

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 18, 2020

NEW ISSUE

SERIAL BONDS

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

The Bonds will NOT be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Internal Revenue Code of 1986 as amended.

\$9,925,000
NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT
NIAGARA COUNTY, NEW YORK

\$9,925,000 School District Serial Bonds - 2020

Dated: March 17, 2020

Due: March 15, 2021-2035

MATURITIES**

Year	Amount	Year	Amount	Year	Amount
2021	965,000	2026	620,000	2031	790,000 *
2022	525,000	2027	675,000	2032	825,000 *
2023	580,000	2028	675,000	2033	725,000 *
2024	600,000	2029	725,000 *	2034	620,000 *
2025	625,000	2030	755,000 *	2035	220,000 *

* The Bonds maturing in the years 2029-2035 are subject to redemption prior to maturity. See "DESCRIPTION OF THE BONDS – Optional Redemption" herein.

** Principal amounts are subject to change pursuant to the accompanying Notice of Bond Sale in order to achieve substantially level or declining annual debt service.

The Bonds are general obligations of the Niagara Wheatfield Central School District Niagara County ("District"), 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 "Nature of the Obligation" and "Tax Levy Limitation Law" 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, in the principal amount of \$5,000 each or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on Bonds will be payable on September 15, 2020, and semi-annually thereafter on March 15 and September 15 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. See "BOOK-ENTRY-ONLY-SYSTEM" herein.

Proposals for the Bonds shall be for not less than \$9,925,000 and accrued interest, if any, on the total principal amount of the Bonds. Proposals must be accompanied by a good faith deposit in the form of a wire transfer or certified or cashier's check, payable to the order of Niagara Wheatfield Central School District Niagara County, New York, in the amount of \$99,250.

The Bonds are offered when, as and if issued and received by the purchaser and subject to the receipt of the approving legal opinion as to the validity of the Bonds of Hawkins Delafield & Wood LLC., New York, 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 March 17, 2020.

Sealed bids will be received TUESDAY, March 3, 2020 until 11:00 a.m. Prevailing Time, in accordance with the Notice of Sale at R.G. Timbs, Inc., 24 Sherman Oaks Drive, New Hartford, NY 13413, fax (315)266-9212.

February 18, 2020

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 ("THE RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORANCE WITH SAID RULE AND THAT WILL BE SUPPLIES WHEN THIS OFFICIAL STATEMENT IS UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE NOTICE OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. FOR "A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE BONDS AS DESCRIBED IN THE RULE, SEE APPENDIX-D, CONTINUING DISCLOSURE UNDERTAKING" HEREIN.

**NIAGARA-WHEATFIELD CENTRAL SCHOOL DISTRICT
NIAGARA COUNTY, NEW YORK**

School District Officials

2019-20 BOARD OF EDUCATION

Steven Sabo - President
Darren Sneed - Vice President

Julie Fago
Robert McDermott
Jason Myers
Richard Siranni
Gina Terbot

.....

Daniel G. Ljiljanich - Superintendent of Schools
Allison Davis – Assistant Superintendent of Finance and Management
Majorie Strobel – School District Treasurer
Maureen Mack – District Clerk

.....

School District Attorney

Harris Beach, PLLC

BOND COUNSEL

Hawkins Delafield and Wood LLP

MUNICIPAL ADVISOR



R. G. Timbs, Inc.

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:



R. G. Timbs, Inc
 24 Sherman Oaks Drive
 New Hartford, New York 13413
 315.749.3637
Expert@rgtimbsinc.net

OFFICIAL STATEMENT

of the

NIAGARA WHEATFIELD CENTRAL SCHOOL DISTRICT NIAGARA COUNTY, NEW YORK

Relating To

\$9,925,000 School District Serial Bonds, 2020

This Official Statement, which includes the cover page, has been prepared by the Niagara Wheatfield Central School District, Niagara County, New York (the "District", "County" and "State," respectively) in connection with the sale by the District of \$9,925,000 School District Serial Bonds - 2020 (the "Bonds").

The factors affecting the 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 District tax base, revenues, and expenditures, this Official Statement should be 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 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 (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the District is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon without limitation as to rate or amount. See "Nature of the Obligation" herein.

The Bonds will be dated the date of delivery and will 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 (See "Optional Redemption" herein). The record date for the Bonds will be the last business day of the calendar month preceding each interest payment date. Interest on the Bonds will be calculated on a 30-day month and 360-day year basis.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on September 15, 2020 and semi-annually thereafter on March 15 and September 15 in each year until maturity. Principal and interest will be paid by the District to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "Book-Entry Only System" herein. If the Bonds are issued in registered certificated form, principal and interest will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Optional Redemption

The Bonds maturing on or before March 15, 2028 will not be subject to redemption prior to maturity. The Bonds maturing on or after March 15, 2029 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 March 15, 2028 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.

Nature of the Obligation

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

The Bonds are general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal thereof and the interest thereon. For the payment of such principal and interest the District has the power and statutory authorization to levy ad valorem taxes on all taxable real property in the District, without limitation as to rate or amount.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefore. However, Chapter 97 of the New York Laws of 2011, as amended (the "Tax Levy Limit Law"), imposes a limitation on the power of local governments and school districts, including the District, to increase their annual tax levy, with the amount of such increase limited by the formulas set forth in the Tax Levy Limit Law. The Tax Levy Limit Law also provides the procedural method to overcome that limitation. In addition, the Tax Levy Limit Law expressly provides an exclusion from the annual tax levy limitation for any taxes levied to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures, or the refinancing or refunding of such bonds or notes. As the Bonds are being issued to finance voter approved capital expenditures, the Bonds qualify for such exclusion to the annual tax levy limitation. The exclusion does NOT apply to taxes to pay debt service on tax anticipation notes, revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments. (See "The Tax Levy Limit Law" herein.)

Remedies Upon Default

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

Upon default in the payment of principal of or interest on the Bonds at the suit of the owner, a Court has the power, in proper and appropriate proceedings, to render judgment against the District. The present statute limits interest on the amount adjudged due to contract creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation serving the public welfare and interest have not been judicially subjected to execution or attachment to satisfy a judgment. A Court also has the power, in proper and appropriate proceedings, to order payment of a judgment on such bonds or notes from funds lawfully

available therefor or, in the absence thereof, to order the District to take all lawful action to obtain the same, including the raising of the required amount in the next annual tax levy. In exercising its discretion as to whether to issue such an order, the Court may take into account all relevant factors, including the current operating needs of the District and the availability and adequacy of other remedies. Upon any default in the payment of the principal of or interest on the Bonds the owners of such Bonds could, among other remedies, seek to obtain a writ of mandamus from a Court ordering the governing body of the District to assess, levy and collect an ad valorem tax, upon all taxable property of the District subject to taxation by the District sufficient to pay the principal of and interest on the Bonds as the same shall come due and payable (and interest from the due date to date of payment) and otherwise to observe the covenants contained in the Bonds and the proceedings with respect thereto all of which are included in the contract with the owners of the Bonds. The mandamus remedy, however, may be impracticable and difficult to enforce. Further, the right to enforce payment of the principal of or interest on the Bonds may be limited by bankruptcy, insolvency, reorganization, moratorium and similar laws and equitable principles, which may limit the specific enforcement of certain remedies.

