aid increase of $1.4 billion that is tied to changes in the teacher evaluation and tenure process. School districts must obtain approval of their revised teacher evaluation plans by November 15, 2015 in order to receive their allotted increase in State aid.

The Enacted 2016-2017 State Budget included a school aid increase of $991 million over 2015-2016, $863 million of which consisted of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the Enacted 2016-2017 State Budget included a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment (the "GEA"). The majority of the remaining increase ($100 million) related to Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. Such funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families.

The 2017-18 Enacted Budget for the fiscal year 2017-2018 was approved on April 9, 2017. The enacted budget provides for school aid of approximately $ 25.8 billion, an increase of $1.1 billion in school aid spending from the 2016-17 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 usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State 2017-18 Enacted 2017-2018 State Budget continues to link school aid increases for 2017-18 and 2018-19 to teacher and principal evaluation plans approved by September 1 of the current year in compliance with Education Law Section 3012-d. In addition, the Enacted 2017-18 State Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. Such plan would take effect automatically unless the Legislature passes its own plan within 90 days.

The State's 2018-19 Enacted Budget includes nearly $1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately $859 million of that increase is comprised of traditional public school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid now stands at $26.03 billion statewide, a 3.4% increase over the last year. The State's 2018-19 Enacted Budget includes an increase of $618 million in Foundation Aid for school districts. Foundation Aid now totals nearly $17.8 billion statewide. For the seventh consecutive year, the Foundation Aid increase will be distributed using a one year, off formula methodology. The State's 2018-19 Enacted Budget guarantees that all school districts receive an increase in Foundation Aid over their 2017-18 levels. $50 million of the Foundation Aid increase will be "set aside" for certain school districts to fund community schools. The State's 2018-19 Enacted Budget fully funds all expense-based aid for 2018-19, including building, transportation, BOCES and special education aid. These categories serve as State reimbursements for school district expenses made in the prior year, based on school district-specific aid ratios. A total of $240 million was approved for increases in all expense-based aids in 2018-19.

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

While the School District has received State aid in recent years, both the determination of the amount of State aid and the apportionment of State aid are legislative acts and the State Legislature may amend or repeal the statutes relating to State aid and the formulas which determine the amount of State aid payable to the School District. The current or future financial condition of the State may affect the amount of State aid appropriated by the State Legislature and the timing of receipt of that aid by the School District.

The Federal government may enact budgetary changes or take other actions that adversely affect State finances. State legislation adopted with the State's 2018-2019 Budget continues authorization for a process by which the State would manage significant reductions in Federal aid during fiscal year 2018-2019 and fiscal year 2019-2020 should they arise. Specifically, the legislation allows the State Budget Director to prepare a plan for consideration by the State Legislature in the event that the Federal government (i) reduces Federal financial participation in Medicaid funding to the State or its subdivisions by $850 million or more; or (ii) reduces Federal financial participation of other federal aid funding to the State that affects the State Operating Funds financial plan by $850 million or more, exclusive of any cuts to Medicaid. Each limit is triggered separately. The plan prepared by the State Budget Director must equally and proportionately reduce appropriations and cash disbursements in the State's General Fund and State Special Revenue Funds. Upon receipt of the plan, the State Legislature has 90 days to prepare its own corrective action plan, which may be adopted by concurrent resolution passed by both houses, or the plan submitted by the State Budget Director takes effect automatically.

Fiscal Stress Monitoring

The New York State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent information to School District officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's diverse school districts are operating.

The fiscal stress scores are based on financial information submitted as part of each School District's ST-3 report filed yearly with the State Education Department. Using financial indicators that include June 30, 2017 year-end fund balance, cash position and patterns of operating deficits, the OSC system creates an overall fiscal stress score which classifies whether a district is in "significant fiscal stress", in "moderate fiscal stress", as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation". This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 0.0%). More information on the FSMS may be obtained from the Office of the State Comptroller.

Note: See the official website of the New York State Comptroller for more information on FSMS. Reference to websites implies no warranty of accuracy of information therein.

State Comptroller Report of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the District has complied with the requirements of various State and Federal statutes. These audits can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

There are no State Comptroller's audits of the District that are currently in progress or pending release.

Note: Reference to website implies no warranty of accuracy of information therein.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Bonds were issued is the Education Law and the Local Finance Law.

The District is in compliance with the procedure for the publication of the estoppel notice with respect to the Bonds as provided in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the School District is past due.

The fiscal year of the School District is from July 1 to June 30.

Other than "Estimated Calculation of Overlapping Indebtedness", this Official Statement does not include the financial data of any other political subdivisions of the State having power to levy taxes within the School District.

Financial Statements

The School District retains an independent Certified Public Accountant, whose most recent report covers the period ended June 30, 2017 and may be found attached hereto as Appendix B

The District complies with the Uniform System of Accounts as prescribed for school districts in New York State. This system differs from generally accepted accounting principles as prescribed by the American Institute of Certified Public Accountants' Industry Audit Guide, "Audits of State and Local Governmental Units", and codified in Government Accounting, Auditing and Financial Reporting ("GAAFR"), published by the National Committee on Government Accounting

Tax Information

Assessed and Full Valuations

	Fiscal Year Ended June 30:				
	2014	2015	2016	2017	2018
Assessed Valuations:					
Fairfield	$ 72,406,044	$ 72,665,668	$ 72,893,526	$ 72,659,844	$ 73,875,315
Herkimer	13,808,651	13,846,105	13,886,951	14,081,925	14,257,172
Manheim	544,648	544,099	543,316	545,224	548,940
Newport	101,801,458	102,841,342	103,009,248	104,024,988	104,731,605
Norway	25,285,272	25,375,030	25,617,711	25,915,436	26,199,550
Schuyler	27,036,541	27,423,693	27,774,127	28,191,176	28,376,163
Deerfield	298,519	337,478	337,288	337,837	337,818
Total	$ 241,181,133	$ 243,033,415	$ 244,062,167	$ 245,756,430	$ 248,326,563
Equalization Rates:					
Fairfield	82.00%	82.00%	80.00%	80.00%	78.00%
Herkimer	94.00%	94.00%	94.00%	94.00%	94.00%
Manheim	70.00%	70.00%	68.00%	68.00%	70.00%
Newport	107.50%	107.50%	106.00%	106.00%	103.50%
Norway	75.00%	72.50%	72.70%	72.70%	72.00%
Schuyler	90.00%	90.00%	90.00%	90.00%	90.00%
Deerfield	16.30%	16.30%	16.30%	15.50%	15.50%
Full Valuations:					
Fairfield	$ 88,300,054	$ 88,616,668	$ 91,116,908	$ 90,824,805	$ 94,711,942
Herkimer	14,690,054	14,729,899	14,773,352	14,980,771	15,167,204
Manheim	778,069	777,284	798,994	801,800	784,200
Newport	94,699,031	95,666,365	97,178,536	98,136,781	101,189,957
Norway	33,713,696	35,000,041	35,237,567	35,647,092	36,388,264
Schuyler	30,040,601	30,470,770	30,860,141	31,323,529	31,529,070
Deerfield	1,831,405	2,070,417	2,069,252	2,179,594	2,179,471
Total	$ 264,052,909	$ 267,331,445	$ 272,034,749	$ 273,894,372	$ 281,950,108

Valuations Based on Regular Equalizations Ratios

Tax Rate per $1,000 Assessed Value

Fiscal Year Ending June 30:

	2014	2015	2016	2017	2018
Fairfield	$ 22.06	$ 22.22	$ 22.81	$ 22.66	$ 22.37
Herkimer	19.24	19.38	19.41	19.29	18.56
Manheim	25.84	26.03	26.84	26.66	24.93
Newport	16.83	16.95	17.22	17.10	16.86
Norway	24.12	25.13	25.10	24.94	24.23
Schuyler	20.10	20.24	20.28	20.14	19.39
Deerfield	110.98	111.78	111.96	116.97	112.58

Tax Collection Procedure

School taxes are due September 1. If paid by September 30, no penalty is imposed. There is a 2% penalty if paid by the end of October. On November 15, a list of all unpaid taxes is given to the Counties to be re-levied on County/Town tax rolls. The School District is reimbursed by the Counties for all unpaid taxes the first week of April in each year and is thus assured of 100% collection of its annual levy.

Tax Collection Record

Fiscal Year Ended June 30:

	2014	2015	2016	2017	2018
Total Tax Levy	$4,775,969	$4,869,575	$4,965,087	$4,965,087	$5,013,797
Less STAR Reimbursement	854,768	841,631	871,593	862,974	855,921
Adjustments	-	-	-2,016	-	-
Total Taxes to be Collected	3,921,201	4,027,944	4,091,478	4,102,113	4,157,876
Taxes Collected Prior to Return to County	3,426,694	3,521,373	3,555,986	3,598,698	3,624,396
Returned to County	$494,507	$506,571	$535,492	$503,415	$533,972
% Collected Prior to Return	87.39%	87.42%	86.91%	87.73%	87.20%

Major Taxpayers 2017

For 2017-18 Tax Roll

Name	Type	Assessed Value
Iroquois Gas Transmission	Pipeline	$10,136,998
National Grid	Utility	6,139,740
Newport Telephone Company	Utility	2,107,517
Renee (Scialdo) Shevat	Campground/Restaurant	1,650,000
WKTV, LLC	Television Tower	1,500,000
City of Little Falls	Watershed	1,367,600
Frances Kelleher	Farm	917,700
Bruce Moody	Residence/Retail	891,400
Devries, Thomas	Residence	803,350
Newport Housing LP	Apartments	744,130
Total		$26,258,435

The above taxpayers represent 10.57% of the School District's 2016-17 assessed value of $248,326,563

Tax Cuts and Jobs Act of 2017

On December 22, 2017, President Trump signed into law the Tax Cuts and Jobs Act of 2017 (HR. 1, P.L. 115-97), making major changes to the Internal Revenue Code of 1986, as amended (the "Code"), most of which are effective in the 2018 tax year. The new Federal tax law makes extensive changes to Federal personal income taxes, including the deductibility of real property taxes, including real property taxes levied by the School District. The State's 2018-2019 Enacted Budget includes legislation decoupling certain linkages between Federal and local income tax, including increasing the opportunities for charitable contributions, and providing municipalities and school districts, including the School District, with the option to establish local charitable funds that would accept charitable contributions and provide taxpayers with a credit against their property taxes. The School District has no plans at this time to establish such a local charitable fund.

General Fund Operations

District finances are operated primarily through its General Fund. All taxes and most other revenues are paid into this fund and all current operating expenditures are made from it. (A statement of such revenues and expenditures for the five-year period ending June 30, 2017 is contained in the Appendices). As reflected in the Appendices, the District derives the bulk of its annual revenues from a tax on real property and from State aid. Capital improvements are generally financed by the issuance of bonds and bond anticipation notes.

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 receive full reimbursement from the State for real property taxes exempted pursuant to the STAR program by the first business day in January of each year.

Homeowners over 65 years of age with household adjusted gross incomes, less the taxable amount of total distributions from individual retirement accounts and individual retirement annuities ("STAR Adjusted Gross Income") of $86,000 or less, increased annually according to a cost-of-living adjustment, are eligible for a "enhanced" exemption of the first $65,300 for the 2016-17 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross Income not in excess of $500,000 are eligible for a $30,000 "basic" exemption on their primary residence.

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

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

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

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor. The Tax Levy Limit Law modifies current law by imposing a limit on the amount of real property taxes that a school district may levy. The Law will affect school district tax levies for the school district fiscal year beginning July 1, 2012. The Law expires on June 15, 2020 unless extended.

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

The Tax Levy Limit Law requires that a school district hereafter submit its proposed tax levy (not its proposed budget) to the voters each year, and imposes a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the CPI, as described in the Law. Tax levies that do not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a tax levy in excess of the limit. In the event the voters reject the tax levy, the school district's tax levy for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year, without any stated exceptions.

There are exceptions for school districts to the tax levy limitation provided in the 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 is an exclusion from the tax levy limitation, applicable to the Bonds.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limitation Law is unconstitutional as it applies to public school districts. On September 23, 2014, a Justice of the State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. After the ruling, NYSUT amended its complaint to include a challenge to the Real Property Tax Rebate, also on Federal and State constitutional grounds. On March 16, 2015, all causes of action contained in the amended complaint were dismissed. On May 5, 2016, the dismissal was upheld by the New York Supreme Court, Appellate Division, Third Judicial Department, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution “does not require that equal educational offerings be provided to every student”, and further noted “the legitimate government interest of restraining crippling property tax increases”. An appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York’s highest court, on the ground that no substantial constitutional question was directly involved and thereafter leave to appeal was denied on January 14, 2017 by the Court of Appeals.

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

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

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

Constitutional Requirements

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

Purpose and Pledge. The District shall not give or loan any money or property to or in aid of any individual 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 expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is utilized, no installment maybe more than fifty percent in excess of the smallest prior installment. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit the District has the power to contract indebtedness for any school district purpose so long as the principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions. The constitutional method for determining full valuation by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

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.

Each bond resolution usually authorizes the construction, acquisition or installation of the object or purpose to be financed, sets forth the plan of financing and specifies the maximum maturity of the bonds subject to the legal (Constitution, Local Finance Law and case law) restrictions relating to the period of probable usefulness with respect thereto.

The Local Finance Law also provides that where a bond resolution is published with a statutory form of notice, the validity of the bonds authorized thereby, including bond anticipation notes issued in anticipation of the sale thereof, may be contested only if:

(1) Such obligations are authorized for a purpose for which the District is not authorized to expend money, or

(2) There has not been substantial compliance with the provisions of law which should have been complied within the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,

(3) Such obligations are authorized in violation of the provisions of the Constitution.

The Board of Education, as the finance board of the District, has the power to enact bond resolutions. In addition, such finance board has the power to authorize the sale and issuance of obligations. However, such finance board may delegate the power to sell the obligations to the President of the Board of Education, the chief fiscal officer of the District, pursuant to the Local Finance Law.

Except on rare occasions, the District complies with this estoppel procedure, and it has done so with respect to the bond resolution under which the Bonds are being issued. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Statutory law in the State permits bond anticipation notes to be renewed each year provided annual principal installments are mad in reduction of the total amount of such notes outstanding, commencing no late than 2 years from the date of the first issuance of such notes and provided that such renewal issues do not extend (generally) more than 5 years beyond the original date of borrowing.

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short term general obligation indebtedness including revenue, tax anticipation, budget and capital notes.

Status of Indebtedness

Debt Outstanding End of Fiscal Year

Fiscal Year Ending June 30:	2013	2014	2015	2016	2017
Serial Bonds	$ 9,298,022	$ 8,573,335	$ 7,838,748	$ 7,190,512	$ 6,522,729
Bond Anticipation Notes	-	-	-	-	6,960,000
Revenue Anticipation Notes	600,000	1,600,000	600,000	600,000	-
Total Debt Outstanding	$ 9,898,022	$ 10,173,335	$ 8,438,748	$ 7,790,512	$ 13,482,729

Status of Outstanding Bond Issues

Year of Issue:	2007		2011	
Amount Issued:	$4,140,000		$5,920,000	
Final Maturity:	6/15/2023		6/15/2026	
Interest Rate/ Instrument:	4.0097% - SB		2.6123% - SB	
Purpose:	Building		Building	
Principal Balance 06/30/17:	$1,965,000		$3,695,000	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2018	$ 295,000	$ 78,960	$ 390,000	$ 96,169
2019	310,000	67,160	405,000	86,906
2020	320,000	54,760	415,000	77,288
2021	335,000	41,960	425,000	67,431
2022	345,000	28,560	435,000	56,806
2023	360,000	14,760	445,000	45,931
2024	-	-	460,000	34,250
2025	-	-	470,000	21,600
2026	-	-	250,000	7,500
Totals:	$ 1,965,000	$ 286,160	$ 3,695,000	$ 493,881

Year of Issue:	2012		2013	
Amount Issued:	$288,647		$280,000	
Final Maturity:	9/15/2017		9/15/2018	
Interest Rate/ Instrument:	3.5000% - SIB		2.4856% - SB	
Purpose:	Buses		Buses	
Principal Balance 06/30/17:	$57,729		$120,000	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2018	$ 57,729	$ 2,021	$ 60,000	$ 2,250
2019	-	-	60,000	750
Totals:	$ 57,729	$ 2,021	$ 120,000	$ 3,000

Year of Issue:	2014		2015	
Amount Issued:	$299,424		$265,000	
Final Maturity:	9/15/2019		9/15/2020	
Interest Rate/ Instrument:	1.7909% - SB		1.8263% - SB	
Purpose:	Buses		Buses	
Principal Balance 06/30/17:	$190,000		$215,000	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2018	$ 60,000	$ 2,880	$ 50,000	$ 3,463
2019	65,000	1,755	55,000	2,544
2020	65,000	585	55,000	1,547
2021	-	-	55,000	516
Totals:	$ 190,000	$ 5,220	$ 215,000	$ 8,070

Year of Issue:	2016		2017	
Amount Issued:	$280,000		$275,000	
Final Maturity:	9/15/2021		9/15/2022	
Interest Rate/ Instrument:	1.7500% - SB		2.1327% - SB	
Purpose:	Buses		Buses	
Principal Balance 06/30/17:	$280,000		$275,000	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest
2018	$ 50,000	$ 6,913	$ -	$ -
2019	55,000	3,544	50,000	6,831
2020	55,000	2,581	55,000	4,156
2021	60,000	1,575	55,000	3,469
2022	60,000	525	55,000	2,506
2023	-	-	60,000	978
Totals:	$ 280,000	$ 15,138	$ 275,000	$ 17,940

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	Principal	Interest	Total Debt Service	%Paid
2018	$ 962,729	$ 192,656	$ 1,155,385	15.14%
2019	1,000,000	169,490	1,169,490	30.47%
2020	965,000	140,917	1,105,917	44.97%
2021	930,000	114,951	1,044,951	58.67%
2022	895,000	88,397	983,397	71.56%
2023	865,000	61,669	926,669	83.70%
2024	460,000	34,250	494,250	90.18%
2025	470,000	21,600	491,600	96.62%
2026	250,000	7,500	257,500	100.00%
Totals:	$ 6,797,729	$ 831,430	$ 7,629,159	

Schedule of Principal Payments – Outstanding and Proposed Bonds

Fiscal Year Ending June 30:	Prior Issues	This issue	Total Maturing Principal	Year-End Outstanding Principal
2018	$ 962,729	$ -	$ 962,729	$ 12,874,381
2019	1,000,000	394,381	1,394,381	11,480,000
2020	965,000	395,000	1,360,000	10,120,000
2021	930,000	405,000	1,335,000	8,785,000
2022	895,000	410,000	1,305,000	7,480,000
2023	865,000	420,000	1,285,000	6,195,000
2024	460,000	430,000	890,000	5,305,000
2025	470,000	445,000	915,000	4,390,000
2026	250,000	460,000	710,000	3,680,000
2027	-	475,000	475,000	3,205,000
2028	-	490,000	490,000	2,715,000
2029	-	510,000	510,000	2,205,000
2030	-	525,000	525,000	1,680,000
2031	-	540,000	540,000	1,140,000
2032	-	560,000	560,000	580,000
2033	-	580,000	580,000	-
Totals:	$ 6,797,729	$ 7,039,381	$ 13,837,110	

Status of Short-Term Indebtedness

Bond Anticipation Notes	Dated	Maturity Date	Interest Rate	Amount Outstanding [1]
Building	6/14/2017	6/14/2018	2.00%	$ 6,960,000

Note: 1. To be paid in full at maturity with proceeds of the Bonds.