In 1976, the New York Court of Appeals, the State's highest court, held in *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 731 (1976), that the New York State legislation purporting to postpone the payment of debt service on New York City obligations was an unconstitutional moratorium in violation of the New York State constitutional faith and credit mandate included in all municipal debt obligations. While that case can be viewed as a precedent for protecting the remedies of Bondholders, there can be no assurance as to what a Court may determine with respect to future events, including financial crises as they may occur in the State and in municipalities of the State, that require the exercise by the State of its emergency and police powers to assure the continuation of essential public services. (See also, *Flushing National Bank v. Municipal Assistance Corporation for the City of New York*, 40 N.Y.2d 1088 (1977), where the Court of Appeals described the pledge as a direct Constitutional mandate.)

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

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

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

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

Section 99-B of The State Finance Law

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

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

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on the bonds and notes shall be forwarded promptly to the paying agent or agents for the bonds and notes in default of such school district for the sole purpose of the payment of defaulted principal of and interest on such bonds or notes. If any such successive allotments, apportionments or payment of such State aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds and notes in default with respect to which the same was so deducted or withheld, then the State Comptroller shall promptly forward to each paying agent an amount in the proportion that the amount of such bonds and notes in default payable to such paying agent bears to the total amount of the principal and interest then in default on such bonds and notes of such school district. The State Comptroller shall promptly notify the chief fiscal officer of such school district of any payment or payments made to any paying agent or agents of defaulted bonds or notes pursuant to said section of the SFL.

No Past Due Debt

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

Bankruptcy

The Federal Bankruptcy Code (Chapter IX) allows public bodies, such as municipalities, recourse to the protection of a Federal Court for the purpose of adjusting outstanding indebtedness. Title 6-A of the Local Finance Law specifically authorizes any municipality in the State or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness. While this Local Finance Law provision does not apply to school districts, there can be no assurance that it will not become applicable

in the future. As such, the undertakings of the District should be considered with reference, specifically, to Chapter IX, and, in general, to other bankruptcy laws affecting creditors' rights and municipalities. Bankruptcy proceedings by the District if authorized by the State in the future could have adverse effects on bondholders and/or noteholders including (a) delay in the enforcement of their remedies, (b) subordination of their claims to those supplying goods and services to the District after the initiation of bankruptcy proceedings and to the administrative expenses of bankruptcy proceedings and (c) imposition without their consent of a reorganization plan reducing or delaying payment of the Notes.

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

Market Matters Affecting Financings of The State and Municipalities of The State

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

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

There can be no assurance that adverse events including, for example, the seeking by another municipality in the State or elsewhere of remedies pursuant to the Federal Bankruptcy Act or otherwise, will not occur which might affect the market price of and the market for the Bonds. In particular, if a significant default or other financial crisis should occur in the affairs of the State or any of its municipalities, public authorities or other political subdivisions thereby possibly further impairing the acceptability of obligations issued by those entities, both the ability of the School District to arrange for additional borrowing(s) as well as the market for and market value of outstanding debt obligations, including the Bonds, could be adversely affected.

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

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

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

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

Purpose and Authorization

The Bonds are authorized to be issued pursuant to the Constitution and laws of the State of New York, including among others, the Education Law and the Local Finance Law, and pursuant to a bond resolution dated December 14, 2016, authorizing the issuance of obligations of the District in the amount of \$11,000,000 for the financing of construction of alterations and improvements to District buildings and sites.

There are currently outstanding against such Resolution, \$11,000,000 Bond Anticipation Notes maturing on March 25, 2020 (the “Outstanding Notes”). The Outstanding Notes will be paid in full using the proceeds of the Notes along with \$1,075,000 in District funds available therefore.

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. One fully-registered bond certificate will be issued for each maturity of the Bonds in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of 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

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued or the successful bidder elects to have the Bonds issued in registered certificated form, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of \$5,000 each or any integral multiple thereof for any single maturity thereof. 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 as a fiscal agent bank to be named by the District upon termination of the book-entry-only system or by the successful bidder if the Bonds are issued in registered certificated form is chosen. Interest on the Bonds will be payable on September 15, 2020 and semi-annually thereafter on March 15 and September 15 in each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Bond Determinations Certificate of the President of the Board of Education authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

The District

General Information

The District comprises about 115 square miles in southwestern Niagara County, adjacent to the City of Niagara Falls on the west and south and the City of North Tonawanda and the Niagara River on the south. Included within its boundaries are major portions of the towns of Niagara and Wheatfield and small portions of the Towns of Lewiston and Cambria.

The District is residential and industrial in character but has some open farmland. Many of the residents are employed in the cities of Niagara Falls, Lockport and Buffalo. A network of highways provide transportation means for local motor freight, and airport facilities are available at the Buffalo Niagara International Airport and the Niagara Falls International Airport which includes the Niagara Falls Air Force Base.

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

District Population

The 2017 population of the School District is estimated to be 26,867 (Source: 2017 U.S. Census Bureau estimate)

Selected Wealth and Income Indicators

Per capita income statistics are not available for the District as such. The smallest areas for which such statistics are available, which include the District are the Towns and Counties listed below. The Figures set below with respect to such Towns, Counties and State are included for information only. It should not be inferred from the inclusion of such data in this Official Statement that the Towns, Counties or State are necessarily representative of the District, or vice versa.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
Towns Of:						
Niagara	17,500	23,156	\$25,163	43,689	51,598	52,948
Wheatfield	22,184	28,328	35,580	61,315	82,332	98,329
Lewiston	23,275	29,053	33,577	58,620	72,721	87,713
Cambria	20,397	26,540	31,663	54,583	75,633	89,022
County Of:						
Niagara	19,219	24,224	28,395	47,817	59,471	68,737
State Of:						
New York	23,389	30,948	35,752	51,691	67,405	77,141

Note: 2014-2018 American Community Survey Estimates are not available as of the date of this Official Statement

Source: U.S. Census Bureau, 2000 census, 2006-2010 and 2013-2017 American Survey data.

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Year Built</u>	<u>Current Maximum Capacity</u>	<u>Date of Last Addition or Alteration</u>
Tuscarora Indian Elementary	K-6	1952	129	2018
Colonial Village Elementary	K-5	1949	800	2019
Errick Road Elementary	K-5	1953	825	2019
West Street Elementary	K-5	1997	800	2019
Edward Town Middle School	6-8	1964	1,600	2019
Niagara Wheatfield Senior High	9-12	1958	1,600	2019

Source: District Officials

District Employees

The District employs a total of 541 full-time and 44 part-time employees with representation by the various bargaining units listed below

Bargaining Unit	Employees	Expiration Date
Niagara Wheatfield Teachers' Association	310	6/30/2022
Niagara Wheatfield School Related Personnel Assoc.	236	6/30/2020
Niagara Wheatfield Administrator Association	15	6/30/2021
Exempt/Confidential/Managerial	24	N/A

Source: District Officials

Historical and Projected Enrollment

<u>Fiscal Year</u>	<u>Actual</u>	<u>Fiscal Year</u>	<u>Projected</u>
2015-16	3,653	2020-21	3,381
2016-17	3,597	2021-22	3,331
2017-18	3,518	2022-23	3,281
2018-19	3,520	2023-24	3,231
2019-20	3,431	2024-25	3,181

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"). 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. 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 10, 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 District is required to contribute at an actuarially determined rate. The actual contribution for the last five years and the budgeted figures for the 2019-20 fiscal years are as follows:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2014-2015	\$ 1,412,637	\$ 3,887,673
2015-2016	1,293,863	3,027,024
2016-2017	1,191,873	2,760,548
2017-2018	1,088,206	2,435,116
2018-2019	1,114,389	2,723,770
2019-2020 (Budgeted)	1,244,771	2,227,230

Source: District records

Retirement Incentive Program – Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The District does not currently have early retirement incentive programs for its employees

Historical Trends and Contribution Rates – Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the Retirement System in the 1990s, the locally required annual contribution declined to zero. However, with the subsequent decline in the equity markets, the pension system became underfunded. As a result, required contributions increased substantially to 15% to 20% of payroll for the employees' and the police and

fire retirement systems, respectively. Wide swings in the contribution rate resulted in budgetary planning problems for many participating local governments.

A chart of average ERS and TRS rates as a percent of payroll (2016 to 2020) is show below:

<u>Fiscal Year</u>	<u>ERS</u>	<u>TRS</u>
2015-2016	18.2%	13.26%
2016-2017	15.5	11.72
2017-2018	15.3	9.80
2018-2019	14.9	10.62
2019-2020	14.6	8.86

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 District is not amortizing any pension payments, nor does it intend to do so in the foreseeable future.

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 State’s 2019-2020 Enacted Budget will allow school districts in the State to establish a reserve fund for the purpose of funding/offsetting the cost of TRS contributions. School districts may pay into such fund, during any particular fiscal year, an amount not to exceed two percent of the total compensation or salaries of all district employed teachers who are members of the TRS paid during the immediately preceding fiscal year; provided that the balance of such fund may not exceed ten percent of the total compensation or salaries of all district-employed

teachers who are members of the TRS paid during the immediately preceding fiscal year. The District did establish a TRS Reserve Fund on June 30, 2019 and funded in the amount of \$526,000.

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.

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

GASB 75 - 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. However, GASB 75 also addresses certain circumstances in which a non-employer entity provides financial support for OPEB of employees of another entity and requires: (a) explanations of how and why the OPEB liability changed from year to year (b) amortization and reporting of deferred inflows and outflows due to assumption changes, (c) use of a discount rate that takes into account resources of an OPEB plan and how they will be invested to maximize coverage of the liability (d) a single actual cost method and (e) immediate recognition of OPEB expense and effects of changes to benefit terms.

Under GASB 75, a total OPEB liability is determined for each municipality or school district. A net change in the total OPEB Liability is calculated as the sum of changes for the year including service cost, interest, difference between expected and actual experience, changes in benefit terms, changes in assumptions or other inputs, less the benefit payments made by the School District for the year.

Based on the most recent actuarial valuation dated July 1, 2018 and financial data as of June 30, 2019, the School District's beginning year total OPEB liability was \$8,336,694, the net change for the year was (\$1,406,310) resulting in a total OPEB liability of \$6,930,384 for a fiscal year ending June 30, 2019. The aforementioned liability is recognized and disclosed in accordance with GASB 75 standards in the School District's June 30, 2019 financial statements.

The total OPEB liability• is required to be determined through an actuarial valuation every two years, at a minimum. However, OPEB plans with fewer than 100 members may use an alternative measurement method in place of an actuarial valuation. Additional information about GASB 75 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

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 total OPEB liability is expected to increase. As is the case with most municipalities, this is being handled by the School District on a "pay-as-you-go" basis. Substantial future increases 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.

Major Employers For Buffalo and Western New York

<u>Name</u>	<u>Nature of Business</u>	<u>Estimated Number of Employees</u>
State of New York	Government	23,800
Federal Executive Board	Government	14,680
Kaleida Health	Health Care	9,427
Catholic Health	Health Care	7,268
Buffalo City School District	Education	7,115
University at Buffalo	Education	7,071
M&T Bank	Banking	7,013
Erie County	Government	5,000
Wegmans Food Markets Inc	Retail Grocery	4,989
Tops Friendly Markets	Retail Grocery	4,795
Erie County Medical Center Corp	Health Care	3,450
Roswell Park Comprehensive Cancer Center	Health Care	3,239
Geico	Insurance	3,200
Seneca Gaming Corp	Entertainment	3,032
HSBC Bank USA NA	Banking	3,000
Moog Inc.	Manufacturing	3,000
People Inc.	Human Services	2,995
City of Buffalo	Government	2,727
Niagara Falls Air Force Reserve Station	Government	2,600
Delaware North	Hospitality Management	1,908

Source: Buffalo Business First, July 31, 2018

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 Niagara 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 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
2015	6.2%	5.3%	5.3%
2016	5.8%	4.9%	4.9%
2017	6.2%	4.7%	4.4%
2018	5.2%	4.1%	3.9%
2019	4.8%	4.0%	3.7%

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

<u>2019 Monthly Figures</u>												
	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sept	Oct	Nov	Dec
Niagara County	5.9%	5.6%	5.3%	4.4%	4.2%	4.0%	4.6%	4.9%	4.2%	4.3%	4.4%	5.6%
New York State	4.6%	4.4%	4.1%	3.6%	3.8%	3.8%	4.1%	4.2%	3.7%	3.9%	3.6%	3.7%

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

Investment Policy

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

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

All of the foregoing instruments and investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of instruments and investments purchased with the proceeds of bonds or notes, shall be

payable or redeemable in any event, at the option of the owner, within two years of the date of purchase. Unless registered or inscribed in the name of the District, such instruments and investments must be purchased through, delivered to and held in custody of a bank or trust company in the State pursuant to a written custodial agreement as provided in Section 10 of the GML.

Form of School Government

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

The legislative power of the District is vested in the Board of Education, which consists of seven members including the President and Vice President. Board members are elected for overlapping terms of three years such that as nearly as possible an equal number of members are elected to the Board on the third Tuesday of May each year. The administrative officers of the District, whose duty it is to implement the policies of the Board of Education and who are appointed by such Board, include the Superintendent of Schools and School Business Administrator.

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 budget for the 2018-19 fiscal year was adopted by the qualified voters on May 15, 2018 by a vote of 547 to 212. The School District's 2018-19 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

The budget for the 2019-20 fiscal year was adopted by the qualified voters on May 21, 2019 by a vote of 692 to 219. The School District's 2019-20 Budget remained within the School District Tax Cap imposed by Chapter 97 of the laws of 2011.

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 2019-20 fiscal year.