Cash Flow Borrowings

The School District issued $600,000 Revenue Anticipation Notes for operational purposes in the 2015-16 Fiscal year. The RAN was paid in full on June 16, 2017. The School District does not expect to issue such notes in the current fiscal year.

Capital Project Plans

On November 19, 2015, the voters approved a $7,500,000 capital project consisting of reconstruction of various school buildings and facilities. The State Education Department approved the project on January 19, 2017. The issuance of the Bonds will allow for the redemption of a $6,960,000 outstanding bond anticipation note of the District that matures on June 14, 2018.

There are presently no other obligations authorized and unissued by the District, nor are any contemplated.

School Bus Borrowings

The District typically issues 5-year bonds to finance the bus purchases on an annual basis.

Building Aid Estimate

Pursuant to the provisions of Chapter 760 of the Laws of 1963, the District is eligible to receive a Building Aid Estimate from the New York State Department of Education. The District has not applied for such estimate, but anticipates that aid may be received on its outstanding indebtedness at their Building Aid Ratio of 90.8%.

As part of the State’s 2001-02 budget process, fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The provisions legislated, among other things, an "assumed amortization" payout schedule for future building aid payments based on an annual "average interest rate" and mandatory periods of probable usefulness with respect to the allocation of building aid. The School District has no reason to believe that it will not ultimately receive all of the building aid it anticipates, however, no assurance can be given as to when and how much building aid the District will receive in relation to its outstanding debt.

Debt Statement Summary

As of May 16, 2018

Town		Taxable Assessed Valuation	State Equalization Rate		Taxable Full Valuation
Fairfield	$	73,875,315	78.00%	$	94,711,942
Herkimer		14,257,172	94.00%		15,167,204
Manheim		548,940	70.00%		784,200
Newport		104,731,605	103.50%		101,189,957
Norway		26,199,550	72.00%		36,388,264
Schuyler		28,376,163	90.00%		31,529,070
Deerfield		337,818	15.50%		2,179,471
Total				$	281,950,108
Debt Limit: 10% of Full Valuation				$	28,195,011
Inclusions:					
Serial Bonds				$	6,520,000
Bond Anticipation Notes					6,960,000
Total Inclusions:				$	13,480,000
Exclusions:					
Building Aid Estimate [1]					$0
Total Exclusions:					$0
Total Net Indebtedness Before Giving Effect to This Issue				$	13,480,000
This Issue			$ 7,039,381		
Proceeds to Be Used to Retire Indebtedness Listed Under Inclusions			6,960,000	$	79,381
Total Net Indebtedness After Giving Effect to This Issue				$	13,559,381
Net Debt Contracting Margin				$	14,635,630
Percentage of Debt-Contracting Power Exhausted					48.09%

Notes: 1. The calculation of such indebtedness has not taken into account any deductions therefrom of any apportionment of State Aid for debt service for School District purposed for which the District may be entitled. Since the gross indebtedness of the District is within its constitutional debt limit, the District is not required to apply for a Building Aid Estimate from the State Department of Education. The District anticipates the receipt of building aid

Estimated Overlapping Indebtedness

Overlapping Unit	Applicable Equalized Value	Percent	Gross Indebtedness[1]	Exclusions	Net Indebtedness	Estimated Applicable Overlapping Indebtedness
Herkimer	$ 279,770,637					
County	$ 4,666,271,529	6.00%	$ 6,900,000	N/A	$ 6,900,000	$ 413,696
Oneida	$ 2,179,471					
County	$ 10,541,271,464	0.02%	188,256,579	N/A	188,256,579	38,923
Town of	$ 94,711,942					
Fairfield	$ 94,711,942	100.00%	296,000	N/A	296,000	296,000
Town of	$ 15,167,204				-	
Herkimer	$ 365,797,257	4.15%	888,200	N/A	888,200	36,828
Town of	$ 784,200					
Manheim	$ 172,818,976	0.45%	60,000	N/A	60,000	272
Town of	$ 101,189,957					
Newport	$ 112,476,366	89.97%	-	N/A	-	-
Town of	$ 36,388,264					
Norway	$ 48,756,074	74.63%	-	N/A	0	0
Town of	$ 31,529,070					
Schuyler	$ 161,660,801	19.50%	289,078	N/A	289,078	56,380
Town of	$ 2,179,471					
Deerfield	$ 257,499,546	0.85%	4,388,800	N/A	4,388,800	37,147
Village of	$ 18,986,770					
Middleville	$ 18,986,770	100.00%	-	N/A	-	-
Village of	$ 24,332,288					
Newport	$ 24,332,288	100.00%	731,632	N/A	731,632	731,632
Total						$ 1,610,877

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2016

Notes:
1 Bonds and Bond Anticipation notes as of 2016 fiscal year. Not adjusted to include subsequent bond and note sales
N/A Information not available from source document

Debt Ratios

The following table sets forth certain ratios relating to the District's indebtedness as of May 16, 2018:

		Amount	Per Capita[(a)]	Percentage of Full Value [(b)]
Net Indebtedness	$	13,559,381	$ 2,938.75	4.809%
Net Indebtedness Plus Net Overlapping Indebtedness	$	15,170,258	$ 3,287.88	5.380%

(a) The District's estimated population is 4,614 (Source: 2015 U.S. Census Bureau estimate)
(b) The District's full valuation of taxable real estate for 2017-18 is $281,950,108

Note: The above ratios do not take into account State building aid the District will receive for past and current construction building projects**.**

Special Provisions Affecting Remedies Upon Default

In the event of a default in the payment of the principal of and/or interest on the Bonds, 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 Bonds. 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 the 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 bond issued by a school district for school purposes shall file with the State Comptroller a verified statement describing such bond 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 bonds 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 bonds of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds 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 bonds shall be forwarded promptly to the paying agent or agents for the bonds in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds. 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 bonds in default with respect to which the same was so deducted or withheld, the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds pursuant to said Section 99-b.

General Municipal Law Contract Creditors' Provision. Each Bond when duly issued and paid for will constitute a contract between the School District and the holder thereof. Under current law, provision is made for contract creditors of the School District to enforces 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 School District upon any judgement or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centrum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of and interest on the Bonds.

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 judgement, although judicial mandates have been issued to officials to appropriate and pay judgements our of certain funds or the District may not be enforced to levy and execution against property owned by the School District.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such a as municipalities, 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 or 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.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of an 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.

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 bondholders, 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 continuations of essential public services prior to the payment of debt service.

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

Market And Risk Factors

There are various forms of risk associated with investing in the Bonds. The following is a discussion of certain events that could affect the risk of investing in the Bonds. In addition to the events cited herein, there are other potential risk factors that an investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

The financial and economic condition of the District as well as the market for the Bonds 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 in the country, 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 Bonds. If a significant default or other financial crisis should occur in the affairs of the State 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 Bonds, could be adversely affected.

The District relies in part on State aid to fund its operations. There can be no assurance that the State appropriations for State aid to school districts will be continued in futures 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 timelines of such payments 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 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 on account of the uncollected State aid.

The enactment of the Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the School District could have an impact upon the market price of the Bonds.

Current and future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Bonds to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent the beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. No assurance can be given that pending or future legislation or amendments to the Code, if enacted into law, or any proposed legislation or amendments to the Code, will not adversely affect the value of the Bonds, or tax status of interest on the Bonds.

Continuing Disclosure

In order to assist the purchases in complying with Rule 15c2-12, promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended ("Rule 15c2-12"), the District will enter into a Continuing Disclosure Undertaking, a description of which is attached hereto as "Appendix D".

The District is in compliance in all material respects, within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

Tax Matters

In the opinion of Barclay Damon LLP, Albany, New York, Bond Counsel under existing law, (1) Interest on the Bonds is excluded from gross income of the owners thereof for Federal income tax purposes and is not an "item of tax preference" for purposes of the individual alternative minimum taxes imposed by the Code, except that the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to Federal income taxation from the date of issuance thereof and (2) interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including the City of New York).

In rendering the foregoing opinions, Bond Counsel noted that exclusion of the interest on the Bonds from gross income for Federal income tax purposes is dependent, among other things, on compliance with the applicable requirements of the Code that must be met subsequent to the issuance and delivery of the Bonds for interest thereon to be and remain excluded from gross income for Federal income tax purposes. Non-compliance with such requirements could cause the interest on the Bonds to be included in gross income retroactive to the date of issuance of the Bonds. Those requirements include, but are not limited to, provisions that prescribe yield and other limits within which the proceeds of the Bonds are to be invested and require, under certain circumstances, that certain investment earnings on the foregoing to be rebated on a periodic basis to the Treasury Department of the United States of America. The District will covenant in the Tax Certificates as to Arbitrage and Use of Proceeds and Instructions as to Compliance with Provisions of Section 103(a) of the Code, that, to maintain the Code, and for no other purpose, the District shall comply with each applicable provision of the Code.

The Tax Increase Prevention and Reconciliation Act of 2005, enacted on May 17, 2006, contains a provision under which interest paid on tax-exempt obligations will be subject to information reporting in a manner similar to interest paid on taxable obligations. Although the new reporting requirement does not, in and of itself, affect the excludability of such interest from gross income for federal income tax purposes, the reporting requirement causes the payment of interest on the Bonds to be subject to backup withholding if such interest is paid to registered owners who either (a) fail to provide certain identifying information (such as the registered owner's taxpayer identification number) in the required manner or (b) have been identified by the IRS as having failed to report all interest and dividends required to be shown on their income tax returns. Amounts withheld under the backup withholding rules from a payment to beneficial owner would be allowed as a refund or a credit against such beneficial owner's federal income tax liability provided the required information is furnished to the IRS.

Bond Counsel also has advised that (1) with respect to insurance companies subject to tax imposed by Section 831 of the Code, the Code provides that such insurance company's deduction for loss is reduced by 15% of the sum of certain items, including interest on the Bonds; (2) interest on the Bonds earned by certain foreign corporations doing business in the United States could be subject to a branch profits tax imposed by Section 884 of the Code; (3) passive investment income, including interest on the Bonds, may be subject to Federal income taxation under section 1375 of the Code for Subchapter S colorations that have Subchapters C earnings and profits at the close of the year if greater than 25% of gross receipts of such Subchapter S corporation is passive investment income; (4) Section 86 of the Code requires recipients of certain Social Security and certain Railroad Retirement benefits to take into account, in the determining the taxability of such benefits, receipts or accruals of interest on the Bonds; and (5) under Section 32 (i) of the Code, receipt of investment income, including interest on the Bonds, may disqualify the recipient thereof from obtaining the earned income tax credit.

A Bondholder's federal, state and local tax liability may otherwise be affected by the ownership of disposition of the Bonds. The nature and extent of these other consequences will depend upon the Bondholder's other item of income or deduction. Bond Counsel has expressed no option regarding any such tax consequences. Each purchaser of the Bonds should consult its tax advisor regarding the impact of the foregoing and other provisions of the Code on its individual tax position.

The Bonds will be designated "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

The opinion of Bond Counsel set forth above with respect to the Federal income tax treatment of interest paid on the Bonds is based upon the current provisions of the Code. Tax legislation, administrative actions taken by tax authorities and court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law and could affect the market price for, or the marketability of, the Bonds. Prospective purchasers of the Bonds should consult their own tac advisers regarding the foregoing matters. Bond Counsel has not undertaken to advise.

Legal Matters

The legality of the authorization and issuance of the Bonds will be covered by the unqualified legal opinions of Barclay Damon, LLP, Albany, New York, Bond Counsel, each to the effect that the Bonds as the case may be, are valid and legally binding obligations of the District, that all the taxable real property therein will be subject to the levy of ad valorem taxes to pay the Bonds and the interest thereon without limitations as to rate or amount, the interest on the Bonds is excluded from gross income for federal income tax purposes and is not an item of tax preference for purpose of the federal alternative minimum tax impose on individuals and that interest on the Bonds is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York. The opinion set forth in the preceding sentence is subject to the condition that the District comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The District will covenant to comply with all such requirements, Failure to comply with all such requirements may cause interest of the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds. Such opinion will state that (a) the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity; (b) Bond Counsel expresses no opinion as to the accuracy, adequacy, or completeness of the Official Statement relating to the Bonds; and (c) such opinion is given as of its dated date and that Bond Counsel assumes no obligation to update or supplement their opinion to reflect any facts or circumstance that may thereafter come to their attention or ant changes in law that may occur thereafter.

The proposed form of such opinion is attached hereto as Appendix C

Litigation

The School District is subject to a number of lawsuits in the ordinary conduct of its affairs. The School 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 School District

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

Bond Rating

S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P") is expected to assign a bond rating of "AA (stable outlook)", based upon the issuance by Build America Mutual Assurance Company ("BAM") of its standard form of Municipal Bond Insurance Policy with respect to the Bonds. The significance of the BAM policy as well as its terms and conditions can be obtained from Build America Mutual Assurance Company, 200 Liberty Street, 27th floor, New York, New York 10281 (for information concerning BAM Policy, APPENDIX – E hereto).

S&P has assigned their underlying rating of "A+" with a stable outlook to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. A rating reflects only the view of the rating agency assigning such rating any desired explanation of the significance of such rating should be obtained from S&P, Public Finance Ratings, 55 Water Street, 38 Floor, New York, New York 10041, Phone: (212) 438-2118.

Generally, ratings agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. There is no assurance that a particular rating will apply for any given period of time or that it will not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating circumstances so warrant. Any downward revision or withdrawal of the rating of the outstanding bonds may have an adverse effect on the market price of the Bonds.

Municipal Advisor

R.G. Timbs, Inc.is a Municipal Advisor, registered with the Securities and Exchange Commission and the Municipal Securities Rulemaking Board. The Municipal Advisor serves as independent municipal advisor to the District on matters relating to debt management. The Municipal Advisor is a municipal advisory and consulting organization and is not engaged in the business of underwriting, marketing, or trading municipal securities or any other negotiated instruments. The Municipal Advisor has provided advice as to the plan of financing and the structuring of the Bonds and has reviewed and commented on certain legal documents, including this Official Statement. The advice on the plan of financing and the structuring of the Bonds was based on materials provided by the District and other sources of information believed to be reliable. The Municipal Advisor has not audited, authenticated, or otherwise verified the information provided by the District or the information set forth in this Official Statement or any other information available to the District with respect to the appropriateness, accuracy, or completeness of disclosure of such information and no guarantee, warranty, or other representation is made by the Municipal Advisor respecting the accuracy and completeness of or any other matter related to such information and this Official Statement.

Miscellaneous

So far as 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 holders of the Bonds.

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 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 repositories. When used in District document or oral presentation, 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 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 Bonds.

Barclay Damon LLP, Albany, New York, Bond Counsel to the District, expresses not opinion as to the accuracy or completeness of information in any document prepared by or on behalf of the District for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement.

References herein to the Constitution of the Sate and various State and federal laws are only brief outlines of certain provisions thereof and do purport to summarize or describe all of such provisions.

Concurrently with the delivery of the Bonds, 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 circumstance 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.

The Official Statement is submitted only in connection with the sale of the Bonds by the District and may not be reproduced or used in whole or in part for any other purpose. R.G. Timbs, Inc. may place a copy of this Official Statement on its website at www.RGTimbsInc.net. 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. R.G. Timbs, Inc. 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 School District nor R.G. Timbs, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, R.G. Timbs, Inc. and the School 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

Build America Mutual Assurance Company ("BAM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "APPENDIX E – BOND INSURANCE AND SPECIMEN POLICY".

The School District contact information is as follows: Ms. Kelley Crossett, Business Manager/Treasurer District Offices, PO Box 360 Newport, NY 13416, Phone (315) 845-6800, ext. 384, email kcrossett@westcanada.org

West Canada Central School District

Dated: May 24, 2018
Newport, New York

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Shawn Schultz
President of Board of Education
And Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

Fiscal Year Ending June 30:	2013	2014		2015		2016	2017	Budget 2018	
Beginning Fund Balance - July 1	$834,884	$1,179,781		$1,786,263		$1,942,465	$2,609,864	$2,879,621	
Revenues:									
Real Property Taxes	$4,523,610	$4,681,936		$4,775,575		$4,871,087	$4,008,112	$4,919,797	
Other Tax Items	269,545	274,141		286,870		288,424	1,154,792	300,916	
Charges for Services	15,962	9,898		9,088		7,103	8,382	53,900	
Use of Money & Property	1,827	1,826		1,756		3,268	3,338	5,575	
Sale of Property/Comp. for Loss	17,252	1,347		5,474		580	8,163	6,000	
Miscellaneous	230,954	324,807		229,709		341,217	195,198	145,000	
State Aid	9,135,290	9,637,347		10,523,339		9,664,488	9,919,826	10,475,855	
Federal Aid	26,970	0		1,259		24,563	46,140	15,000	
Interfund Transfers	0	4,783		2,691		3,237	17,668	0	
Total Revenues	$14,221,410	$14,936,085		$15,835,761		$15,203,967	$15,361,619	$15,922,043	
Expenditures:									
General Support	$1,785,640	$1,844,901		$2,001,254		$1,733,954	$1,861,334	$2,311,818	
Instruction	6,125,358	6,401,393		6,438,111		6,816,381	7,027,917	7,901,361	
Transportation	799,513	810,971		764,820		755,194	747,764	957,062	
Employee Benefits	3,802,752	3,850,910		4,175,277		3,995,211	4,209,765	4,402,556	
Debt Service	1,316,166	1,305,616		1,307,951		1,161,026	1,173,359	1,202,216	
Interfund Transfer	47,084	70,541		987,335		74,802	71,723	144,028	
Total Expenditures	$13,876,513	$14,284,332		$15,674,748		$14,536,568	$15,091,862	$16,919,041	
Adjustments	0	-45,271	2	-4,811	2	0	0	0	
Year End Fund Balance	$1,179,781	$1,786,263		$1,942,465		$2,609,864	$2,879,621	$1,882,623	E
Excess (Deficit) Revenues Over Expenditures	$344,897	$651,753		$161,013		$667,399	$269,757	($996,998)	1, E

Source: Audited Annual Financial Reports and Annual Budget. This table is NOT audited.