State Aid

The School District receives financial assistance from the State. In its adopted budget for the 2019-20 fiscal year, approximately 46.67% 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. Potential Reductions in Federal Aid Received by the State - The State receives a substantial amount of Federal aid for education. Many of the policies that drive this Federal aid are subject to change under the current presidential administration and Congress. However, the State's current financial projections concerning Federal aid, and the assumptions on which they are based, are subject to revision as more information becomes available about the proposals for Federal tax policy and legislation, health care, including amendments to the Affordable Care Act, infrastructure, taxation, the Budget Control Act of 2011 (as amended), Federal regulatory reform, and other issues may arise.

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

The State's Enacted 2019-20 Budget allows the Governor to reduce aid to school districts mid-year if receipts from the Federal government are less than what was expected. If federal support is reduced by \$850 million or more the New York State Director of the Budget will develop a plan to make uniform spending reductions by the State. Such plan would take effect automatically unless the State Legislature passes its own plan within 90 days.

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

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

State Aid History - 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 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 State's 2017-18 Budget increased State aid to education by \$1.1 billion, including a \$700 million increase in Foundation Aid, bringing the total amount of State aid to education to \$25.8 billion or an increase of 4.4%. Expense-based aids to support school construction, pupil transportation, BOCES and special education were continued in full, as is the State's usual practice. Transportation aid increased by 5.5% and building aid increased by 4.8%. The State's 2017-18 Budget continued 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.

The State's 2018-19 Enacted Budget included nearly \$1 billion in additional education funding, representing a 3.9% increase over 2017-18. Approximately \$859 million of that increase was comprised of traditional public-school aid, including increased Foundation Aid and full-funding of expense-based aids. Formula-based school aid was \$26.03 billion statewide, a 3.4% increase over the prior year. The State's 2018-19 Enacted Budget included 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 was distributed using a one year, off formula methodology. The State's 2018-19 Enacted Budget guaranteed that all school districts received an increase in Foundation Aid over their 2017-18 levels. \$50 million of the Foundation Aid increase "set aside" for certain school districts to fund community schools. The State's 2018-19 Enacted Budget fully funded 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.

The State's 2019-20 Enacted Budget includes a total of \$27.69 billion for School Aid, a year-to-year funding increase of \$956 million or 3.6 percent and will provide additional funding for Foundation Aid of \$338.0 million and \$409.65 million in reimbursements for expense-based aids. In addition, the 2019-2020 Enacted Budget increases the Community Schools set-aside funding amount by \$49.99 million to a total of \$250 million. This increased funding is targeted to districts with failing schools and/or districts experiencing significant growth in English language learners. The 2019-20 Budget increases the minimum community schools funding amount from \$75,000 to \$100,000. This ensures all high-need districts across the State can apply the funds to a wide-range of activities.

State Aid Litigation -In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the

Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system

After further litigation, on appeal in 2006, the Court of Appeals held that \$1.93 billion of additional funds for the New York City schools – as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education – was reasonably determined. State legislative reforms in the wake of The Campaign for Fiscal Equity decision included increased accountability for expenditure of State funds and collapsing over 30 categories of school aid for school districts in the State into one classroom operating formula referred to as foundation aid. The stated purpose of foundation aid is to prioritize funding distribution based upon student need. As a result of the Court of Appeals ruling schools were to receive \$5.5 billion increase in foundation aid over a four fiscal year phase-in covering 2007 to 2011.

In school district fiscal year 2009-2010, foundation aid funding was frozen by the State Legislature to the prior fiscal year level, and in the fiscal year thereafter foundation aid funding was reduced through a “gap elimination adjustment” as described above, and other aid adjustments. The final phase-in of foundation aid as originally projected has not occurred as of this date.

A case related to the Campaign for Fiscal Equity, Inc. v. State of New York was heard on appeal on May 30, 2017 in New Yorkers for Students’ Educational Rights v. State of New York (“NYSER”) and a consolidated case on the right to a sound basic education. The NYSER lawsuit asserts that the State has failed to comply with the original decision in the Court of Appeals in the Campaign for Fiscal Equity case, and asks the Court of Appeals to require the State to develop new methodologies, formulas and mechanisms for determining State aid, to fully fund the foundation aid formula, to eliminate the supermajority requirement for voter approval of budgets which increase school district property tax levies above the property tax cap limitation, and related matters. On June 27, 2017, the Court of Appeals held that the plaintiffs causes of action were properly dismissed by the earlier Appellate Division decision except insofar as two causes of action regarding accountability mechanisms and sufficient State funding for a “sound basic education” as applicable solely to the school districts in New York City and Syracuse. The Court emphasized its previous ruling in the CFE case that absent “gross education inadequacies”, claims regarding state funding for a “sound basic education” must be made on a district-by-district basis based on the specific facts therein.

The following table illustrates the percentage of total revenue of the District for each of the below fiscal years comprised of State aid.

Fiscal Year	Total Revenues	Total State Aid	Percentage of Total Revenues Consisting of State Aid
2014-2015	\$ 65,251,174	\$ 28,982,680	44.42%
2015-2016	68,434,491	29,349,666	42.89
2016-2017	69,600,757	31,535,511	45.31
2017-2018	70,760,554	32,376,493	45.76
2018-2019	73,131,376	33,795,406	46.21
2019-2020 (Budgeted)	71,706,265	33,463,368	46.67

Source: Audited financial statements for the 2014-2015 fiscal year through the 2018-2019 fiscal year and the adopted budget of the District for the 2019-2020 fiscal year. This table is not audited.

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 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 reports of State Comptroller for the past four fiscal years if the District are as follows:

<u>Fiscal Year Ending In</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2019	No Designation	3.3
2018	No Designation	0.0
2017	Susceptible	28.3
2016	Susceptible	35.0

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.

The most recent State Comptroller audit report of the District dated April 10, 2015 was to assess the School District's financial condition for the period July 1, 2011 through September 2, 2014.

Key Findings

- The District has needed to borrow several million dollars throughout the audit period for cash flow purposes.
- As of June 4, 2014, the State owed the District \$6.6 million in aid for costs associated with operating the Tuscarora Indian School, and there is at least an 18-month lag before the District receives reimbursements from the State.

- The District reported \$3.4 million in the debt service fund as of June 30, 2014 but used general fund resources totaling \$7.7 million in the 2013-14 fiscal year to pay for principal and interest costs on outstanding debt.

Key Recommendations

- Closely monitor operating results and fund balances to ensure that the District has adequate cash flows.
- Actively work with the State Education Department to ensure that State aid is paid in a timely manner.
- Consider using the available cash resources in the debt service fund to pay for appropriate debt service costs.

There are no recent State Comptrollers 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.

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, 2018 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:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Assessed Valuations:					
Town of Niagara	\$ 270,496,497	\$ 270,393,066	\$ 273,835,627	\$ 276,292,048	\$ 276,725,359
Town of Wheatfield	699,552,794	704,294,643	711,180,296	716,780,767	714,248,607
Town of Lewiston	117,875,175	118,121,233	119,479,936	120,622,182	120,846,756
Town of Cambria	<u>20,828,957</u>	<u>21,092,394</u>	<u>26,220,044</u>	<u>26,291,883</u>	<u>26,550,438</u>
Total	<u>\$ 1,108,753,423</u>	<u>\$ 1,113,901,336</u>	<u>\$ 1,130,715,903</u>	<u>\$ 1,139,986,880</u>	<u>\$ 1,138,371,160</u>
Equalization Rates:					
Town of Niagara	55.00%	56.00%	56.00%	56.00%	54.00%
Town of Wheatfield	65.00%	63.00%	62.00%	60.00%	55.00%
Town of Lewiston	73.00%	71.00%	69.00%	67.00%	62.00%
Town of Cambria	94.00%	90.00%	100.00%	100.00%	95.00%
Full Valuations:					
Town of Niagara	\$ 491,811,813	\$ 482,844,761	\$ 488,992,191	\$ 493,378,657	\$ 512,454,369
Town of Wheatfield	1,076,235,068	1,117,928,005	1,147,064,994	1,194,634,612	1,298,633,831
Town of Lewiston	161,472,842	166,367,934	173,159,328	180,033,107	194,914,123
Town of Cambria	<u>22,158,465</u>	<u>23,435,993</u>	<u>26,220,044</u>	<u>26,291,883</u>	<u>27,947,829</u>
Total	<u>\$ 1,751,678,188</u>	<u>\$ 1,790,576,693</u>	<u>\$ 1,835,436,556</u>	<u>\$ 1,894,338,259</u>	<u>\$ 2,033,950,151</u>

Equalized values shown here are those used by the School District for tax levy purposes as provided in the Real Property Tax Law. In some cases, equalization rates established specifically for school tax apportionment may have been used, as is also provided in the Real Property Tax Law.

Tax Rate per \$1,000 Assessed Value

Fiscal Year Ending June 30:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Town of Niagara					
Homestead	\$ 31.00	\$ 29.73	\$ 29.16	\$ 28.95	\$ 28.46
Non-Homestead	41.54	39.78	39.08	38.80	38.18
Town of Wheatfield					
Homestead	25.84	26.03	25.94	26.63	27.63
Non-Homestead	35.32	35.52	35.44	36.36	37.53
Town of Lewiston					
Homestead	23.23	23.33	23.48	23.98	24.64
Non-Homestead	30.97	31.05	31.39	32.11	32.81
Town of Cambria					
Homestead	18.03	18.41	16.30	15.66	15.70
Non-Homestead	24.05	24.49	21.66	21.51	21.41

Tax Collection Procedure

Real property taxes for school purposes are levied by the District and are collected by the District's appointed tax collector for each town. Such taxes may be paid without penalty on or before October 5. Delinquent school tax payments are assessed penalties in accordance with an ascending scale, which starts at 2% if paid between October 6 and November 5.

On or about November 5, uncollected taxes are turned over to the Niagara County Treasurer and the County reimburses the District in full for the uncollected amount no later than April 1 of the District's fiscal year.

The County has the power to enforce the collection of real property taxes and to issue and sell bonds in order to finance any uncollected taxes returned to the District. The table below shows the District's collections for the past five years.

Tax Collection Record

Fiscal Year Ended June 30:

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Total Tax Levy:	\$31,384,323	\$31,960,121	\$32,178,516	\$32,979,761	\$ 33,543,714
Less: STAR Collections	4,755,770	4,750,313	4,579,828	4,486,113	4,224,241
Prior to Return to County	266,286	27,209,808	27,592,505	28,489,582	27,749,769
Amount Returned	1,141,177	1,256,369	1,267,227	1,326,293	1,565,230
Percentage Collected Prior to Return to County	95.71%	95.38%	95.40%	95.34%	94.66%

Real Property Tax Revenues

The following table illustrates the percentage of total revenues of the District for each of the below fiscal years comprised of Real Property Taxes.

<u>Fiscal Year</u>	<u>Total Revenues</u>	<u>Total Real Property Taxes</u>	<u>Percentage of Total Revenues Consisting of Real Property Taxes</u>
2014-2015	\$ 65,251,174	\$ 32,959,996	50.51%
2015-2016	68,434,491	33,907,904	49.55
2016-2017	69,600,757	33,795,170	48.56
2017-2018	70,760,554	33,906,962	47.92
2018-2019	73,131,376	34,599,431	47.31
2019-2020 (Budgeted)	71,706,265	33,543,714	46.78

Source: Audited financial statements for the 2014-15 fiscal year through 2018-19 fiscal year and the adopted budget of the District for the 2019-2020 fiscal year. This table is not audited

Major Taxpayers 2019

For 2019-20 Tax Roll

<u>Name</u>	<u>Type</u>	<u>Assessed Value</u>
Niagara Mohawk Power Corporation	Utility	\$23,982,537
Empire State Pipeline	Utility	6,435,804
Niagara Recycling Inc.	Landfill	5,532,900
Woodlands Realty Group LLC	Commercial	5,274,000
Niagara Plaza, LLC	Commercial	4,300,000
100 Crestwood Court LLC	Commercial	4,000,000
CCP North Gate 7548 LLC	Commercial	3,717,400
2600 Niagara Falls Blvd LLC	Commercial	3,450,000
National Fuel Gas Dist.	Utility	3,296,401
AHC Purchaser Inc.		2,825,000
	Total	<hr/> \$62,814,042

1. The above taxpayers represent 5.5% of the School District's 2019-20 Assessed value of \$1,138,371,160

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, 2019 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.

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 \$88,050 or less in 2020, increased annually according to a cost-of-living adjustment, are eligible for a “full value” exemption of the first \$68,700 for the 2019-20 school year (adjusted annually). Other homeowners with household STAR Adjusted Gross Income not in excess of \$250,000 (\$500,000 in the case of a STAR credit, as discussed below) are eligible for a \$30,000 “full value” exemption on their primary residence.

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 2015-16 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 2015-16 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 2019-20 Enacted State Budget makes several changes to the STAR program, which went into effect immediately. The changes are intended to encourage homeowners to switch from the STAR exemption to the STAR credit. The income limit for the exemption has been lowered to \$250,000, compared to a \$500,000 limit for the credit. Homeowners with STAR Adjusted Gross Income of \$250,000 have the option. The amount received for the STAR exemption will remain the same each year, while the amount of the STAR credit can increase up to two percent annually.

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 affected school district tax levies for the school district fiscal year beginning July 1, 2012.

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

The Tax Levy Limit Law 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.

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 to dismiss the complaint. An additional appeal by NYSUT was dismissed on October 20, 2016 by the Court of Appeals, New York's highest court, on the grounds 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"), a newly adopted State budget bill includes provisions which provide a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts are eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government are eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of Tax Levy Limitation Law. School districts budgets must comply in their 2014-15 and 2015-16 fiscal years. Other municipal units of government must have their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must be within the tax cap limits set by the Tax Levy Limitation Law for the real property taxpayers to be eligible for this personal income tax credit. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

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

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

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

While the provisions of Chapter 59 did not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by Chapter 97. The implications of this program on future tax levies and for operations and services of the School District are uncertain at this time.