Note:
1. Appropriated Fund Balance is planned to be used
2. Other change to Fund Balance
E. Estimated

General Fund – Budget Summary

	2018-19 Adopted Budget
Revenues:	
Real Property Taxes	$5,013,273
Other Tax Items	311,820
Charges for Services	68,900
Use of Money & Property	5,720
Sale of Property/Comp. for Loss	6,500
Miscellaneous	145,000
State Aid	11,071,805
Federal Aid	25,000
Interfund Transfers	47230
Appropriation of Fund Balance	1,202,990
Total Revenues	$17,898,238
Expenditures:	
General Support	$2,417,262
Instruction	8,016,508
Transportation	977,192
Employee Benefits	4,595,905
Debt Service	1,780,447
Interfund Transfer	110,924
Total Expenditures	$17,898,238

Source: Adopted Budget of the School District. This table is NOT audited

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	2013	2014	2015	2016	2017
Assets:					
Unrestricted Cash	$1,904,132	$2,418,510	$1,911,127	$3,018,556	$2,638,668
Other Receivables	2,972	1,508	334	160	5,235
Due from Other Funds	264,152	304,803	344,901	551,854	372,947
Due from State & Federal	593,941	517,313	1,348,759	660,117	583,360
Due from Fiduciary Funds	39	32	33	102	39
Total Assets	$2,765,236	$3,242,166	$3,605,154	$4,230,789	$3,600,249
Liabilities:					
Accounts Payable	$7,787	$15,246	$173,054	$271,895	$34,781
Accrued Liabilities	6,528	9,536	16,431	24,219	26,668
Notes Payable:					
Revenue Anticipation Notes	600,000	600,000	600,000	600,000	0
Due to Other Funds	31,624	58,252	66,742	61,739	51,790
Due to Retirement Systems	608,346	772,869	806,462	663,072	606,005
Deferred Revenues	331,170	0	0	0	1,384
Total Liabilities:	$1,585,455	$1,455,903	$1,662,689	$1,620,925	$720,628
Fund Balances:					
Assigned:					
Encumbrances	0	3,473	633	2,547	0
Appropriated Fund Balance	293,682	406,006	805,304	915,844	999,029
Unassigned					
Unappropriated Fund Balance	886,099	1,376,784	1,136,528	1,691,473	1,880,592
Total Fund Balance	$1,179,781	$1,786,263	$1,942,465	$2,609,864	$2,879,621
Total Liabilities and Fund Balance	$2,765,236	$3,242,166	$3,605,154	$4,230,789	$3,600,249

Source: Audited Financial Reports. This table is NOT audited.

APPENDIX B

Audited Financial Statements

For The Fiscal Year Ended June 30, 2017

Note: Such Financial Reports and opinions were prepared as of the date thereof and have not been reviewed and/or updated by the District's Auditors in connection with the preparation and dissemination of this official statement. Consent of the Auditors for inclusion of the Audited Financial Reports in this Official Statement has neither been requested nor obtained

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS
AND
SUPPLEMENTAL SCHEDULES

JUNE 30, 2017

C O N T E N T S

INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
West Canada Valley Central School District
Newport, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund and the aggregate remaining fund information of the West Canada Valley Central School District (the "District"), as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of West Canada Valley Central School District, as of June 30, 2017, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of funding progress - other post-employment benefits plan and schedules of local government's proportionate share of the net pension liability and contributions on pages 3 through 11 and pages 43 through 47 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The other supplementary information is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information on pages 48 through 50, as described in the table of contents is the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated September 11, 2017, on our consideration of West Canada Valley Central School District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering West Canada Valley Central School District's internal control over financial reporting and compliance.

WEST & COMPANY CPAs PC

Gloversville, New York
September 11, 2017

The following is a discussion and analysis of the School District's financial performance for the fiscal year ended June 30, 2017. This section is a summary of the School District's financial activities based on currently known facts, decisions or conditions. It is also based on both the government-wide and fund-based financial statements. The results of the current year are discussed in comparison with the prior year, with an emphasis placed on the current year. This section is only an introduction and should be read in conjunction with the School District's financial statements, which immediately follow this section.

FINANCIAL HIGHLIGHTS

	2017	2016	Increase/ (Decrease)
Net position (deficiency) of the District at year end	$ (9,670,977)	$ (7,238,681)	$ (2,432,296)
General Fund fund balance	$ 2,879,621	$ 2,609,864	$ 269,757
	Budgeted	**Actual**	**Variance**
Resources available for appropriation	$ 15,753,163	$ 15,361,619	$ (391,544)

OVERVIEW OF THE FINANCIAL STATEMENTS

This annual report consists of three parts: MD&A (this section), the basic financial statements and required supplementary information. The basic financial statements include two kinds of statements that present different views of the School District:

The first two statements are *District-wide* financial statements that provide both *short-term* and *long-term* information about the School District's *overall* financial status.

The remaining statements are *fund financial statements* that focus on *individual parts* of the School District, reporting the School District's operations in *more detail* than the District-wide statements. The *governmental funds statements* tell how basic services such as regular and special education were financed in the *short-term*, as well as what remains for future spending.

Fiduciary funds statements provide information about the financial relationships in which the School District acts solely as a *trustee* or *agent* for the benefit of others.

The financial statements also include notes that provide additional information about the financial statements and the balances reported. The statements are followed by a section of required supplementary information that further explains and supports the financial statements with a comparison of the School District's budget for the year.

Table A-1 summarizes the major features of the School District's financial statements, including the portion of the School District's activities that they cover and the types of information that they contain. The remainder of this overview section highlights the structure and contents of each statement.

Table A-1 Major Features of the District-wide and Fund Financial Statements

		Fund Financial Statements	
	District-Wide	**Governmental Funds**	**Fiduciary Funds**
Scope	Entire District (except fiduciary funds)	The daily operating activities of the School District, such as instruction and special education	Instances in which the School District administers resources on behalf of someone else, such as scholarship programs and student activities monies
Required financial statements	• Statement of net position • Statement of activities	• Balance sheet • Statement of revenues, expenditures, and changes in fund balances	• Statement of fiduciary net position • Statement of changes in fiduciary net position
Accounting basis and measurement focus	Accrual accounting and economic resources focus	Modified accrual accounting and current financial focus	Accrual accounting and economic resources focus
Type of asset/deferred outflows of resources/liability/deferred inflows of resources information	All assets, deferred outflows of resources, liabilities and deferred inflows of resources, both financial and capital, short-term and long-term	Generally, assets and deferred outflows of resources expected to be used up and liabilities and deferred inflows of resources that come due or available during the year or soon thereafter; no capital assets or long-term liabilities included	All assets, deferred outflows of resources (if any), liabilities and deferred inflows of resources (if any), both short-term and long-term; funds do not currently contain capital assets, although they can
Type of inflow/outflow information	All revenues and expenses during the year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and the related liability is due and payable	All additions and deductions during the year, regardless of when cash is received or paid

District-Wide Statements

The District-wide statements report information about the School District as a whole using accounting methods similar to those used by private-sector companies. The statement of net position includes all of the School District's assets, deferred outflows of resources, liabilities and deferred inflows of resources. All of the current year's revenues and expenses are accounted for in the statement of activities regardless of when cash is received or paid.

The two District-wide statements report the School District's *net position* and how they have changed. Net position – the difference between the School District's assets and liabilities – is one way to measure the School District's financial health or position.

- Over time, increases or decreases in the School District's net position is an indicator of whether its financial position is improving or deteriorating, respectively.

- For assessment of the overall health of the School District, additional nonfinancial factors such as changes in the property tax bases and the condition of buildings and other facilities should be considered.

Net position of the governmental activities differ from the governmental fund balance because governmental fund level statements only report transactions using or providing current financial resources. Also, capital assets are reported as expenditures when financial resources (dollars) are expended to purchase or build such assets. Likewise, the financial resources that may have been borrowed are considered revenue when they are received. Principal and interest payments are considered expenditures when paid. Depreciation is not calculated. Capital assets and long-term debt are accounted for in account groups and do not affect the fund balance.

District-wide statements use an economic resources measurement focus and full accrual basis of accounting that involves the following steps to prepare the statement of net position.

- Capitalize current outlays for capital assets.

- Report long-term debt as a liability.

- Calculate revenue and expenditures using the economic resources measurement focus and the full accrual basis of accounting.

- Allocate net position balances as follows:

  - Net position invested in capital assets, net of debt.

  - Restricted net positions are those with constraints placed on use by external sources or imposed by law.

  - Unrestricted net positions are net positions that do not meet any of the above restrictions.

Fund Financial Statements

The fund financial statements provide more detailed information about the School District's funds – not the School District as a whole. Funds are accounting devices the School District uses to keep track of specific sources of funding and spending on particular programs. The funds have been established by the State of New York.

The District has two kinds of funds:

- Governmental Funds: Most of the School District's basic services are included in governmental funds, which generally focus on (1) how cash and other financial assets can be readily converted to cash flow in and out and (2) the balances left at year end that are available for spending. Consequently, the governmental funds statements provide a detailed short-term view that helps you determine whether there are more or fewer financial resources that can be spent in the near future to finance the School District's programs.

  Because this information does not encompass the additional long-term focus of the District-wide statements, additional information at the bottom of the governmental funds statements explains the relationship (or differences) between them. The governmental fund statements focus primarily on current financial resources and often have a budgetary orientation. Governmental funds include the general fund, special aid fund, school lunch fund and the capital project fund. Required financial statements are the balance sheet and the statement of revenue, expenditures and changes in fund balances.

- Fiduciary Fund: The School District is the trustee, or fiduciary, for assets that belong to others, such as the scholarship fund and the student activities funds. The School District is responsible for ensuring that the assets reported in these funds are used only for their intended purposes and by those to whom the assets belong. The School District excludes these activities from the District-wide financial statements because it cannot use these assets to finance its operations. Fiduciary fund reporting focuses on net positions and changes in net positions.

FINANCIAL ANALYSIS OF THE DISTRICT AS A WHOLE

Table A-2

Condensed Statement of Net Position

	Fiscal Year 2017	Fiscal Year 2016	Percentage Change (Incr.;-Decr.)
Assets			
Current and other assets	$ 9,208,441	$ 6,889,474	33.7%
Capital assets	17,178,352	16,294,178	5.4%
Total Assets	26,386,793	23,183,652	13.8%
Deferred Outflows of Resources			
Pensions	3,272,586	1,378,459	137.4%
Total Deferred Outflows of Resources	3,272,586	1,378,459	137.4%
Liabilities			
Long-term debt outstanding	31,481,347	29,101,236	8.2%
Other liabilities	7,659,577	1,606,351	376.8%
Total Liabilities	39,140,924	30,707,587	27.5%
Deferred Inflows of Resources			
Pensions	189,432	1,093,205	-82.7%
Total Deferred Inflows of Resources	189,432	1,093,205	-82.7%
Net Position			
Net investment in capital assets	4,961,852	9,103,666	-45.5%
Restricted	92,737	56,959	62.8%
Unrestricted	(14,725,566)	(16,399,306)	10.2%
Total Net Position	$ (9,670,977)	$ (7,238,681)	-33.6%

Changes in Net Position

The School District's 2017 revenue was $16,159,332 (see Table A-3). Property taxes and New York State aid accounted for the majority of revenue by contributing 32% and 61%, respectively, of the total revenue raised (see Table A-4). The remainder of revenue came from fees for services, use of money and property, operating grants and other miscellaneous sources.

The total cost of all programs and services totaled $18,578,115 for 2017. Of these expenses (78%) are predominantly for the education, supervision and transportation of students (see Table A-5). The School District's administrative, occupancy and business activities accounted for 18% of total costs.

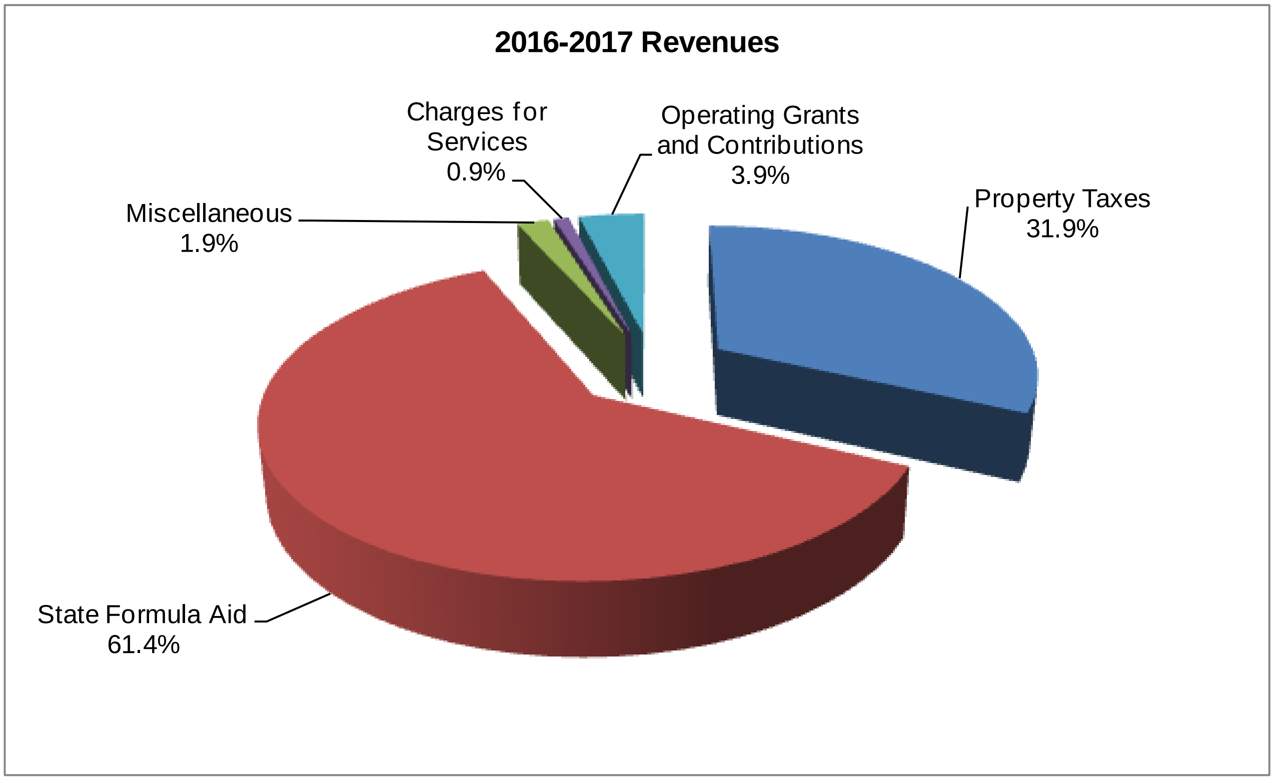
Net position decreased during the year by $2,432,296 after an other decrease in net position of $13,513.

Table A-3

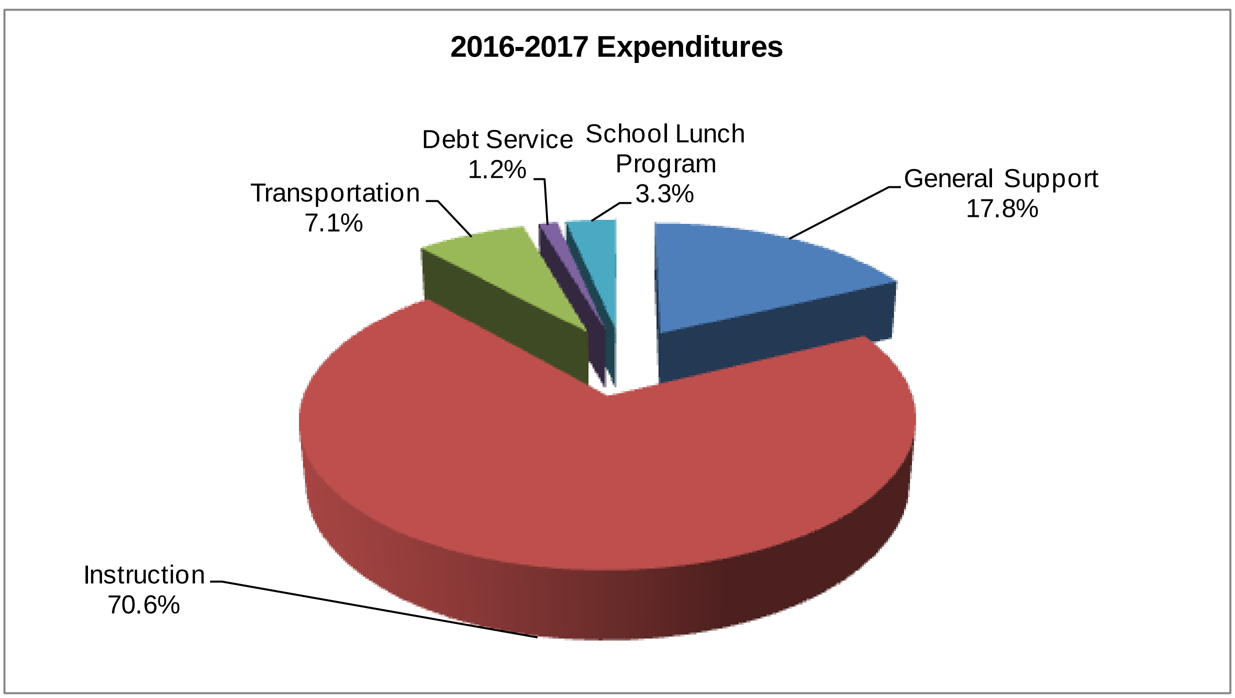
Changes in Net Position from Operating Results

	Fiscal Year 2017	Fiscal Year 2016	Percentage Change (Incr.;-Decr.)
Revenues			
Program revenues			
Charges for services	$ 145,627	$ 141,088	3.2%
Operating grants and contributions	627,602	631,944	-1%
General revenues			
Property taxes	5,162,904	5,159,511	0.1%
State formula aid	9,919,826	9,664,488	3%
Other	303,373	369,649	-17.9%
Total revenues	16,159,332	15,966,680	1.2%
Expenses			
General support	3,301,941	3,087,876	6.9%
Instruction	13,115,486	12,817,844	2.3%
Transportation	1,326,507	1,344,872	-1.4%
Other	834,181	826,360	0.9%
Total expenses	18,578,115	18,076,952	2.8%
OTHER CHANGE IN NET POSITION	(13,513)	0	-100.0%
(DECREASE) IN NET POSITION	$ (2,432,296)	$ (2,110,272)	-15.3%

REVENUES – TABLE A-4



EXPENDITURES – TABLE A-5



Governmental Activities

Revenue for the School District's governmental activities totaled $16,159,332 while total expenses were $18,578,115. Accordingly, net position decreased by $2,432,296 after an other decrease in net position of $13,513.

Table A-6 presents the cost of several of the School District's major activities. The table also shows each activity's net cost (total cost less fees generated by the activity and intergovernmental aid provided for specific programs). The net cost shows the financial burden placed on the School District's taxpayers by each of these functions.

Table A-6

Net Cost of Governmental Activities

	Total Cost of Services		Percentage Change	Net Cost of Services		Percentage Change
	2017	**2016**	**(Incr.;-Decr.)**	**2017**	**2016**	**(Incr.;-Decr.)**
General support	$ 3,301,941	$ 3,087,876	6.9%	$ 3,301,941	$ 3,087,876	6.9%
Instruction	13,115,486	12,817,844	2.3%	12,677,265	12,364,591	2.5%
Pupil	1,326,507	1,344,872	-1.4%	1,326,507	1,344,872	-1.4%
Other	834,181	826,360	0.9%	499,173	506,581	-1.5%
Totals	$18,578,115	$18,076,952	2.8%	$17,804,886	$17,303,920	2.9%

- The cost of all governmental activities for the year was $18,578,115.
- The users of the School District's programs financed $145,627 of the costs.
- The federal and state government grants financed $627,602.
- The majority of costs were financed by the School District's taxpayers and state aid.

FINANCIAL ANALYSIS OF THE SCHOOL DISTRICT'S FUNDS

General Fund Budgetary Highlights

	Final Budget	Actual	Increase/ (Decrease)	Percentage Variance
Revenues:				
Local sources	$ 5,318,892	$ 5,377,985	$ 59,093	1.1%
State and federal sources	10,434,271	9,965,966	(468,305)	-4.5%
Transfers	0	17,668	17,668	100.0%
Total	15,753,163	15,361,619	(391,544)	-2.5%
Expenses:				
General support	2,308,814	1,861,334	(447,480)	-19.4%
Instruction	7,483,170	7,027,917	(455,253)	-6.1%
Pupil transportation	904,537	747,764	(156,773)	-17.3%
Employee benefits	4,622,136	4,209,765	(412,371)	-8.9%
Debt service	1,207,686	1,173,359	(34,327)	-2.8%
Total	16,526,343	15,020,139	(1,506,204)	-9.1%
Other financing uses	145,211	71,723	(73,488)	-50.6%
Net change in fund balances	$ (918,391)	$ 269,757	$ 1,188,148	129.4%

This section presents an analysis of significant variances between original and final budget amounts and between final budget amounts and actual results for the General Fund.

The District saw reduced revenues as it was affected by a reduced state aid. In the area of employee benefits, the District's health insurance did not increase to the level that they had expected.

The General Fund is the only fund for which a budget is legally adopted.

CAPITAL ASSET AND DEBT ADMINISTRATION

As of June 30, 2017, the School District had $17,178,352 (net of depreciation) invested in a broad range of capital assets including land, buildings, buses, athletic facilities, computers and other educational equipment.

Capital Assets

Table A-7

	Fiscal Year 2017	Fiscal Year 2016	Percentage Change (Incr.; -Decr.)
Land and construction in progress	$ 1,445,169	$ 312,167	362.9%
Buildings and equipment	15,733,183	15,982,011	-1.6%
Totals	$ 17,178,352	$ 16,294,178	5.4%

Long-Term Debt

As of June 30, 2017, the School District had $30,703,748 in general obligation and other long-term debt outstanding. More detailed information about the School District's long-term debt is included in the notes to the basic financial statements.

Table A-8

Outstanding Long-Term Debt

	Fiscal Year 2017	Fiscal Year 2016	Percentage Change (Incr.; -Decr.)
General obligation bonds	$ 6,522,730	$ 7,190,512	-9%
Other debt	24,181,018	21,088,697	14.7%
Totals	$ 30,703,748	$ 28,279,209	8.6%

During 2017, the School District issued $280,000 in new bonds and paid down its debt by retiring $947,782 of outstanding bonds. Other debt represented compensated absences and other post-employment benefits.

FACTORS BEARING ON THE DISTRICT'S FUTURE

The District continues to re-establish stability and a long term vision with respect to financial constraints and academic programs.

CONTACTING THE SCHOOL DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide the School District's citizens, taxpayers, customers, investors and creditors with a general overview of the School District's finances and to demonstrate the School District's accountability for the money it receives. If you have questions about this report or need additional financial information, please contact:

West Canada Valley Central School District
DJ Shepardson, Superintendent
5447 State Route 28
PO Box 360
Newport, NY 13416-0360

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF NET POSITION

JUNE 30, 2017

ASSETS	
Cash	
Unrestricted	$ 8,451,538
Receivables	
Other receivables	5,235
State and federal aid	737,772
Due from fiduciary fund	39
Inventories	13,857
Capital assets, net of depreciation	17,178,352
Total Assets	26,386,793
DEFERRED OUTFLOWS OF RESOURCES	
Pensions	3,272,586
Total Deferred Outflows of Resources	3,272,586
LIABILITIES	
Payables	
Accounts payable	34,781
Accrued liabilities	29,874
Bond anticipation note payable	6,960,000
Unearned grant revenues	1,384
Due to other governments	119
Due to Teachers' Retirement System	580,297
Due to Employees' Retirement System	53,122
Long-term liabilities	
Due and payable within one year	
Bonds payable	962,730
Due and payable after one year	
Bonds payable	5,560,000
Other post-employment benefits payable	23,658,077
Net pension liability - proportionate share	777,599
Compensated absences payable	522,941
Total Liabilities	39,140,924
DEFERRED INFLOWS OF RESOURCES	
Pensions	189,432
Total Deferred Inflows of Resources	189,432
NET POSITION	
Net investment in capital assets	4,961,852
Restricted for:	
Debt service	92,737
Unrestricted	(14,725,566)
TOTAL NET POSITION	$ (9,670,977)

See notes to basic financial statements.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF ACTIVITIES AND CHANGE IN NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	Expenses	Program Revenues Charges for Services	Program Revenues Operating Grants	Net (Expense) Revenues and Changes in Net Position
FUNCTIONS/PROGRAMS				
General support	$ 3,301,941	$ 0	$ 0	$ (3,301,941)
Instruction	13,115,486	8,382	429,839	(12,677,265)
Pupil transportation	1,326,507	0	0	(1,326,507)
Debt service	225,577	0	0	(225,577)
School lunch program	608,604	137,245	197,763	(273,596)
Total Functions and Programs	$ 18,578,115	$ 145,627	$ 627,602	(17,804,886)
GENERAL REVENUES				
Real property taxes				4,008,112
Other tax items				1,154,792
Use of money and property				3,417
Sale of property and compensation for loss				8,163
Miscellaneous				245,653
State sources				9,919,826
Medicaid reimbursement				46,140
Total General Revenues				15,386,103
CHANGE IN NET POSITION				(2,418,783)
TOTAL NET POSITION - BEGINNING OF YEAR				(7,238,681)
OTHER CHANGE IN NET POSITION				(13,513)
TOTAL NET POSITION - END OF YEAR				$ (9,670,977)

See notes to basic financial statements.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

BALANCE SHEET – GOVERNMENTAL FUNDS

JUNE 30, 2017

	General	Special Aid	School Lunch	Debt Service	Capital	Total Governmental Funds
ASSETS						
Cash						
Unrestricted	$ 2,638,668	$ 79,181	$ 39,919	$ 0	$ 5,693,770	$ 8,451,538
Due from other funds	372,947	51,790	0	92,737	0	517,474
Due from fiduciary funds	39	0	0	0	0	39
State and Federal aid	583,360	152,939	1,473	0	0	737,772
Other receivables	5,235	0	0	0	0	5,235
Inventories	0	0	13,857	0	0	13,857
TOTAL ASSETS	$ 3,600,249	$ 283,910	$ 55,249	$ 92,737	$ 5,693,770	$ 9,725,915
LIABILITIES						
Accounts payable	$ 34,781	$ 0	$ 0	$ 0	$ 0	$ 34,781
Accrued liabilities	26,668	2,184	1,022	0	0	29,874
Due to other funds	51,790	267,946	105,000	0	92,738	517,474
Bond anticipation note payable	0	0	0	0	6,960,000	6,960,000
Due to other governments	0	0	119	0	0	119
Due to Employees' Retirement System	51,539	1,583	0	0	0	53,122
Due to Teachers' Retirement System	554,466	25,831	0	0	0	580,297
Collections in advance	1,384	0	0	0	0	1,384
Total Liabilities	720,628	297,544	106,141	0	7,052,738	8,177,051
FUND BALANCE						
Nonspendable - Inventory	0	0	13,857	0	0	13,857
Restricted						
Reserve for debt service	0	0	0	92,737	0	92,737
Assigned	999,029	0	0	0	4,975,714	5,974,743
Unassigned	1,880,592	(13,634)	(64,749)	0	(6,334,682)	(4,532,473)
Total Fund Balance	2,879,621	(13,634)	(50,892)	92,737	(1,358,968)	1,548,864
TOTAL LIABILITIES AND FUND BALANCE	$ 3,600,249	$ 283,910	$ 55,249	$ 92,737	$ 5,693,770	$ 9,725,915

See notes to basic financial statements.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO STATEMENT OF NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

Total fund balance - governmental funds balance sheet (page 14)	$ 1,548,864
Add:	
Pensions	3,272,586
Capital assets, net of accumulated depreciation	17,178,352
Totals	20,450,938
Deduct:	
Net pension liability - proportionate share	777,599
Pensions	189,432
Long-term debt	30,703,748
Totals	31,670,779
NET POSITION, GOVERNMENTAL ACTIVITIES	$ (9,670,977)

See notes to basic financial statements.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS

FOR THE YEAR ENDED JUNE 30, 2017

	General	Special Aid	School Lunch	Debt Service	Capital	Total Governmental Funds
REVENUES						
Real property taxes	$ 4,008,112	$ 0	$ 0	$ 0	$ 0	$ 4,008,112
Other tax items	1,154,792	0	0	0	0	1,154,792
Charges for services	8,382	0	0	0	0	8,382
Use of money and property	3,338	0	7	72	0	3,417
Sale of property and compensation for loss	8,163	0	0	0	0	8,163
Miscellaneous	195,198	0	0	50,455	0	245,653
State sources	9,919,826	134,667	7,909	0	0	10,062,402
Federal sources	46,140	295,172	164,644	0	0	505,956
Surplus food	0	0	25,210	0	0	25,210
Sales - school lunch	0	0	137,245	0	0	137,245
Total Revenues	15,343,951	429,839	335,015	50,527	0	16,159,332
EXPENDITURES						
General support	1,861,334	0	158,700	0	0	2,020,034
Instruction	7,027,917	365,400	0	0	0	7,393,317
Pupil transportation	747,764	0	0	0	0	747,764
Employee benefits	4,209,765	113,311	67,141	0	0	4,390,217
Debt service						
Principal	947,782	0	0	0	0	947,782
Interest	225,577	0	0	0	0	225,577
Cost of sales	0	0	123,473	0	0	123,473
Capital outlay	0	0	0	0	1,415,723	1,415,723
Total Expenditures	15,020,139	478,711	349,314	0	1,415,723	17,263,887
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES	323,812	(48,872)	(14,299)	50,527	(1,415,723)	(1,104,555)
OTHER FINANCING SOURCES AND USES						
Proceeds from debt	0	0	0	0	280,000	280,000
Operating transfers in	17,668	51,790	13,429	0	6,503	89,390
Operating transfers (out)	(71,723)	(2,918)	0	(14,749)	0	(89,390)
Total Other Sources (Uses)	(54,055)	48,872	13,429	(14,749)	286,503	280,000
EXCESS (DEFICIENCY) OF REVENUES AND OTHER SOURCES OVER EXPENDITURES AND USES	269,757	0	(870)	35,778	(1,129,220)	(824,555)
FUND BALANCE - BEGINNING OF YEAR	2,609,864	(121)	(50,022)	56,959	(229,748)	2,386,932
OTHER CHANGE IN FUND BALANCE	0	(13,513)	0	0	0	(13,513)
FUND BALANCE - END OF YEAR	$ 2,879,621	$ (13,634)	$ (50,892)	$ 92,737	$ (1,358,968)	$ 1,548,864

See notes to basic financial statements.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES TO STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED JUNE 30, 2017

REVENUES - GOVERNMENTAL FUNDS AND STATEMENTS OF ACTIVITIES		$ 16,159,332
EXPENDITURES - GOVERNMENTAL FUNDS	17,263,887	
Add:		
Depreciation expense	505,483	
Change in compensated absences	13,028	
Pensions	53,863	
Other post-employment benefits	3,079,293	
Total	3,651,667	
Deduct:		
Principal payments on long-term debt	947,782	
Change in fixed assets	1,389,657	
Total	2,337,439	
EXPENDITURES - STATEMENT OF ACTIVITIES		18,578,115
CHANGE IN NET POSITION		$ (2,418,783)

See notes to basic financial statements.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

STATEMENT OF FIDUCIARY NET POSITION

JUNE 30, 2017

	Private Purpose Trusts	Agency
ASSETS		
Cash		
Restricted	$ 60,160	$ 76,106
Total Assets	$ 60,160	$ 76,106
LIABILITIES		
Due to other funds	$ 0	$ 39
Extraclassroom activity balances	0	65,637
Other liabilities	0	10,430
Total Liabilities	0	$ 76,106
NET POSITION		
Reserved for scholarships	$ 60,160	

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FOR THE YEAR ENDED JUNE 30, 2017

	Private Purpose Trusts
ADDITIONS	
Gifts and contributions	$ 2,122
Investment earnings	12
Total Additions	2,134
DEDUCTIONS	
Scholarships and awards	3,821
CHANGE IN NET POSITION	(1,687)
NET POSITION - BEGINNING OF YEAR	61,847
NET POSITION - END OF YEAR	$ 60,160

See notes to basic financial statements.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the West Canada Valley Central School District (the "District") have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. Those principles are prescribed by the Governmental Accounting Standards Board (GASB), which is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

Significant accounting principles and policies utilized by the District are described below:

A. Reporting Entity

The West Canada Valley Central School District is governed by the laws of New York State. The District is an independent entity governed by an elected Board of Education consisting of 7 members. The President of the Board serves as the chief fiscal officer and the Superintendent is the chief executive officer. The Board is responsible for, and controls, all activities related to public school education within the District. Board members have authority to make decisions, power to appoint management and primary accountability for all fiscal matters.

The reporting entity of the District is based upon criteria set forth by GASB Statement 14, *The Financial Reporting Entity*, as amended by GASB Statement 39, *Component Units*. The financial reporting entity consists of the primary government, organizations for which the primary government is financially accountable and other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

The accompanying financial statements present the activities of the District and other organizational entities determined to be includable in the District's financial reporting entity. The District is not a component unit of another reporting entity. The decision to include a potential component unit in the District's reporting entity is based on several criteria including legal standing, fiscal dependency and financial accountability. Based on the application of these criteria, the following is a brief description of an entity included in the District's reporting entity.

i) Extraclassroom Activity Funds

The Extraclassroom Activity Funds of the District represent funds of the students of the District. The Board of Education exercises general oversight of these funds. The Extraclassroom Activity Funds are independent of the District with respect to its financial transactions and the designation of student management. Separate audited financial statements (cash basis) of the Extraclassroom Activity Funds can be found with these financial statements. The District accounts for assets held as an agent for various student organizations in an agency fund.

B. Joint Venture

The District is a component district in the Herkimer County Board of Cooperative Educational Services (BOCES). A BOCES is a voluntary, cooperative association of school districts in a geographic area that shares planning, services and programs that provide educational and support activities. There is no authority or process by which a school district can terminate its status as a BOCES component.

BOCES are organized under Section 1950 of the New York State Education Law. A BOCES Board is considered a corporate body. Members of a BOCES Board are nominated and elected by their component member boards in accordance with provisions of Section 1950 of the New York State Education Law. All BOCES property is held by the BOCES Board as a corporation (Section 1950(6)). In addition, BOCES Boards also are considered municipal corporations to permit them to contract with other municipalities on a cooperative basis under Section 119-n(a) of the New York State General Municipal Law.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

B. Joint Venture – (Continued)

A BOCES' budget is comprised of separate budgets for administrative, program and capital costs. Each component district's share of administrative and capital cost is determined by resident public school district enrollment, as defined in the New York State Education Law, Section 1950(4)(b)(7). In addition, component districts pay tuition or a service fee for programs in which its students participate.

During the year, the District was billed $2,478,831 for BOCES administrative and program costs.

Participating school districts issue debt on behalf of BOCES. During the year, the District issued $-0- of serial bonds on behalf of BOCES. As of year end, the District had outstanding BOCES debt of $-0-.

The District's share of BOCES aid amounted to $982,072.