An additional real property tax rebate program applicable solely to school districts was enacted by Chapter 20 of 2015, signed into law by the Governor on June 26, 2015. The program applies in the years 2016 through 2019 and includes continued tax cap compliance. It is not known at this time if the program has been extended beyond 2019.

Status of Indebtedness

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 in one of the two fiscal years immediately succeeding the fiscal year in which such indebtedness was contracted, indebtedness shall be paid in annual installments commencing no later than two years after the date such indebtedness shall have been contracted and ending no later than the expiration of the period of probable usefulness of the object or purpose as determined by statute; unless substantially level or declining annual debt service is utilized, no installment may be 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. With respect to certain school building construction projects, the District is not permitted to spend in excess of \$100,000 for construction costs until the plans and specifications for such project have been approved by the Commissioner of Education of the State. The District has obtained such approval with respect to the project to be financed by 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 District has complied with such procedure with respect to the Bonds.

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.

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

Statutory law in the State permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than 2 years from the date of the first issuance of such notes and provided that such renewal issues do not exceed 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:	2015	2016	2017	2018	2019
Serial Bonds	\$ 40,175,000	\$ 33,990,000	\$ 28,595,000	\$ 23,070,000	\$ 17,980,000
Bond Anticipation Notes	-	-	-	-	11,000,000
Capital Lease	-	-	-	-	2,478,271
Total Debt Outstanding	\$ 40,175,000	\$ 33,990,000	\$ 28,595,000	\$ 23,070,000	\$ 31,458,271

Status of Outstanding Bond Issues

Year of Issue:	2012		2013
Amount Issued:	\$4,600,000		\$10,570,000
Purpose/Instrument:	DASNY Serial Bond		Building/ Serial Bond
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u> <u>Interest</u>
2020	\$ 305,000	\$ 123,500	\$ 675,000 \$ 216,888
2021	320,000	108,250	685,000 196,638
2022	335,000	92,250	700,000 176,088
2023	350,000	75,500	720,000 155,088
2024	370,000	58,000	740,000 133,488
2025	385,000	39,500	760,000 103,888
2026	405,000	20,250	780,000 73,488
2027	-	-	805,000 50,088
2028	-	-	830,000 25,938
Totals:	\$ 2,470,000	\$ 517,250	\$ 6,695,000 \$ 1,131,592

	2015		
Amount Issued:	\$14,210,000		
Purpose/Instrument:	Building/Serial Bond		
Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	
2020	\$ 2,825,000	\$ 373,913	
2021	2,930,000	276,813	
2022	3,060,000	142,313	
Totals:	\$ 8,815,000	\$ 793,039	

* Principal reduction made prior to date of Debt Statement, February 28, 2019

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>%Paid</u>
2020	3,805,000	714,301	4,519,301	22.13%
2021	3,935,000	581,701	4,516,701	44.25%
2022	4,095,000	410,651	4,505,651	66.31%
2023	1,070,000	230,588	1,300,588	72.68%
2024	1,110,000	191,488	1,301,488	79.05%
2025	1,145,000	143,388	1,288,388	85.36%
2026	1,185,000	93,738	1,278,738	91.62%
2027	805,000	50,088	855,088	95.81%
2028	830,000	25,938	855,938	100.00%
Totals:	\$ 17,980,000	\$ 2,441,881	\$ 20,421,881	

Cash Flow Borrowings

The District currently does not have a revenue or tax anticipation notes outstanding.

Status of Short-Term Indebtedness

<u>Type</u>	<u>Dated Date</u>	<u>Maturity Date</u>	<u>Interest Rate</u>	<u>Amount Outstanding</u>
BAN	3/27/2019	3/25/2020	2.75%	11,000,000

Capital Project Plans

On November 15, 2016 the qualified voters of the District approved a capital project for the construction of alterations and improvements to District buildings and sites (the "Project") in the amount of \$18 million, of which \$11 million will be financed. There is \$11,000,000 Bond Anticipation Notes outstanding against the Authorization. The District anticipates permanently financing this project with the issuance of bonds in March 2020.

On May 15, 2018 the qualified voters of the District approved a capital project in the amount of \$400,000, 100% of which was funded through the use of capital reserves and having no adverse tax impact.

On May 15, 2018 the qualified voters of the District approved a capital project in the amount of \$635,000, 100% of which was funded through the use of capital reserves and having no adverse tax impact.

For the years 16-17, 17-18 and 18-19 the qualified voters of the District approved Capital Outlay projects in the amount of \$100,000 each year.

On May 21, 2019 the qualified voters of the District approved a capital project in the amount of \$30,000,000 for the construction of alterations and improvements to District buildings and sites.

Capital Lease Obligations

The District has entered into an Energy Performance Contract to complete necessary energy improvements in many of the District buildings. The total principal amount of the lease was \$2,478,271 and was issued at a rate of 3.125%. Payments are due April 23 and October 23. The District anticipates receiving approximately 67.49% of the cost in State Aid with the remaining amount being paid by the energy cost savings. The remaining payments under this agreement are as follows:

<u>Year Ending June 30th</u>	<u>Principal Due 10/23</u>	<u>Principal Due 4/23</u>	<u>Interest Due 10/23</u>	<u>Interest Due 4/23</u>	<u>Total</u>
2020	\$0	\$0	\$0	\$75,510	\$75,510
2021	65,387	66,408	38,723	37,701	\$208,220
2022	67,446	68,500	36,664	35,610	\$208,220
2023	69,570	70,657	34,540	33,452	\$208,220
2024	71,761	72,883	32,348	31,227	\$208,220
2025	74,021	75,178	30,088	28,932	\$208,220
2026	76,353	77,546	27,757	26,564	\$208,220
2027	78,757	79,988	25,353	24,122	\$208,220
2028	81,238	82,507	22,872	21,603	\$208,220
2029	83,796	85,105	20,314	19,004	\$208,220
2030	86,435	87,786	17,675	16,324	\$208,220
2031	89,157	90,551	14,952	13,559	\$208,220
2032	91,965	93,402	12,144	10,707	\$208,220
2033	94,862	96,344	9,248	7,766	\$208,220
2034	97,849	99,378	6,260	4,732	\$208,220
2035	100,931	102,508	3,179	1,602	<u>\$208,220</u>
Total	\$1,229,530	\$1,248,741	\$332,117	\$388,415	\$3,198,803

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 78.5%.

The State building aid ratio is calculated each year based upon a formula which reflects Resident Weighted Average Daily Attendance (RWADA) and the full value per pupil compared with the State average. Consequently, the estimated aid will vary over the life of each issue. State building aid is further dependent upon the continued apportionment of funds by the State Legislature.

A fundamental reform of building aid was enacted as Chapter 383 of the Laws of 2001. The provisions legislated, among other things, a new "assumed amortization" payout schedule for future State 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 School District will receive in relation to its outstanding debt. See "State Aid" herein.