Financial statements for the BOCES are available from the BOCES administrative office.

C. Basis of Presentation

1. District-Wide Statements

The Statement of Net Position and the Statement of Activities present financial information about the District's governmental activities. These statements include the financial activities of the overall government in its entirety, except those that are fiduciary.

Eliminations have been made to minimize the double counting of internal transactions. Governmental activities generally are financed through taxes, state aid, intergovernmental revenues and other exchange and nonexchange transactions. Operating grants include operating-specific and discretionary (either operating or capital) grants, while the capital grants column reflects capital-specific grants.

The Statement of Net Position presents the financial position of the District at fiscal year-end. The Statement of Activities presents a comparison between program expenses and revenues for each function of the District's governmental activities. Direct expenses are those that are specifically associated with and are clearly identifiable to a particular function. Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas. Program revenues include charges paid by the recipients of goods or services offered by the programs, and grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented as general revenues.

2. Funds Statements

The fund statements provide information about the District's funds, including fiduciary funds. Separate statements for each fund category (governmental and fiduciary) are presented. The emphasis of fund financial statements is on major governmental funds, each displayed in a separate column.

The District reports the following major governmental funds:

General Fund – This is the District's primary operating fund. It accounts for all financial transactions that are not required to be accounted for in another fund.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

C. Basis of Presentation – (Continued)

2. Funds Statements – (Continued)

Special Revenue Funds – These funds account for the proceeds of specific revenue sources, such as federal and state grants, that are legally restricted to expenditures for specified purposes, child nutrition or other activities whose funds are restricted as to use. These legal restrictions may be imposed either by governments that provide the funds or by outside parties.

Capital Projects Fund – These funds are used to account for the financial resources used for acquisition, construction or major repair of capital facilities.

Debt Service Fund: This fund accounts for the accumulation of resources and the payment of principal and interest on long-term general obligation debt of governmental activities. When a capital asset is sold and all or a portion of the bonds used to finance the capital asset are outstanding, this fund must be used to account for the proceeds from the sale of capital assets up to the balance of the related bonds outstanding.

The District reports the following fiduciary funds:

Fiduciary Funds – Fiduciary activities are those in which the District acts as trustee or agent for resources that belong to others. These activities are not included in the District-wide financial statements, because their resources do not belong to the District and are not available to be used. There are two classes of fiduciary funds:

i) Private Purpose Trust Funds – These funds are used to account for trust arrangements in which principal and income benefit annual third-party awards and scholarships for students. Established criteria govern the use of the funds and members of the District or representatives of the donors may serve on committees to determine who benefits.

ii) Agency Funds – These funds are strictly custodial in nature and do not involve the measurement of results of operations. Assets are held by the District as agent for various student groups or extraclassroom activity funds and for payroll or employee withholding.

D. Measurement Focus and Basis of Accounting

Accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The District-wide and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash transaction takes place. Nonexchange transactions, in which the District gives or receives value without directly receiving or giving equal value in exchange, include property taxes, grants and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenue from grants and donations is recognized in the fiscal year in which all eligibility requirements have been satisfied.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

D. Measurement Focus and Basis of Accounting – (Continued)

The fund statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if the revenues are collected within 65 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments and compensated absences, which are recognized as expenditures to the extent they have matured. General capital asset acquisitions are reported as expenditures in governmental funds. Proceeds of general long-term debt and acquisitions under capital leases are reported as other financing sources.

E. Property Taxes

Real property taxes are levied annually by the Board of Education no later than September 1, and become a lien on September 1. Taxes are collected during the period September 1 to October 31.

Uncollected real property taxes are subsequently enforced by the Counties of Herkimer and Oneida in which the District is located. The Counties pay an amount representing uncollected real property taxes transmitted to the Counties for enforcement to the District no later than the following April 1.

F. Restricted Resources

When an expense is incurred for purposes for which both restricted and unrestricted net positions are available, the District's policy concerning which to apply first varies with the intended use, and with associated legal requirements, many of which are described elsewhere in these Notes.

G. Interfund Transactions

The operations of the District include transactions between funds. These transactions may be temporary in nature, such as with interfund borrowings. The District typically loans resources between funds for the purpose of providing cash flow. These interfund receivables and payables are expected to be repaid within one year. Permanent transfers of funds include the transfer of expenditure and revenues to provide financing or other services.

In the District-wide statements, the amounts reported on the Statement of Net Position for interfund receivables and payables represent amounts due between different fund types (governmental activities and fiduciary funds). Eliminations have been made for all interfund receivables and payables between the funds, with the exception of those due from or to the fiduciary funds.

The governmental funds report all interfund transactions as originally recorded. Interfund receivables and payables may be netted on the accompanying governmental funds balance sheet when it is the District's practice to settle these amounts at a net balance based upon the right of legal offset.

Refer to Note 8 for a detailed disclosure by individual fund for interfund receivables, payables, expenditures and revenues activity.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

H. Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets, deferred outflows of resources, liabilities, deferred inflows of resources, and disclosure of contingent assets and liabilities at the date of the financial statements and the reported revenues and expenses during the reporting period. Actual results could differ from those estimates. Estimates and assumptions are made in a variety of areas, including computation of encumbrances, compensated absences, potential contingent liabilities and useful lives of long-lived assets.

I. Cash (and Cash Equivalents)/Investments

The District's cash and cash equivalents consist of cash on hand, demand deposits and short-term investments with original maturities of three months or less from date of acquisition.

New York State law governs the District's investment policies. Resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Permissible investments include obligations of the United States Treasury, United States Agencies, repurchase agreements and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by FDIC insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and Districts.

Investments are stated at fair value.

J. Accounts Receivable

Accounts receivable are shown gross, with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided since it is believed that such allowance would not be material.

K. Inventories and Prepaid Items

Inventories of food in the School Lunch Fund are recorded at cost on a first-in, first-out basis, or in the case of surplus food, at stated value which approximates market. Purchases of inventoriable items in other funds are recorded as expenditures at the time of purchase, and are considered immaterial in amount.

Prepaid items represent payments made by the District for which benefits extend beyond year end. These payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the District-wide and fund financial statements. These items are reported as assets on the statement of net position or balance sheet using the consumption method. A current asset for the prepaid amount is recorded at the time of purchase and an expense/expenditure is reported in the year the goods or services are consumed.

A reserve for these nonliquid assets (inventories) has been recognized to signify that a portion of fund balance is not available for other subsequent expenditures.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

L. Capital Assets

Capital assets are reported at actual cost when such data was available. For assets in which there was no data available, estimated historical costs, based on direct costing, standard costing or normal costing methods, were used. Donated assets are reported at estimated fair market value at the time received.

Capitalization thresholds (the dollar value above which asset acquisitions are added to the capital asset accounts), depreciation methods and estimated useful lives of capital assets reported in the District-wide statements are as follows:

	Capitalization Threshold	Depreciation Method	Estimated Useful Life
Buildings	$ 10,000	Straight-line	50
Building improvements	10,000	Straight-line	50
Site improvements	10,000	Straight-line	50
Furniture and equipment	10,000	Straight-line	8-15

M. Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. The separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District has two items that qualify for reporting in this category. The first item is related to pensions reported in the District-wide Statement of Net Position. This represents the effect of the net change in the District's proportion of the collective net pension asset or liability and difference during the measurement period between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense. Lastly are the District contributions to the pension systems (TRS and ERS Systems) subsequent to the measurement date.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The District has the following items that qualify for reporting in this category. First arises only under a modified accrual basis of accounting and is reported as unavailable revenue – property taxes. The second item is related to pensions reported in the District's proportion of the collective net pension liability (ERS System) and net pension asset (TRS System) and difference during the measurement periods between the District's contributions and its proportion share of total contributions to the pension systems not included in pension expense.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At June 30, 2017, the District reported the following asset (liability) for its proportionate share of the net pension asset (liability) for each of the Systems. The net pension asset (liability) was measured as of March 31, 2017 for ERS and June 30, 2016 for TRS. The total pension asset (liability) used to calculate the net pension asset (liability) was determined by an actuarial valuation. The District's proportion of the net pension asset (liability) was based on a projection of the District's long-term share of contributions to the Systems relative to the projected contributions of all participating members, actuarially determined. This information was provided by the ERS and TRS Systems in reports provided to the District.

	ERS	TRS
Measurement date	March 31, 2017	June 30, 2016
District's proportionate share of the net pension asset (liability)	$ (475,807)	$ (301,792)
District's portion of the Plan's total net pension asset (liability)	0.0050638%	0.028177%
Change in proportion since the prior measurement date	(0.0000578)%	(0.000294)%

For the year ended June 30, 2017, the District's recognized pension expense of $204,405 for ERS and $512,193 for TRS. At June 30, 2017 the District's reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources were:

	Deferred Outflows of Resources		Deferred Inflows of Resources	
	ERS	TRS	ERS	TRS
Differences between expected and actual experience	$ 11,923	$ 0	$ 72,254	$ 98,039
Changes of assumptions	162,553	1,719,198	0	0
Net difference between projected and actual earnings on pension plan investments	95,038	678,586	0	0
Changes in proportion and differences between the District's contributions and proportionate share of contributions	26,389	15,167	1,881	17,258
District's contributions subsequent to the measurement date	51,539	512,193	0	0
Total	$ 347,442	$ 2,925,144	$ 74,135	$ 115,297

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions – (Continued)

District contributions subsequent to the measurement date which will be recognized as a reduction of the net pension liability in the year ended June 30, 2018. Other amounts reported as deferred outflows of resources and deferred (inflows) of resources related to pensions will be recognized in pension expense as follows:

	ERS	TRS
Year ended:		
2018	$ 100,302	$ 209,160
2019	100,302	736,169
2020	83,529	572,201
2021	(62,635)	262,025
2022	0	308,941
Thereafter	0	0

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS	TRS
Measurement date	March 31, 2017	June 30, 2016
Actuarial valuation date	April 1, 2016	June 30, 2015
Interest rate	7.0%	7.5%
Salary scale	3.8%	1.90% - 4.72%
Decrement tables	April 1, 2010 - March 31, 2015 Systems experience	July 1, 2009 - June 30, 2014 Systems experience
Inflation rate	2.5%	2.5%

For ERS, annuitant mortality rates are based on April 1, 2010 through March 31, 2015 System's experience with adjustments for mortality improvements based on MP-2014. For TRS, annuitant mortality rates are based on July 1, 2009 through June 30, 2014 System's experience with adjustments for mortality improvements based on Society of Actuaries Scale AA.

For ERS, the actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 through March 31, 2015. For TRS, the actuarial assumptions used in the June 30, 2015 valuation are based on the results of an actuarial experience study for the period July 1, 2009 through June 30, 2014.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Actuarial Assumptions – (Continued)

The long-term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by each target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	ERS	TRS
Measurement date	March 31, 2017	June 30, 2016
Asset type		
Domestic equity	4.55%	6.10%
International equity	6.35	7.30
Real estate	5.80	5.40
Domestic fixed income securities	0	1.00
Global fixed income securities	0	0.80
Mortgages	0	3.10
Short-term	0	0.10
Private equity/alternative investments	7.75	9.20
Absolute return strategies	4.00	0
Opportunistic portfolio	5.89	0
Real assets	5.54	0
Bonds and mortgages	1.31	0
Cash	(0.25)	0
Inflation index bonds	1.50	0

Discount Rate

The discount rate used to calculate the total pension liability was 7.0% for ERS and 7.5% for TRS. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and that contributions from employers will be made at statutorily required rates, actuarially. Based upon the assumptions, the Systems' fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption

The following presents the District's proportionate share of the net pension asset (liability) calculated using the discount rate of 7.0% for ERS and 7.5% for TRS, as well as what the District's proportionate share of the net pension asset (liability) would be if it were calculated using a discount rate that is 1 percentage point lower (6.0% for ERS and 6.5% for TRS) or 1 percentage point higher (8.0% for ERS and 8.5% for TRS) than the current rate:

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

M. Deferred Outflows and Inflows of Resources – (Continued)

Sensitivity of the Proportionate Share of the Net Pension Liability to the Discount Rate Assumption – (Continued)

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
District's proportionate share of the net pension asset (liability)	$(1,519,633)	$ (475,807)	$ 406,746

TRS	1% Decrease (6.5%)	Current Assumption (7.5%)	1% Increase (8.5%)
District's proportionate share of the net pension asset (liability)	$ (3937,559)	$ (301,792)	$ 2,747,699

Pension Plan Fiduciary Net Position

The components of the current-year net pension asset (liability) of the employers as of the respective valuation dates were as follows:

	(Dollars in thousands)		
	ERS	TRS	Total
Measurement date	March 31, 2017	June 30, 2016	
Employers' total pension asset (liability)	$(177,400,586)	$(108,577,184)	$(285,977,770)
Plan fiduciary net position asset (liability)	168,004,363	107,506,142	275,510,505
Employers' net pension asset (liability)	(9,396,223)	(1,071,042)	(10,467,265)
Ratio of plan fiduciary net position to the employers' total pension asset (liability)	94.7%	99.0%	96.3%

Payables to the Pension Plans

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31. Accrued retirement contributions as of June 30, 2017 represent the projected employer contribution for the period of April 1, 2017 through June 30, 2017 based on paid ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of June 30, 2017 amounted to $53,122.

For TRS, employer and employee contributions for the fiscal year ended June 30, 2017 are paid to the System in September, October and November, 2017 through a state aid intercept. Accrued retirement contributions as of June 30, 2017 represent employee and employer contributions for the fiscal year ended June 30, 2017 based on paid TRS wages multiplied by the employer's contribution rate, by tier and employee contributions for the fiscal year as reported to the TRS System. Accrued retirement contributions as of June 30, 2017 amount to $580,297.

Additional pension information can be found in Note 9.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

N. Unearned Revenue

The District reports unearned revenues on its Statement of Net Position and its Balance Sheet. On the Statement of Net Position, unearned revenue arises when resources are received by the District before it has legal claim to them, as when grant monies are received prior to incurrence of qualifying expenditures. In subsequent periods, when the District has legal claim to resources, the liability for unearned revenue is removed and revenue is recognized. The District has no unearned revenue at June 30, 2017.

O. Vested Employee Benefits

Compensated Absences

Compensated absences consist of unpaid accumulated annual sick leave, vacation and sabbatical time.

Sick leave eligibility and accumulation is specified in negotiated labor contracts and in individual employment contracts. Upon retirement, resignation or death, employees may contractually receive a payment based on unused accumulated sick leave.

District employees are granted vacation in varying amounts, based primarily on length of service and service position. Some earned benefits may be forfeited if not taken within varying time periods.

Consistent with GASB Statement 16, *Accounting for Compensated Absences*, the liability has been calculated using the vesting/termination method and an accrual for that liability is included in the District-wide financial statements. The compensated absences liability is calculated based on the pay rates in effect at year end.

In the fund statements, only the amount of matured liabilities is accrued within the General Fund based upon expendable and available financial resources. These amounts are expensed on a pay-as-you go basis.

P. Other Benefits

District employees participate in the New York State Employees' Retirement System and the New York State Teachers' Retirement System.

In addition to providing pension benefits, the District provides post-employment health insurance coverage and survivor benefits to retired employees and their survivors in accordance with the provision of various employment contracts in effect at the time of retirement.

Substantially, all of the District's employees may become eligible for these benefits if they reach normal retirement age while working for the District. Health care benefits are provided through plans whose premiums are based on the benefits paid during the year. The cost of providing post-retirement benefits is shared between the District and the retired employee. The District recognizes the cost of providing health insurance by recording its share of insurance premiums as an expenditure.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

Q. Short-Term Debt

The District may issue Revenue Anticipation Notes (RANs) and Tax Anticipation Notes (TANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs and TANs represent a liability that will be extinguished by the use of expendable, available resources of the fund.

The District may issue budget notes up to an amount not to exceed 5% of the amount of the annual budget during any fiscal year for expenditures for which there is an insufficient or no provision made in the annual budget. The budget note must be repaid no later than the close of the second fiscal year succeeding the year in which the note was issued.

The District may issue deficiency notes up to an amount not to exceed 5% of the amount of that same year's annual budget in any fund or funds arising from revenues being less than the amount estimated in the budget for that fiscal year. The deficiency notes may mature no later than the close of the fiscal year following the fiscal year in which they were issued. However, they may mature no later than the close of the second fiscal year after the fiscal year in which they were issued, if the notes were authorized and issued after the adoption of the budget for the fiscal year following the year in which they were issued.

The District may issue Bond Anticipation Notes (BANs), in anticipation of proceeds from the subsequent sale of bonds. These notes are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of bonds. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date.

R. Accrued Liabilities and Long-Term Obligations

Payables, accrued liabilities and long-term obligations are reported in the District-wide financial statements. In the governmental funds, payables and accrued liabilities are paid in a timely manner and in full from current financial resources. Claims and judgments, other post-employment benefits payable, and compensated absences that will be paid from governmental funds, are reported as a liability in the funds financial statements only to the extent that they are due for payment in the current year. Bonds and other long-term obligations that will be paid from governmental funds are recognized as a liability in the fund financial statements when due.

Long-term obligations represent the District's future obligations or future economic outflows. The liabilities are reported as due in one year or due within more than one year in the Statement of Net Position.

S. Equity Classifications

District-Wide Statements

In the District-wide statements, there are three classes of net position:

i) Net Investment in Capital Assets

Consists of net capital assets (cost less accumulated depreciation) reduced by outstanding balances of related debt obligations from the acquisition, constructions or improvements of those assets.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

District-Wide Statements – (Continued)

ii) Restricted Net Position

Reports net positions when constraints placed on the assets or deferred outflows of resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or imposed by law through constitutional provisions or enabling legislation.

iii) Unrestricted Net Position

Reports the balance of net position that does not meet the definition of the above two classifications and is deemed to be available for general use by the District.

Funds Statements

In the fund basis statements, there are five classifications of fund balance:

1. Nonspendable

Includes amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact. Nonspendable fund balance includes the inventory recorded in the School Lunch Fund of $13,857.

2. Restricted

Includes amounts with constraints placed on the use of resources either externally imposed by creditors, grantors, contributors, or laws or regulations of other governments; or imposed by law through constitutional provisions or enabling legislation. All encumbrances of funds other than the General Fund are classified as restricted fund balance.

The District has established the following restricted fund balances:

Currently Utilized by the District:

Debt Service

According to General Municipal Law §6-1, the Mandatory Reserve for Debt Service, must be established for the purpose of retiring the outstanding obligations upon the sale of District property or capital improvement that was financed by obligations that remain outstanding at the time of sale. The funding of the reserve is from the proceeds of the sale of School District property or capital improvement.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

S. Equity Classifications – (Continued)

Currently Utilized by the District: – (Continued)

Encumbrances

Encumbrance accounting, under which purchase orders, contracts and other commitments of expenditures are recorded for budgetary control purposes in order to reserve applicable appropriations, is employed as a control in preventing over-expenditure of established appropriations. Open encumbrances are reported as restricted fund balance in all funds other than the General Fund, since they do not constitute expenditures or liabilities and will be honored through budget appropriations in the subsequent year.

3. Committed

Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the School District's highest level of decision making authority, i.e., the Board of Education. The School District has no committed fund balances as of June 30, 2017.

4. Assigned

Includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The purpose of the constraint must be narrower than the purpose of the General Fund, and in funds other than the General Fund, assigned fund balance represents the residual amount of fund balance. Assigned fund balance also includes an amount appropriated to partially fund the subsequent year's budget, as well as encumbrances not classified as restricted at the end of the fiscal year.

5. Unassigned

Includes all other General Fund amounts that do not meet the definition of the above four classifications and are deemed to be available for general use by the District and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification is used to report a deficit fund balance resulting from overspending for specific purposes for which amounts had been restricted or assigned.

NYS Real Property Tax Law §1318 limits the amount of unexpended surplus funds a school district can retain to no more than 4% of the School District's budget for the General Fund for the ensuing fiscal year. Nonspendable and restricted fund balance of the General Fund are excluded from the 4% limitation. Amounts appropriated for the subsequent year and encumbrances are also excluded for the 4% limitation.

Order of Use of Fund Balance

The Board has adopted Policy #5571 allowing establishment or removal of assignments of fund balance through Board resolution based on the recommendation of the Superintendent of Schools. Policy #5571 further denotes the order of use of fund balance to be recommended to the Board of Education by the Superintendent of Schools on an annual basis.

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – (CONTINUED)

T. New Accounting Standards

The District has adopted all current Statements of the Governmental Accounting Standards Board (GASB) that are applicable. At June 30, 2017, the District implemented the following new standards issued by GASB:

GASB has issued Statement No. 77, *Tax Abatement Disclosures,* effective for the year ending June 30, 2017.

GASB has issued Statement No. 78, *Pensions Provided through Certain Multiple-Employer Defined Benefit Pension Plans,* effective for the year ending June 30, 2017.

U. Future Changes in Accounting Standards

GASB has issued Statement No. 75, *Accounting and Financial Reporting for Post-employment Benefits Other than Pensions*, effective for the year ending June 30, 2018. This statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-employer Plans,* for OPEB. Statement No. 74, *Financial Reporting for Post-employment Benefit Plans Other than Pension Plans,* establishes new accounting and financial reporting requirements for OPEB plans.

The District will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS

Due to the differences in the measurement focus and basis of accounting used in the funds statements and the District-wide statements, certain financial transactions are treated differently. The basic financial statements contain a full reconciliation of these items. The differences result primarily from the economic focus of the District-wide statements, compared with the current financial resources focus of the governmental funds.

A. Total Fund Balance of Governmental Funds vs. Net Position of Governmental Activities

Total fund balances of the District's governmental funds differ from "net position" of governmental activities reported in the Statement of Net Position. This difference primarily results from the long-term economic focus of the Statement of Net Position versus the solely current financial resources focus of the governmental fund balance sheets.

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities

Differences between the funds Statement of Revenues, Expenditures and Changes in Fund Balance and the Statement of Activities fall into one of four broad categories, as described below:

NOTE 2 – EXPLANATION OF CERTAIN DIFFERENCES BETWEEN GOVERNMENTAL FUND STATEMENTS AND DISTRICT-WIDE STATEMENTS – (CONTINUED)

B. Statement of Revenues, Expenditures and Changes in Fund Balance vs. Statement of Activities – (Continued)

i) Long-Term Revenue Differences

Long-term revenue differences arise because governmental funds report revenues only when they are considered "available," whereas the Statement of Activities reports revenues when earned. Differences in long-term expenses arise because governmental funds report on a modified accrual basis, whereas the accrual basis of accounting is used on the Statement of Activities.

ii) Capital Related Differences

Capital related differences include the difference between proceeds for the sale of capital assets reported on fund statements and the gain or loss on the sale of assets as reported on the Statement of Activities, and the difference between recording an expenditure for the purchase of capital items in the fund statements and depreciation expense on those items as recorded in the Statement of Activities.

iii) Long-Term Debt Transaction Differences

Long-term debt transaction differences occur because both interest and principal payments are recorded as expenditures in the governmental fund statements, whereas interest payments are recorded in the Statement of Activities as incurred, and principal payments are recorded as a reduction of liabilities in the Statement of Net Position.

iv) Pension Differences

Pension differences occur as a result of changes in the District's proportion of the collective net pension asset (liability) and differences between the District's contributions and its proportionate share of the total contributions to the pension systems.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgets

The District administration prepares a proposed budget for approval by the Board of Education for the following governmental funds for which legal (appropriated) budgets are adopted.

The voters of the District defeated the proposed appropriation budget; consequently, the Board of Education adopted a contingency budget, which includes appropriations for teachers' salaries and other ordinary contingent expenses. Under a contingency budget, the District's tax levy may not be greater than the tax levied for the prior school year. However, the administrative component of a contingency budget, exclusive of the capital component, may not comprise a greater percentage of the budget then the lesser of that percentage of the prior year's budget, or the percentage in the last defeated budget.

Appropriations are adopted at the program line item level.

NOTE 3 – STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY – (CONTINUED)

Budgets – (Continued)

Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) that may be incurred. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves, and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations may occur subject to legal restrictions, if the Board approves them because of a need that exists which was not determined at the time the budget was adopted. No supplemental appropriations occurred during the year.

Budgets are adopted annually on a basis consistent with GAAP. Appropriations authorized for the year are increased by the amount of encumbrances carried forward from the prior year.

Budgets are established and used for individual capital project funds expenditures as approved by a special referendum of the District's voters. The maximum project amount authorized is based primarily upon the cost of the project, plus any requirements for external borrowings, not annual appropriations. These budgets do not lapse and are carried over to subsequent fiscal years until the completion of the projects.

Encumbrances

Encumbrance accounting is used for budget control and monitoring purposes and is reported as a part of the governmental funds. Under this method, purchase orders, contracts and other commitments for the expenditure of monies are recorded to reserve applicable appropriations. Outstanding encumbrances as of year end are presented as restrictions or assignments of fund balance and do not represent expenditures or liabilities. These commitments will be honored in the subsequent period. Related expenditures are recognized at that time, as the liability is incurred or the commitment is paid.

New York State Real Property Tax Law Limit

The portion of the District's fund balance subject to the New York State Real Property Tax Law §1318 limit exceeded the amount allowable, which is 4% of the District's budget for the upcoming school year.

Deficit Fund Balance

The Capital Fund, School Lunch Fund and Special Aid Fund had deficit fund balances at June 30, 2017. These deficits will be eliminated in future years.

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS

Custodial credit risk is the risk that in the event of a bank failure, the District's deposits may not be returned to it. While the District does not have a specific policy for custodial credit risk, New York State statutes govern the District's investment policies, as discussed previously in these Notes.

NOTE 4 – CASH (AND CASH EQUIVALENTS) – CUSTODIAL CREDIT, CONCENTRATION OF CREDIT, INTEREST RATE AND FOREIGN CURRENCY RISKS – (CONTINUED)

The District's aggregate bank balances (disclosed in the financial statements), included balances not covered by depository insurance at year-end, collateralized as follows:

Uncollateralized	$ 0
Collateralized with securities held by the pledging financial institution, or its trust department or agent, but not in the District's name	8,504,618

Restricted cash represents cash and cash equivalents where use is limited by legal requirements. These assets represent amounts required by statute to be reserved for various purposes. Restricted cash as of year end includes $136,266 in fiduciary funds.

NOTE 5 – CAPITAL ASSETS

Capital asset balances and activity for the year ended June 30, 2017, were as follows:

	Beginning Balance	Additions	Retirements/ Reclassifications	Ending Balance
Governmental activities:				
Capital assets that are not depreciated:				
Land	$ 54,970	$ 0	$ 0	$ 54,970
Construction in progress	257,197	1,133,002	0	1,390,199
Total nondepreciable historical cost	312,167	1,133,002	0	1,445,169
Capital assets that are depreciated:				
Buildings	21,072,058	0	0	21,072,058
Furniture and equipment	2,313,845	388,152	393,218	2,308,779
Total depreciable historical cost	23,385,903	388,152	393,218	23,380,837
Less accumulated depreciation:				
Buildings	6,401,972	261,073	0	6,663,045
Furniture and equipment	1,001,920	244,410	261,721	984,609
Total accumulated depreciation	7,403,892	505,483	261,721	7,647,654
Total depreciable historical cost – net	15,982,011	(117,331)	131,497	15,733,183
GRAND TOTAL – NET	$16,294,178	$ 1,015,671	$ 131,497	$ 17,178,352

Depreciation was allocated to the following programs as follows:

General support	$ 91,016
Instruction	361,521
Pupil transportation	36,564
School lunch program	16,382
Total	$ 505,483

NOTE 6 – SHORT-TERM DEBT

Short-term liability balances and activity for the year are summarized below:

	Maturity	Interest Rate	Beginning Balance	Issued	Redeemed	Ending Balance
RAN	6/16/2017	2.00%	$ 600,000	$ 0	$ 600,000	$ 0
BAN	6/14/2018	2.00%	0	6,960,000	0	6,960,000

Interest paid on short-term debt for the year was $11,967.

NOTE 7 – LONG-TERM DEBT

Interest paid on long-term debt for the year was $213,610.

Long-term liability balances and activity for the year are summarized below:

	Beginning Balance	Issued	Redeemed	Ending Balance	Amounts Due Within One Year
Government activities:					
Bonds and notes payable	$ 7,190,512	$ 280,000	$ 947,782	$ 6,522,730	$ 962,730
Other liabilities:					
Other post-employment benefits	20,578,784	3,079,293	0	23,658,077	0
Compensated absences	509,913	13,028	0	522,941	0
TOTAL LONG-TERM LIABILITIES	$28,279,209	$ 3,372,321	$ 947,782	$30,703,748	$ 962,730

The following is a summary of the maturity of long-term indebtedness:

Description of Issue	Date	Maturity	Rate	Outstanding at June 30, 2017
Serial Bonds	9/15/2017	9/15/2021	1.750%	$ 280,000
Serial Bonds	9/15/2012	9/15/2017	3.500%	57,730
Serial Bonds	9/17/2013	9/15/2018	2.25-2.5%	120,000
Serial Bonds	9/17/2014	9/15/2019	1.75-1.80%	190,000
Serial Bonds	9/15/2015	9/15/2020	1.820%	215,000
Serial Bonds	6/15/2007	6/15/2023	4.010%	1,965,000
Serial Bonds	12/27/2011	6/15/2026	2.25%-3.00%	3,695,000
TOTAL				$ 6,522,730

The following is a summary of maturing debt service requirements:

	Principal	Interest	Total
Fiscal year ending June 30:			
2018	$ 962,730	$ 191,721	$ 1,154,451
2019	950,000	161,653	1,111,653
2020	910,000	135,726	1,045,726
2021	875,000	110,966	985,966
2022	840,000	85,891	925,891
Thereafter	1,985,000	124,041	2,109,041
TOTALS	$ 6,522,730	$ 809,998	$ 7,332,728

NOTE 8 – INTERFUND TRANSACTIONS – GOVERNMENTAL FUNDS

	Interfund		Interfund	
	Receivables	Payables	Revenues	Expenditures
General Fund	$ 372,986	$ 51,790	$ 17,668	$ 71,723
Special Aid Funds	51,790	267,946	51,790	2,918
School Lunch Fund	0	105,000	13,429	0
Capital Fund	0	92,738	6,503	0
Debt Service Fund	92,737	0	0	14,749
Total government activities	517,513	517,474	89,390	89,390
Fiduciary Agency Fund	0	39	0	0
Totals	$ 517,513	$ 517,513	$ 89,390	$ 89,390

Interfund receivables and payables, other than between governmental activities and fiduciary funds, are eliminated on the Statement of Net Position.

The District typically loans resources between funds for the purpose of mitigating the effects of transient cash flow issues.

NOTE 9 – PENSION PLANS

General Information

The District participates in the New York State Employees' Retirement System (NYSERS) and the New York State Teachers' Retirement System (NYSTRS). These are cost-sharing multiple employer public employee retirement systems. The Systems offer a wide range of plans and benefits, which are related to years of service and final average salary, vesting of retirement benefits, death and disability.

Plan Descriptions and Benefits Provided:

Teachers' Retirement System (TRS)

The District participates in the New York State Teachers' Retirement System (TRS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as, death and disability benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. The System is governed by a 10 member Board of Trustees. System benefits are established under New York State Law. Membership is mandatory and automatic for all full-time teachers, teaching assistants, guidance counselors and administrators employed in New York Public Schools and BOCES who elected to participate in TRS. Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. Additional information regarding the System, may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, NY 12211-2395 or by referring to the NYSSTR Comprehensive Annual Financial report which can be found on the System's website at www.nystrs.org.

NOTE 9 – PENSION PLANS – (CONTINUED)

Plan Descriptions and Benefits Provided: – (Continued)

Employees' Retirement System (ERS)

The District participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits. The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The District also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, NY 12244.

The Systems are noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 2, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under ERS tier VI vary based on a sliding salary scale. For ERS, the Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31. For TRS, contribution rates are established annually by the New York State Teachers' Retirement Board pursuant to Article 11 of the Education Law.

The District is required to contribute at a rate determined actuarially by the Systems. The District contributions made to the Systems were equal to 100% of the contributions required for each year. Required contributions for the current and two preceding years were:

	NYSTRS	NYSERS
2016-2017	$ 512,193	$ 204,405
2015-2016	564,273	206,397
2014-2015	703,642	262,638

Since 1989, the NYSERS billings have been based on Chapter 62 of the Laws of 1989 of the State of New York. This legislation requires participating employers to make payments on a current basis, while amortizing existing unpaid amounts relating to the System's fiscal years ending March 31, 1988 and 1989 over a 17 year period, with an 8.75% interest factor added. Local governments were given the option to prepay this liability, which the District did not exercise.

ERS has provided additional disclosures through entities that elected to participate in Chapter 260, 57 and 105.

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS

The District provides post-employment health insurance coverage to retired employees in accordance with the provisions of various employment contracts. The benefit levels, employee contributions and employer contributions are governed by the District's contractual agreements.

In accordance with GASB Statement #45, *Accounting and Financial Reporting by Employers for Post-employment Benefits Other Than Pensions*, the District is required to calculate and record a net other post-employment benefit obligation at year-end. The net other post-employment benefit obligation is basically the cumulative difference between the actuarially required contribution and the actual contributions made.

The District recognizes the cost of providing health insurance annually as expenditures in the General Fund of the funds financial statements as payments are made. For the year ended June 30, 2017, the District recognized $829,451 for its share of insurance premiums for currently enrolled retirees.

The District has obtained an actuarial valuation report as of July 1, 2016 which indicates that the total liability for other post-employment benefits is $23,658,077, which is reflected in the Statement of Net Position.

Plan Description

West Canada Valley Central School District provides medical and prescription drug insurance benefits for retirees, spouses and their covered dependents while contributing a portion of the expenses. Such post-employment benefits are an included value in the exchange of salaries and benefits for employee services rendered. An employee's total compensation package includes not only the salaries and benefits received during active service, but all compensation and benefits received for their services during post-employment. Nevertheless, both types of benefits constitute compensation for employee services.

Funding Policy

The contribution requirements of the plan members and the District are established by the Board of Education. The required contribution is based on projected pay-as-you-go financing requirements.

For the fiscal year ended June 30, 2017, the District contributed $2,754,615 to the employee health insurance.

Annual Other Post-employment Benefit (OPEB) Cost and Net OPEB Obligation

The District's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the District's annual OPEB cost for the year, the amount actually contributed to the plan and changes in the District's net OPEB obligation to the healthcare plan:

Annual required contribution	$ 4,461,365
Interest on net OPEB obligation	720,257
Adjustment to annual required contribution	(1,272,878)
Annual OPEB cost (expense)	3,908,744
Contributions made	829,451
Increase in net OPEB obligation	3,079,293
Net OPEB obligation - beginning of year	20,578,784
Net OPEB obligation - end of year	$ 23,658,077

NOTE 10 – POST-EMPLOYMENT (HEALTH INSURANCE) BENEFITS – (CONTINUED)

Annual Other Post-employment Benefit (OPEB) Cost and Net OPEB Obligation – (Continued)

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan and the net OPEB obligation for 2017 and the two preceding years were as follows:

Fiscal Year Ended	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
06/30/17	$ 3,908,744	21%	$ 23,658,077
06/30/16	3,729,949	20%	20,578,784
06/30/15	3,945,642	18%	17,611,188

Funding Status and Funding Progress

As of July 1, 2016, the most recent actuarial valuation date, the plan was 0% funded. The actuarial accrued liability for benefits was $40,692,262, and the actuarial value of assets was $-0-, resulting in an unfunded actuarial accrued liability (UAAL) of $40,692,262. The covered payroll (annual payroll of active employees covered by the plan) was, $6,415,917, and the ratio of the UAAL to the covered payroll was 634%. Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumption about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

In the July 1, 2016, actuarial valuation, the projected unit credit method was used. The actuarial assumptions included a 3.5% investment rate of return (net of administrative expenses), which is based on the expected earnings of the District's General Fund investments at the valuation date and an annual healthcare cost trend rate of 6.5% initially, reduced by decrements to an ultimate rate of 3.84% after 30 years. Both rates included a 2.9% inflation assumption. The actuarial value of assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a 30 year period. The UAAL is being amortized as a level percentage of projected payroll on an open basis. The remaining amortization period at June 30, 2017, was 30 years.