Debt Statement Summary

As of February 6, 2020

<u>Town</u>	<u>Taxable Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Taxable Full Valuation</u>
Town of Niagara	\$ 276,725,359	54.00%	\$ 512,454,369
Town of Wheatfield	714,248,607	55.00%	1,298,633,831
Town of Lewiston	120,846,756	62.00%	194,914,123
Town of Cambria	26,550,438	95.00%	27,947,829
Total			<u><u>\$ 2,033,950,152</u></u>
Debt Limit: 10% of Full Valuation			\$ 203,395,015
 Inclusions:			
Serial Bonds			\$ 17,980,000
Bond Anticipation Notes			11,000,000
Total Inclusions:			<u><u>\$ 28,980,000</u></u>
 Exclusions:			
Building Aid Estimate ¹			<u>\$0</u>
Total Exclusions:			<u><u>\$0</u></u>
 Total Net Indebtedness Before Giving Effect to This Issue			 <u><u>\$ 28,980,000</u></u>
 This Issue		\$9,925,000	
Proceeds to Be Used to Renew Indebtedness Listed Under Inclusions		<u>\$9,925,000</u>	<u>\$ -</u>
 Total Net Indebtedness After Giving Effect to This Issue			 \$ 28,980,000
 Net Debt Contracting Margin			 \$ 174,415,015
Percentage of Debt-Contracting Power Exhausted			14.25%

Notes: 1. Pursuant to the provisions of Chapter 760 of the Laws of New York State of 1963, the School District receives aid on existing building debt. Since the Gross Indebtedness of the School District is within the debt limit, the School District is not required to apply for a Building Aid Estimate and therefore is not permitted to deduct Estimated Building Aid

Estimated Overlapping Indebtedness

<u>Overlapping Unit</u>	<u>Applicable Equalized Value</u>	<u>Percent</u>	<u>Gross Indebtedness</u> ¹	<u>Exclusions</u>	<u>Net Indebtedness</u>	<u>Estimated Applicable Overlapping Indebtedness</u>		
Niagara County	\$ 2,033,950,151		\$ 11,171,321,246	18.21%	\$ 89,763,800	N/A	\$ 89,763,800	\$ 16,343,196
Town of Niagara	\$ 512,454,369		\$ 512,454,369	100.00%	\$ 3,117,695	N/A	\$ 3,117,695	\$ 3,117,695
Town of Wheatfield	\$ 1,298,633,831		\$ 1,400,835,623	92.70%	\$ 6,349,968	N/A	\$ 6,349,968	\$ 5,886,689
Town of Lewiston	\$ 194,914,123		\$ 1,240,359,662	15.71%	\$ 10,095,000	N/A	\$ 10,095,000	\$ 1,586,361
Town of Cambria	\$ 27,947,829		\$ 438,388,332	6.38%	\$ 687,000	N/A	\$ 687,000	\$ 43,797
Total								<u>\$ 26,977,738</u>

Source: Comptroller's Special Report on Municipal Affairs for Local Fiscal Years Ended in 2018

Notes: Bonds and Bond Anticipation notes as of 2018 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 February 14, 2020:

	Amount	Per Capita (a)	Percentage of Full Value (b)
Net Indebtedness	\$ 28,980,000	\$ 1,078.65	1.425%
Net Indebtedness Plus Net Overlapping Indebtedness	\$ 55,957,738	\$ 2,082.77	2.751%

(a) The District's estimated population is 26,867 (Source: 2017 U.S. Census Bureau estimate)

(b) The District's full valuation of taxable real estate for 2019-20 is \$2,033,950,152

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

Market And Risk Factors

The financial and economic condition of the District as well as the market for the Notes could be affected by a variety of factors, some of which are beyond the District's control. There can be no assurance that adverse events in the State and in other jurisdictions 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 Notes. If a significant default or other financial crisis should occur in the affairs of the State or any other jurisdiction or any of its agencies or political subdivisions thereby further impairing the acceptability of obligations issued by borrowers within the State, both the ability of the District to arrange for additional borrowings, an 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.

Current and future legislative proposals, if enacted into law, or clarification of the Code or court decisions may cause interest on the Notes 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 Notes 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 Notes, or tax status of interest on the Notes.

Tax Matters

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

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

Bond Counsel expresses no opinion as to any federal, state or local tax consequences arising with respect to the Bonds, or the ownership or disposition thereof, except as stated above. Bond Counsel renders its opinion under existing statutes and court decisions as of the issue date, and assumes no obligation to update, revise or supplement

this opinion to reflect any action thereafter taken or not taken, any fact or circumstance that may thereafter come to its attention, any change in law or interpretation thereof that may thereafter occur, or for any other reason. Bond Counsel expresses no opinion as to the consequence of any of the events described in the preceding sentence or the likelihood of their occurrence. In addition, Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel regarding federal, state or local tax matters, including, without limitation, exclusion from gross income for federal income tax purposes of interest on the Bonds.

Certain Ongoing Federal Tax Requirements and Certifications

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

Certain Collateral Federal Tax Consequences

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

Prospective owners of the Bonds should be aware that the ownership of such obligations may result in collateral federal income tax consequences to various categories of persons, such as corporations (including S corporations and foreign corporations), financial institutions, property and casualty and life insurance companies, individual recipients of Social Security and railroad retirement benefits, individuals otherwise eligible for the earned income tax credit, and taxpayers deemed to have incurred or continued indebtedness to purchase or carry obligations the interest on which is excluded from gross income for federal income tax purposes. Interest on the Bonds may be taken into account in determining the tax liability of foreign corporations subject to the branch profits tax imposed by Section 884 of the Code.

Original Issue Discount

“Original issue discount” (“OID”) is the excess of the sum of all amounts payable at the stated maturity of a Bond (excluding certain “qualified stated interest” that is unconditionally payable at least annually at prescribed rates) over the issue price of that maturity. In general, the “issue price” of a maturity (a bond with the same maturity date, interest rate, and credit terms) means the first price at which at least 10 percent of such maturity was sold to the public, i.e., a purchaser who is not, directly or indirectly, a signatory to a written contract to participate in the initial sale of the Bonds. In general, the issue price for each maturity of Bonds is expected to be the initial public offering price set forth on the cover page of the Official Statement. Bond Counsel further is of the opinion that, for any Bonds having OID (a “Discount Bond”), OID that has accrued and is properly allocable to the owners of the Discount Bonds under Section 1288 of the Code is excludable from gross income for federal income tax purposes to the same extent as other interest on the Bonds.

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

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

Bond Premium

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

Information Reporting and Backup Withholding

Information reporting requirements apply to interest paid on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with, a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

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

Miscellaneous

Tax legislation, administrative actions taken by tax authorities, or court decisions, whether at the federal or state level, may adversely affect the tax-exempt status of interest on the Bonds under federal or state law or otherwise prevent beneficial owners of the Bonds from realizing the full current benefit of the tax status of such interest. In addition, such legislation or actions (whether currently proposed, proposed in the future, or enacted) and such decisions could affect the market price or marketability of the Bonds.

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

Approval of Legal Proceedings

The validity of the Bonds will be covered by the unqualified legal opinion of Hawkins Delafield and Wood LLP, Bond Counsel to the District, such opinion to be delivered with the Bonds. The proposed form of such opinion is attached hereto as Appendix C

Continuing Disclosure Compliance

In accordance with the provisions 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 pursuant to the Securities Exchange Act of 1934, the School District will enter into an Undertaking to provide Continuing Disclosure, the description of which is attached hereto as "Appendix D".