NOTE 11 – RISK MANAGEMENT

The District is exposed to various risks of loss related to torts, theft, damage, injuries, errors and omissions, natural disasters, and other risks. The risks are covered by commercial insurance purchased from independent third parties. Settled claims from these risks have not exceeded commercial insurance coverage.

Consortiums and Self Insured Plans

The District participates in Oneida Herkimer Madison Consortium Workers' Compensation Plan, a risk-sharing pool to insure Workers' Compensation claims. This is a public entity risk pool created under Article 5 of the Workers' Compensation Law to finance liability and risks related to Workers' Compensation claims. The District's share of the liability for unbilled and open claims has not been provided by the Pool at the time these financial statements were prepared, but is thought to be no greater than prior contribution which the District has made to the Pool. The liability would be reported as a long-term debt.

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The District has received grants which are subject to audit by agencies of the federal and state governments. Such audits may result in disallowances and a request for a return of funds to the federal and state governments. The District's administration believes that disallowances, if any, would be immaterial.

NOTE 13 – TAX ABATEMENTS

The County of Herkimer, enters into various property tax and sales tax (if applicable) abatement programs for the purpose of economic development. The School District's property tax revenue was reduced $2,056,841. The District received Payment in Lieu of Tax (PILOT) payment totaling $265,933.

NOTE 14 – OTHER CHANGE IN NET POSITION

Special Aid fund balance and net position decreased by $13,513 to write off uncollectible receivables.

NOTE 15 – SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the issuance of the audit report. None were considered material to the issued financial statements.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – BUDGET (NON–GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Revenues	Final Budget Variance with Budgetary Actual Over (Under)
REVENUES:				
Local Sources				
Real property taxes	$ 4,871,087	$ 4,008,113	$ 4,008,112	$ (1)
Real property tax items	265,947	1,128,921	1,154,792	25,871
Charges for services	47,375	47,375	8,382	(38,993)
Use of money and property	560	560	3,338	2,778
Sale of property and compensation for loss	6,000	6,000	8,163	2,163
Miscellaneous	127,923	127,923	195,198	67,275
Total Local Sources	5,318,892	5,318,892	5,377,985	59,093
State Sources	10,419,271	10,419,271	9,919,826	(499,445)
Federal Sources	15,000	15,000	46,140	31,140
Total Revenues	15,753,163	15,753,163	15,343,951	(409,212)
OTHER FINANCING SOURCES				
Transfers from other funds	0	0	17,668	17,668
Total Revenues and Other Financing Sources	15,753,163	15,753,163	15,361,619	$ (391,544)

See paragraph on supplementary schedules included in independent auditors' report.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE – BUDGET (NON–GAAP BASIS) AND ACTUAL – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

	Original Budget	Final Budget	Actual Expenditures	Year End Encumbrances	Final Budget Variance With Budgetary Actual and Encumbrances (Over) Under
EXPENDITURES					
General Support					
Board of Education	10,260	16,064	12,915	$ 0	$ 3,149
Central administration	173,053	174,763	170,583	0	4,180
Finance	449,367	435,946	346,674	85	89,187
Staff	53,001	47,999	21,017	0	26,982
Central services	1,173,682	1,191,266	953,678	0	237,588
Special items	367,871	442,776	356,467	0	86,309
Instructional					
Instruction, administration and improvements	376,889	350,466	343,954	0	6,512
Teaching – regular school	3,798,873	3,698,396	3,563,298	76	135,022
Programs for children with handicapping conditions	1,712,186	1,684,370	1,535,702	0	148,668
Occupational education	370,187	370,187	352,969	0	17,218
Teaching - special school	13,218	24,680	24,680	0	0
Instructional media	597,665	593,929	527,414	1,345	65,170
Pupil services	684,802	761,142	679,900	525	80,717
Pupil Transportation	913,532	904,537	747,764	0	156,773
Employee Benefits	4,622,026	4,622,136	4,209,765	0	412,371
Debt Service	1,207,686	1,207,686	1,173,359	0	34,327
Total Expenditures	16,524,298	16,526,343	15,020,139	2,031	1,504,173
Other Financing Uses					
Transfers to other funds	144,708	145,211	71,723	0	73,488
Total Expenditures and Other Uses	16,669,006	16,671,554	15,091,862	$ 2,031	$ 1,577,661
NET CHANGE IN FUND BALANCE	(915,843)	(918,391)	269,757		
FUND BALANCE – BEGINNING	2,609,864	2,609,864	2,609,864		
FUND BALANCE – ENDING	$1,694,021	$1,691,473	$ 2,879,621		

See paragraph on supplementary schedules included in independent auditors' report.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF FUNDING PROGRESS – OTHER POST-EMPLOYMENT BENEFITS PLAN

FOR THE YEAR ENDED JUNE 30, 2017

Actuarial Valuation Date	Actuarial Value of Assets (a)	Accrued Liability (b)	Unfunded Accrued Liability (UAL) (b-a)	Funded Ratio (a/b)	Covered Payroll (c)	UAL as a Percentage of Covered Payroll ((b-a)/c)
07/01/16	$ 0	$ 40,692,262	$ 40,692,262	0%	$ 6,415,917	634%
07/01/15	0	37,469,069	37,469,069	0%	6,117,706	612%
07/01/14	0	38,744,918	38,744,918	0%	5,788,300	669%

See paragraph on supplementary schedules included in independent auditors' report.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF THE LOCAL GOVERNMENT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY

FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015

NYS Employees' Retirement System

	2017	2016	2015
District's proportion of the net pension liability (asset)	0.0050638%	0.0051216%	0.0051012%
District's proportionate share of the net pension liability (asset)	$ 475,807	$ 822,027	$ 172,331
District's covered-employee payroll	1,401,025	1,394,126	1,484,259
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	34.0%	59.0%	11.6%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%

NYS Teachers' Retirement System

	2017	2016	2015
District's proportion of the net pension liability (asset)	0.028177%	0.027883%	0.028427%
District's proportionate share of the net pension liability (asset)	$ 301,792	$(2,896,191)	$(3,166,568)
District's covered-employee payroll	4,621,368	4,491,961	4,235,645
District's proportionate share of the net pension liability (asset) as a percentage of its covered-employee payroll	6.5%	64.5%	74.8%
Plan fiduciary net position as a percentage of the total pension liability (asset)	99.00%	110.50%	111.48%

See paragraph on supplementary schedules included in independent auditors' report

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

REQUIRED SUPPLEMENTARY INFORMATION

SCHEDULE OF LOCAL GOVERNMENT CONTRIBUTIONS

FOR THE YEARS ENDED JUNE 30, 2017, 2016 AND 2015

NYS Employees' Retirement System

	2017	2016	2015
Contractually required contribution	$ 204,405	$ 206,397	$ 289,475
Contributions in relation to the contractually required contribution	204,405	206,397	289,475
Contribution deficiency (excess)	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 1,401,025	$ 1,394,126	$ 1,484,259
Contribution as a percentage of covered-employee payroll	14.59%	14.80%	19.50%

NYS Teachers' Retirement System

	2017	2016	2015
Contractually required contribution	$ 541,624	$ 595,634	$ 734,237
Contributions in relation to the contractually required contribution	541,624	595,634	734,237
Contribution deficiency (excess)	$ 0	$ 0	$ 0
District's covered-employee payroll	$ 4,621,368	$ 4,491,961	$ 4,235,645
Contribution as a percentage of covered-employee payroll	11.72%	13.26%	17.33%

See paragraph on supplementary schedules included in independent auditors' report

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CHANGE FROM ADOPTED BUDGET TO FINAL BUDGET – GENERAL FUND

FOR THE YEAR ENDED JUNE 30, 2017

ADOPTED BUDGET	$ 16,669,006
ADDITIONS:	
Prior year's encumbrances	2,548
FINAL BUDGET	$ 16,671,554

SECTION 1318 OF REAL PROPERTY TAX LAW LIMIT CALCULATION

FOR THE YEAR ENDED JUNE 30, 2017

2017-2018 voter-approved expenditure budget	$ 16,919,041
Maximum allowed (4% of 2017-2018 budget)	676,762
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law:	
Unrestricted fund balance:	
Assigned fund balance	999,029
Unassigned fund balance	1,880,592
Total unrestricted fund balance	2,879,621
Less:	
Appropriated fund balance and encumbrances	999,029
General Fund Fund Balance Subject to Section 1318 of Real Property Tax Law	$ 1,880,592
Actual percentage	11.1%

See paragraph on supplementary schedules included in independent auditors' report.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

SCHEDULE OF CAPITAL PROJECTS FUND – PROJECT EXPENDITURES AND FINANCING RESOURCES

FOR THE YEAR ENDED JUNE 30, 2017

			Expenditures to Date				Methods of Financing			
Project Title	**Original Appropriation**	**Revised Appropriation**	**Prior Year**	**Current Year**	**Total**	**Unexpended Balance**	**Proceeds of Obligations**	**State Aid**	**Local Sources**	**Fund Balance**
Renovation:										
Bus	$ 299,424	$ 299,424	$ 299,076	$ 0	$ 299,076	$ 348	$ 299,424	$ 0	$ 0	$ 348
Bus	280,000	280,000	0	282,721	282,721	(2,721)	280,000	0	0	(2,721)
Mold Project	1,000,000	1,000,000	1,125,910	0	1,125,910	(125,910)	0	0	919,496	(206,414)
School renovations/alterations	6,157,000	6,157,000	0	865,385	865,385	5,291,615	0	0	0	(865,385)
Bus Garage alterations	868,000	868,000	0	267,617	267,617	600,383	0	0	0	(267,617)
Excel school renovation	6,159,000	6,159,000	6,176,179	0	6,176,179	(17,179)	5,920,000	239,000	0	(17,179)
TOTALS	$ 14,763,424	$ 14,763,424	$ 7,601,165	$ 1,415,723	$ 9,016,888	$ 5,746,536	$ 6,499,424	$ 239,000	$ 919,496	$ (1,358,968)

See paragraph on supplementary schedules included in independent auditors' report.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

SUPPLEMENTARY INFORMATION

NET INVESTMENT IN CAPITAL ASSETS

FOR THE YEAR ENDED JUNE 30, 2017

CAPITAL ASSETS, NET	$ 17,178,352
DEDUCT:	
Unspent BAN proceeds	5,693,770
Short-term portion of bonds payable	962,730
Long-term portion of bonds payable	5,560,000
NET INVESTMENT IN CAPITAL ASSETS	$ 4,961,852

See paragraph on supplementary schedules included in auditors' report.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the President and the Other Members
of the Board of Education of the
West Canada Valley Central School District
Newport, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund and the aggregate remaining fund information of West Canada Valley Central School District as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated September 11, 2017.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered West Canada Valley Central School District's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of West Canada Valley Central School District's internal control. Accordingly, we do not express an opinion on the effectiveness of West Canada Valley Central School District's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified. We did identify certain deficiencies in internal control, described in the accompanying schedule of findings that we consider to be significant deficiencies. Refer to finding 2017-001.

97 North Main St., PO Box 1219, Gloversville, NY 12078-0354 ▪ 60 Railroad Place, Suite 302, Saratoga Springs, NY 12866
www.westcpapc.com

Compliance and Other Matters

As part of obtaining reasonable assurance about whether West Canada Valley Central School District's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

WEST & COMPANY CPAs PC

Gloversville, New York
September 11, 2017

Significant Deficiency in Internal Control

2017-001 – Limited Segregation of Duties

Condition: The auditors found instances where segregation of duties was limited. Limitation in control activities may be addressed through additional management oversight. Through interviews with management and staff, we were able to satisfy ourselves that direct involvement and knowledge of these activities reduced the potential for errors or irregularities to be perpetrated and concealed in the normal course of performing one's duties.

Criteria: Segregation of duties relates to how various duties are assigned to different people within the organization. Generally the responsibility for authorizing transactions, recording transactions and maintaining custody of assets should be assigned to different people so that no single person is in a position to both perpetrate and conceal errors, irregularities or fraud.

Cause: Limited resources and personnel available contribute directly to the level of segregation achieved. Another factor is the organizational structure and the assignment of responsibilities within that structure.

Effect: The financial statements could be significantly misstated due to errors or irregularities and fraud or misappropriation could occur and not be detected without adequate segregation of duties and responsibilities.

Recommendation: We recommend that management develop a plan to segregate duties within the Business Office.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

AUDITED FINANCIAL STATEMENTS

EXTRACLASSROOM ACTIVITY FUNDS

JUNE 30, 2017

WEST & COMPANY
CPAs PC

INDEPENDENT AUDITORS' REPORT

To the President and the Other Members
of the Board of Education of the
West Canada Valley Central School District
Newport, New York

We have audited the accompanying statement of assets and liabilities arising from cash transactions of the Extraclassroom Activity Funds of West Canada Valley Central School District as of June 30, 2017, and the related statement of revenues collected and expenses paid for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the cash basis of accounting as described in Note 1; this includes determining that the cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

Insufficient accounting controls are exercised over cash receipts at the point of collections to the time of submission to the Central Treasurer. Accordingly, it was impracticable to extend our audit of such receipts beyond the amounts recorded.

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www.westcpapc.com

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements referred to above present fairly, in all material respects, the assets, liabilities and fund balances of the Extraclassroom Activity Funds of the West Canada Valley Central School District as of June 30, 2017, and the revenues collected and expenses paid for the year then ended, on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

WEST & COMPANY CPAs PC

Gloversville, New York
September 11, 2017

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF ASSETS AND LIABILITIES ARISING FROM CASH TRANSACTIONS

JUNE 30, 2017

ASSETS		
Cash	$	65,637
TOTAL ASSETS	$	65,637
LIABILITIES AND CLUB BALANCES		
Club balances	$	65,637
TOTAL LIABILITIES AND CLUB BALANCES	$	65,637

See independent auditors' report.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

STATEMENT OF REVENUES COLLECTED AND EXPENSES PAID

FOR THE YEAR ENDED JUNE 30, 2017

Activity Names	Beginning Balance July 1, 2016	Receipts	Disbursed	Ending Balance June 30, 2017
BAA	$ 2,109	$ 3,928	$ 3,818	$ 2,219
Band Club	1,956	18,666	18,370	2,252
Class of 2017	2,581	13,945	16,526	0
Class of 2018	3,685	8,594	7,489	4,790
Class of 2019	3,311	2,014	1,500	3,825
Class of 2020	936	2,574	2,141	1,369
Class of 2021	903	5,149	4,758	1,294
Class of 2022	0	3,936	2,149	1,787
Dramatics Club	1,796	9,762	8,426	3,132
FCCLA	147	276	175	248
GAA	7,955	11,049	10,444	8,560
NYS Sales Tax	0	4,144	4,017	127
PALS	3,455	5,997	6,145	3,307
Senior Honor Society	344	0	34	310
Sisters	481	4,578	4,503	556
Ski Club	24	2,551	2,554	21
Student Council Checking	3,384	8,363	8,280	3,467
Student Council Mun. Savings	2,965	14	0	2,979
West Canadians	12,495	11,615	10,970	13,140
Yearbook	7,421	13,132	8,299	12,254
TOTALS	$ 55,948	$ 130,287	$ 120,598	$ 65,637

See notes to financial statements.

WEST CANADA VALLEY CENTRAL SCHOOL DISTRICT

EXTRACLASSROOM ACTIVITY FUNDS

NOTES TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2017

NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The transactions of the Extraclassroom Activity Funds are considered part of the reporting entity of the West Canada Valley Central School District. The related year end cash balances are shown as part of the Trust and Agency Fund with the offset being shown as agency liabilities. The Extraclassroom Activity Funds of West Canada Valley Central School District represent funds of the students of the District. The District's Board exercises general oversight on these funds. The Extraclassroom Activity Funds are independent of the District with respect to the financial transactions and the designation of student management.

The books and records of the West Canada Valley Central School District's Extraclassroom Activity Funds are maintained on the cash basis of accounting. Under this basis of accounting, revenues are recognized when cash is received and expenditures recognized when cash is disbursed.

NOTE 2 – MANAGEMENT LETTER

Management letter items associated with the Extraclassroom Activity Funds are included in the management letter accompanying the District's financial statements.

September 11, 2017

To the President and the Other Members
of the Board of Education of the
West Canada Valley Central School District
Newport, New York

Re: Management Letter
June 30, 2017

In planning and performing our audit of the basic financial statements of the West Canada Valley Central School District for the year ended June 30, 2017, we considered the District's internal control to determine our auditing procedures for the purpose of expressing an opinion on the basic financial statements and not to provide assurance on internal control. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control that, in our judgment, could adversely affect the School District's ability to record, process, summarize and report financial data consistent with the assertions of management in the basic financial statements.

Our consideration of internal control was for the limited purpose described in the preceding paragraph and would not necessarily disclose all matters that might be reportable. In addition, because of inherent limitations in internal control, misstatements due to error or fraud may occur and not be detected by such controls.

A material weakness is a condition in which the design or operation of one or more of these specific internal control components does not reduce to a relatively low level risk that errors or fraud, in amounts that would be material in relation to the basic financial statements being audited, may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control and its operations to be material weaknesses as defined above.

However, during our audit we became aware of the following matters and we would like to make the following comments and recommendations:

Prior-Year Findings

1. Extraclassroom Activity Funds

Prior Condition: Through testing of Extraclassroom Activity Funds, we found the following conditions: Signatures and invoices were missing; sales tax was not paid or collected; and inventory control forms were not completed for all fundraisers.

Status: Although these conditions continue to improve, there are still instances of non-compliance.

Recommendation: We recommend the District review the above comments and ensure compliance with NYS Pamphlet #2.

2. **School Lunch Fund Deficit**

Prior Condition: The School Lunch Fund experienced a loss in the prior year, increasing the deficit fund balance.

Status: This condition remains unchanged as of June 30, 2017.

Recommendation: As food requirements are changing and costs continue to increase that are beyond the control of the school lunch manager, management and the Board of Education should review the School Lunch Fund pricing to determine if changes need to be made in order to restore fund balance.

3. **Special Aid Fund**

Prior Condition: The Special Aid Fund has a recurring deficit fund balance that continues to grow each year. The deficit at June 30, 2016 was $121.

Status: This condition remains unchanged as of June 30, 2017. The deficit balance at year-end is $13,634.

Recommendation: Management and the Board of Education need to monitor and continue to reduce the current deficit.

4. **General Fund – Assigned and Unassigned Fund Balance**

Prior Condition: The District currently has unassigned fund balance that has exceeded 4% of the subsequent year's General Fund appropriation budget. Real property tax law states that the assigned and unassigned fund balance should not exceed 4% of the subsequent year's General Fund appropriation budget.

Status: This condition remains unchanged as of June 30, 2017.

Recommendation: We recommend that the Board of Education take the necessary actions to reduce the District's General Fund assigned and unassigned fund balance to statutory limits.

5. **Payroll Testing**

Prior Condition: Through testing, we found that 1 out of 35 employees tested were missing an I-9 form.

Status: This condition has been corrected as of June 30, 2017.

6. **Summer Handicapped**

Prior Condition: The summer handicapped program has over 3 years of receivables recorded in the Federal Fund.

Status: This condition remains unchanged as of June 30, 2017.

Recommendation: We recommend that the District review receivables for collectability and write-off those that will not materialize.

7. **Old Outstanding Checks**

Prior Condition: Through review of bank reconciliations, we noted several bank accounts that have outstanding checks.

Status: This condition has improved over prior year. Only the extraclassroom bank account has old outstanding checks.

Recommendation: We recommend that the Business Office review the bank reconciliations and for any old checks, either void and reissue or submit to NYS unclaimed funds in accordance with NYS Escheat Laws.

8. **Compensated Absences**

Prior Condition: We noted that a few of the factors in the calculation for the compensated absence liability were not updated accordingly, causing the liability to be immaterially understated.

Status: This condition has been corrected as of June 30, 2017.

Current-Year Findings

1. **Capital Fund Accounts Payable**

Condition: We noted 3 invoices that should have been recorded as accounts payable at year-end. These amounts were included in Encumbrances.

Recommendation: We recommend that Management review all invoices prior to audit to determine whether they should be included in Accounts Payable at year-end based on the timing of services performed.

2. **Fixed Assets**

Condition: During our review of expenditures, we noted that Management did not include all equipment purchases in fixed assets.

Recommendation: We recommend that Management review all equipment codes prior to finalizing general fixed assets to ensure all items meeting the criteria are recorded in fixed assets at year-end.

* * * * * * * * * * * * * * * * * *

We appreciate the assistance and courtesies extended to us by your staff during our fieldwork. The Business Office was well prepared for our audit.

Please let us know if you would like to discuss our comments and recommendations.

Very truly yours,

WEST & COMPANY CPAs PC

WEST & COMPANY CPAs PC

APPENDIX C

Form of Legal Opinion

June __, 2018

Board of Education of the
West Canada Valley Central School District
Herkimer and Oneida Counties, New York

Re: West Canada Valley Central School District
$7,039,381 School District (Serial) Bonds, 2018

Dear Board Members:

We have acted as bond counsel to the West Canada Valley Central School District, a school district of the State of New York, situate in Herkimer and Oneida Counties (the "Issuer"), in connection with the issuance of $7,039,381 School District (Serial) Bonds, 2018, dated June 12, 2018 (the "Bonds"). We have examined a record of proceedings relating to the issuance of the Bonds.

The Bonds are issued pursuant to the provisions of the Local Finance Law, constituting Chapter 33-a of the Consolidated Laws of the State of New York, a bond resolution duly adopted by the Board of Education on October 1, 2015 authorizing the issuance of not to exceed $7,500,000 of bonds of the Issuer, and a Certificate of Determination executed by the President of the Board of Education as of June 12, 2018, determining the terms, form and details of issuance of the Bonds and providing for their sale.

The Bonds are issued only in fully registered form without interest coupons, in the name of Cede & Co., as registered owner and nominee for The Depository Trust Company, an automated depository for securities and clearinghouse for securities transactions which will maintain a book-entry system for recording the ownership interests in the Bonds. Purchases of ownership interests in the Bonds will be made in book-entry form in denominations of $5,000 or any integral multiple thereof, not exceeding the aggregate principal amount of Bonds maturing in any year.

The Bonds are dated June 12, 2018, are numbered from one consecutively upwards, with the letter "R" prefixed to the number, mature on and in the principal amounts in each of the following years, and bear interest at the rates per annum payable on December 1, 2018 and semi-annually thereafter on June 1 and December 1 in each year to maturity, as set forth below:

Year	Amount	Year	Amount	Year	Amount	Year	Amount
2019	$394,381	2023	$420,000	2027	$475,000	2031	$540,000
2020	395,000	2024	430,000	2028	490,000	2032	560,000
2021	405,000	2025	445,000	2029	510,000	2033	580,000
2022	410,000	2026	460,000	2030	525,000		

The Bonds maturing on and after June 1, 2027 are subject to redemption prior to maturity.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials and others furnished to us without undertaking to verify the same by independent investigation.

Based upon the foregoing, we are of the opinion that under existing law:

1. The Bonds are valid and binding general obligations of the Issuer.

2. All taxable property in the territory of the Issuer is subject to ad valorem taxation, without limitation as to rate or amount to pay the Bonds. The Issuer is required by law to include in its annual tax levy the principal and interest coming due on the Bonds to the extent the necessary funds are not provided from other sources.

3. Interest on the Bonds 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. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. The Issuer has covenanted to comply with all such requirements. Failure to comply with all such requirements may cause interest on the Bonds to be included in gross income for federal income tax purposes retroactive to the date of issuance of the Bonds.

We express no opinion regarding other federal tax consequences arising with respect to the Bonds.

4. In our opinion, interest on the Bonds is exempt from personal income taxes imposed by New York State or any political subdivision thereof, including The City of New York.

5. We have examined the first executed Bond of the first year of maturity from the issue of Bonds and, in our opinion, its form and execution are regular and proper.

Except as expressly stated above, we express no opinion as to any other federal or state income tax consequences of acquiring, carrying, owning or disposing of the Bonds. Owners of the Bonds should consult their tax advisors as to the applicability of any collateral tax consequences of ownership of the Bonds, which may include original issuance discount, purchase at a market discount or at a premium, taxation upon sale, redemption or other disposition, and various withholding requirements.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights generally and by equitable principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Very truly yours,

APPENDIX D

FORM OF CONTINUING DISCLOSURE UNDERTAKING

FORM OF CONTINUING DISCLOSURE UNDERTAKING

In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the "Rule"), promulgated by the Securities and Exchange Commission (the "Commission"), the School District has agreed to provide or cause to be provided,

(i) to the Electronic Municipal Market Access ("EMMA") systems of the Municipal Securities Rulemaking Board ("MSRB") or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross referenced in the final Official Statement dated May 24, 2018 of the School District relating to the Bonds by December 31 following the end of each succeeding fiscal year, commencing with the fiscal year ending June 30, 2018, and (ii) a copy of the audited financial statements if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending June 30, 2018; such audit, if any, will be so provided on or prior to the later of either December 31 of each such succeeding fiscal year or, if an audited financial statement at that time, within sixty days following receipt by the School District of its audited financial statement for the proceeding fiscal year, but in any event not later than June 30 of each succeeding fiscal year: and provided further in the event that the audited financial statement for any fiscal year is not available by December 31 following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however , that provision of unaudited financial statements in any year shall be further conditioned upon the determination by the School District of whether such provision is complaint with the requires of federal Securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a) (2) of Securities Act of 1933

(ii) in a timely manner not in excess of ten (10) business days after the occurrence of the event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:

(a) principal and interest payment delinquencies

(b) non-payment related defaults, if material

(c) unscheduled draws on debt service reserves reflecting financial difficulties

(d) unscheduled draws on credit enhancements reflecting financial difficulties

(e) substitution of credit or liquidity providers, or their failure to perform

(f) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701 TEB) or other material notices or determinations with respect to the tax status of the Bond, or other material events affecting the tax status of the Bond

(g) modifications to rights of Bondholders, if material

(h) Bond calls, if material and tender offers

(i) defeasances

(j) release, substitution, or sale of property securing repayment of the bond

(k) rating changes

(l) bankruptcy, insolvency, receivership or similar event of the School District

(m) the consummation of a merger, consolidation, or acquisition involving the School District or the sale of all or substantially all of the assets of the School 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 mate

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

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

The School District reserves the right to terminate its obligation to provide the aforedescribed notices of material events, as set forth above, if and when the School District no longer remains an obligated person with respect to the Bond within the meaning of the Rule. The School District acknowledges that its undertaking pursuant to the Rule described under this heading is intended to be for the benefit of the holders of the Bond (including holders of beneficial interests in the Bond). The right of holders of the Bond to enforce the provisions of the undertaking will be limited to a right to obtain specific enforcement of the School District's obligations under its material event notices undertaking and any failure by the School District to comply with the provisions of the undertaking will neither be a default with respect to the Bond nor entitle any holder of the Bond to recover monetary damages.

The School District reserves the right to modify from time to time the specific types of information provided or the format of the presentation of such information, to the extent necessary or appropriate in the judgment of the School District; provided that the School District agrees that any such modification will be done in a manner consistent with the Rule

A Continuing Disclosure Undertaking Certificate to this effect shall be provided to the purchaser at Closing

APPENDIX E

BOND INSURANCE AND SPECIMEN POLICY

BOND INSURANCE

BOND INSURANCE POLICY

Concurrently with the issuance of the Bonds, Build America Mutual Assurance Company ("BAM") will issue its Municipal Bond Insurance Policy for the Bonds (the "Policy"). The Policy guarantees the scheduled payment of principal of and interest on the Bonds when due as set forth in the form of the Policy included as an exhibit to this Official Statement.

The Policy is not covered by any insurance security or guaranty fund established under New York, California, Connecticut or Florida insurance law.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

BAM is a New York domiciled mutual insurance corporation and is licensed to conduct financial guaranty insurance business in all fifty states of the United States and the District of Columbia. BAM provides credit enhancement products solely to issuers in the U.S. public finance markets. BAM will only insure obligations of states, political subdivisions, integral parts of states or political subdivisions or entities otherwise eligible for the exclusion of income under section 115 of the U.S. Internal Revenue Code of 1986, as amended. No member of BAM is liable for the obligations of BAM. The address of the principal executive offices of BAM is: 200 Liberty Street, 27th Floor, New York, New York 10281, its telephone number is: 212-235-2500, and its website is located at: www.buildamerica.com.

BAM is licensed and subject to regulation as a financial guaranty insurance corporation under the laws of the State of New York and in particular Articles 41 and 69 of the New York Insurance Law.

BAM's financial strength is rated "AA/Stable" by S&P Global Ratings, a business unit of Standard & Poor's Financial Services LLC ("S&P"). An explanation of the significance of the rating and current reports may be obtained from S&P at www.standardandpoors.com. The rating of BAM should be evaluated independently. The rating reflects the S&P's current assessment of the creditworthiness of BAM and its ability to pay claims on its policies of insurance. The above rating is not a recommendation to buy, sell or hold the Bonds, and such rating is subject to revision or withdrawal at any time by S&P, including withdrawal initiated at the request of BAM in its sole discretion. Any downward revision or withdrawal of the above rating may have an adverse effect on the market price of the Bonds. BAM only guarantees scheduled principal and scheduled interest payments payable by the issuer of the Bonds on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the Policy), and BAM does not guarantee the market price or liquidity of the Bonds, nor does it guarantee that the rating on the Bonds will not be revised or withdrawn.

Capitalization of BAM

BAM's total admitted assets, total liabilities, and total capital and surplus, as of March 31, 2018 and as prepared in accordance with statutory accounting practices prescribed or permitted by the New York State Department of Financial Services were $518.3 million, $97.4 million and $420.9 million, respectively.

BAM is party to a first loss reinsurance treaty that provides first loss protection up to a maximum of 15% of the par amount outstanding for each policy issued by BAM, subject to certain limitations and restrictions.

BAM's most recent Statutory Annual Statement, which has been filed with the New York State Insurance Department and posted on BAM's website at www.buildamerica.com, is incorporated herein by reference and may be obtained, without charge, upon request to BAM at its address provided above (Attention: Finance Department). Future financial statements will similarly be made available when published.

BAM makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, BAM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding BAM, supplied by BAM and presented under the heading "BOND INSURANCE".

Additional Information Available from BAM

Credit Insights Videos. For certain BAM-insured issues, BAM produces and posts a brief Credit Insights video that provides a discussion of the obligor and some of the key factors BAM's analysts and credit committee considered when approving the credit for insurance. The Credit Insights videos are easily accessible on BAM's website at buildamerica.com/creditinsights/. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Credit Profiles. Prior to the pricing of bonds that BAM has been selected to insure, BAM may prepare a pre-sale Credit Profile for those bonds. These pre-sale Credit Profiles provide information about the sector designation (e.g. general obligation, sales tax); a preliminary summary of financial information and key ratios; and demographic and economic data relevant to the obligor, if available. Subsequent to closing, for any offering that includes bonds insured by BAM, any pre-sale Credit Profile will be updated and superseded by a final Credit Profile to include information about the gross par insured by CUSIP, maturity and coupon. BAM pre-sale and final Credit Profiles are easily accessible on BAM's website at buildamerica.com/obligor/. BAM will produce a Credit Profile for all bonds insured by BAM, whether or not a pre-sale Credit Profile has been prepared for such bonds. (The preceding website address is provided for convenience of reference only. Information available at such address is not incorporated herein by reference.)

Disclaimers. The Credit Profiles and the Credit Insights videos and the information contained therein are not recommendations to purchase, hold or sell securities or to make any investment decisions. Credit-related and other analyses and statements in the Credit Profiles and the Credit Insights videos are statements of opinion as of the date expressed, and BAM assumes no responsibility to update the content of such material. The Credit Profiles and Credit Insight videos are prepared by BAM; they have not been reviewed or approved by the issuer of or the underwriter for the Bonds, and the issuer and underwriter assume no responsibility for their content.

BAM receives compensation (an insurance premium) for the insurance that it is providing with respect to the Bonds. Neither BAM nor any affiliate of BAM has purchased, or committed to purchase, any of the Bonds, whether at the initial offering or otherwise

MUNICIPAL BOND INSURANCE POLICY

ISSUER: [NAME OF ISSUER] Policy No: _____

MEMBER: [NAME OF MEMBER]

BONDS: $__________ in aggregate principal amount of [NAME OF TRANSACTION] [and maturing on] Effective Date: _________

Risk Premium: $_________
Member Surplus Contribution: $_________
Total Insurance Payment: $_________

BUILD AMERICA MUTUAL ASSURANCE COMPANY ("BAM"), for consideration received, hereby UNCONDITIONALLY AND IRREVOCABLY agrees to pay to the trustee (the "Trustee") or paying agent (the "Paying Agent") for the Bonds named above (as set forth in the documentation providing for the issuance and securing of the Bonds), for the benefit of the Owners or, at the election of BAM, directly to each Owner, subject only to the terms of this Policy (which includes each endorsement hereto), that portion of the principal of and interest on the Bonds that shall become Due for Payment but shall be unpaid by reason of Nonpayment by the Issuer.

On the later of the day on which such principal and interest becomes Due for Payment or the first Business Day following the Business Day on which BAM shall have received Notice of Nonpayment, BAM will disburse (but without duplication in the case of duplicate claims for the same Nonpayment) to or for the benefit of each Owner of the Bonds, the face amount of principal of and interest on the Bonds that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by BAM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of such principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in BAM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by BAM is incomplete, it shall be deemed not to have been received by BAM for purposes of the preceding sentence, and BAM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, any of whom may submit an amended Notice of Nonpayment. Upon disbursement under this Policy in respect of a Bond and to the extent of such payment, BAM shall become the owner of such Bond, any appurtenant coupon to such Bond and right to receipt of payment of principal of or interest on such Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under such Bond. Payment by BAM either to the Trustee or Paying Agent for the benefit of the Owners, or directly to the Owners, on account of any Nonpayment shall discharge the obligation of BAM under this Policy with respect to said Nonpayment.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent (as defined herein) are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity (unless BAM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration) and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment made to an Owner by or on behalf of the Issuer of principal or interest that is Due for Payment, which payment has been recovered from such Owner pursuant to the United States Bankruptcy Code in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means delivery to BAM of a notice of claim and certificate, by certified mail, email or telecopy as set forth on the attached Schedule or other acceptable electronic delivery, in a form satisfactory to BAM, from and signed by an Owner, the Trustee or the Paying Agent, which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount, (d) payment instructions and (e) the date such claimed amount becomes or became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer, the Member or any other person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

BAM may appoint a fiscal agent (the "Insurer's Fiscal Agent") for purposes of this Policy by giving written notice to the Trustee, the Paying Agent, the Member and the Issuer specifying the name and notice address of the Insurer's Fiscal Agent. From and after the date of receipt of such notice by the Trustee, the Paying Agent, the Member or the Issuer (a) copies of all notices required to be delivered to BAM pursuant to this Policy shall be simultaneously delivered to the Insurer's Fiscal Agent and to BAM and shall not be deemed received until received by both and (b) all payments required to be made by BAM under this Policy may be made directly by BAM or by the Insurer's Fiscal Agent on behalf of BAM. The Insurer's Fiscal Agent is the agent of BAM only, and the Insurer's Fiscal Agent shall in no event be liable to the Trustee, Paying Agent or any Owner for any act of the Insurer's Fiscal Agent or any failure of BAM to deposit or cause to be deposited sufficient funds to make payments due under this Policy.

To the fullest extent permitted by applicable law, BAM agrees not to assert, and hereby waives, only for the benefit of each Owner, all rights (whether by counterclaim, setoff or otherwise) and defenses (including, without limitation, the defense of fraud), whether acquired by subrogation, assignment or otherwise, to the extent that such rights and defenses may be available to BAM to avoid payment of its obligations under this Policy in accordance with the express provisions of this Policy. This Policy may not be canceled or revoked.

This Policy sets forth in full the undertaking of BAM and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW. THIS POLICY IS ISSUED WITHOUT CONTINGENT MUTUAL LIABILITY FOR ASSESSMENT.

In witness whereof, BUILD AMERICA MUTUAL ASSURANCE COMPANY has caused this Policy to be executed on its behalf by its Authorized Officer.

BUILD AMERICA MUTUAL ASSURANCE COMPANY

By: ____

Authorized Officer

Notices (Unless Otherwise Specified by BAM)

Email:
claims@buildamerica.com
Address:
1 World Financial Center, 27th floor
200 Liberty Street
New York, New York 10281
Telecopy:
212-962-1524 (attention: Claims)