The District, on occasion, did not file certain material event notices relating to bond insurance rating changes by Moody's Investors Service and Standard & Poor's Investors Services with respect to its insured serial bonds. The District filed an event notice for these changes on EMMA on August 1, 2014. The District is otherwise in compliance in all material respects within the last five years with all previous undertakings made pursuant to the Rule 15c2-12.

Litigation

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

On February 11, 2020 the Districted was served with a summons and complaint alleging claims under the Child Victims Act. The claim summons and complaint have been publicly filed in Erie County Supreme Court and names the District as one of several defendants. At this early stage it is not possible to determine the potential cost to the District arising from this claim.

At this time the only other current, pending, or threatened legal actions against the District concern matters before state administrative agencies that would not have a material, adverse effect on the financial condition of the District.

Cybersecurity

The District, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the District faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. To mitigate the risk of business operations impact and/or damage from cyber incidents or cyber-attacks, the District invests in various forms of cybersecurity and operational controls; however, no assurances can be given that such security and operational control measures will be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage District digital networks and systems and the costs of remedying any such damage could be substantial.

Bond Rating

The School District has applied to Moody's Investors Service for a rating for this issue.

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.

CUSIP Identification Numbers

The Bonds will be issued in registered book-entry form, it is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds. All expenses in relation to the printing of CUSIP numbers on the Bonds will be paid for by the District; provided, however; that the District assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

Miscellaneous

The execution and delivery of this Official Statement have been duly authorized by the Board of Education of the District. 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 therein, in the light of the circumstances under which they were made, not misleading, subject to the condition that while information in the Official Statement obtained from sources other than the District is not guaranteed as to accuracy, completeness or fairness, the District has no reason to believe and does not believe that such information is materially inaccurate or misleading, and to the knowledge of the District, since the date of the Official Statement, there have been no material transactions not in the ordinary course of affairs entered into by the District and no material adverse changes in the general affairs of the District or in its financial condition as shown in the Official Statement other than as disclosed in or contemplated by the Official Statement. Certain information contained in the Official Statement has been obtained from sources other than the District. All quotations from and summaries and explanations of provisions of laws herein do not purport to be complete and reference is made to such laws for full and complete statements of their provisions.

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.

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

The District's contact information is as follows: Allison Brady, Assistant Superintendent of Finance and Management, phone: (716) 215-3024; email: adavis@nwcsd.org.

Additional copies of the Notice of Sale and the Official Statement may be obtained from the offices of R.G. Timbs, Inc., telephone number (877) 315-0100 or at www.RGTimbsInc.net.

Niagara Wheatfield Central School District

Dated: February 18, 2020
Niagara County, New York

Steven Sabo
President of Board of Education
And Chief Fiscal Officer

APPENDIX A

Financial Information

General Fund – Statement of Revenues, Expenditures and Fund Balance

	Budget					
Fiscal Year Ending June 30:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
Beginning Fund Balance - July 1	\$6,634,186	\$11,797,484	\$19,204,161	\$20,671,299	\$24,135,280	\$20,956,627 ^E
<u>Revenues:</u>						
Real Property Taxes	\$32,959,996	\$33,907,904	\$33,795,170	\$33,906,962	\$34,599,431	\$33,543,714
Other Tax Items	0	0	0	0	0	1,653,295
Charges for Services	1,484,072	3,041,084	1,815,250	2,578,180	2,394,678	1,181,000
Use of Money & Property	36,195	53,074	55,142	98,758	281,707	76,000
Sale of Property/Comp. for Loss	140,813	192,276	277,221	137,375	276,768	76,000
Miscellaneous	639,406	358,416	727,276	1,014,852	714,372	321,000
State Aid	28,982,680	29,349,666	31,535,511	32,376,493	33,795,406	33,463,368
Federal Aid	98,875	145,611	490,724	547,934	869,005	500,000
Interfund Transfer	<u>909,137</u>	<u>1,386,460</u>	<u>904,463</u>	<u>100,000</u>	<u>200,000</u>	<u>891,888</u>
Total Revenues	\$65,251,174	\$68,434,491	\$69,600,757	\$70,760,554	\$73,131,376	\$71,706,265
<u>Expenditures:</u>						
General Support	\$5,862,961	\$6,297,926	\$6,269,990	\$6,537,100	\$7,618,900	\$7,303,735
Instruction	29,592,354	30,833,869	32,934,665	34,892,370	37,775,300	39,013,560
Transportation	3,261,073	3,364,301	3,478,530	4,353,898	4,627,079	5,089,406
Employee Benefits	13,647,028	12,931,528	13,663,025	13,725,319	15,928,367	16,599,649
Debt Service	0	0	0	0	0	0
Interfund Transfer	<u>7,724,460</u>	<u>7,600,400</u>	<u>11,787,409</u>	<u>7,787,886</u>	<u>6,247,771</u>	<u>6,393,650</u>
Total Expenditures	\$60,087,876	\$61,028,024	\$68,133,619	\$67,296,573	\$72,197,417	\$74,400,000
Adjustments	0	210	0	0	(4,112,612) ²	0
Year End Fund Balance	\$11,797,484	\$19,204,161	\$20,671,299	\$24,135,280	\$20,956,627	\$18,262,892 ^E
Excess (Deficit) Revenues Over Expenditures	\$5,163,298	\$7,406,467	\$1,467,138	\$3,463,981	\$933,959	(\$2,693,735) ^{1E} ¹

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

Note: 1. Appropriated Fund Balance is planned to be used
2. Adjustment due to Tuscarora School Fund Balance

E. Estimated

General Fund – Comparative Balance Sheet

Fiscal Year Ending June 30:	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Assets:					
Cash and Cash Equivalents	\$4,403,235	\$5,076,173	\$4,119,869	\$7,313,437	\$5,293,885
Restricted Cash and Cash Equivalents	5,059,571	10,662,355	13,587,496	14,490,258	16,144,088
Accounts Receivable	137,941	158,984	261,102	186,201	29,249
Intergovernmental receivables - Tuscarora	0	0	0	0	7,789,481
Due from Other Funds	5,854,081	4,907,621	4,170,509	4,633,863	724,166
Due from Other Governments	<u>3,909,043</u>	<u>4,005,376</u>	<u>3,843,125</u>	<u>3,042,461</u>	<u>4,170,909</u>
Total Assets	<u><u>\$19,363,871</u></u>	<u><u>\$24,810,509</u></u>	<u><u>\$25,982,101</u></u>	<u><u>\$29,666,220</u></u>	<u><u>\$34,151,778</u></u>
Liabilities:					
Accounts Payable	\$58,576	\$179,440	\$198,712	\$230,986	\$458,571
Accrued Liabilities	864,715	376,846	151,003	168,655	228,133
Due to Other Funds	111,347	0	8,666	1,019,718	0
Due Retirement System	4,289,547	3,394,141	3,131,243	2,815,466	3,108,602
Deferred Revenue	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Liabilities:	<u><u>\$5,324,185</u></u>	<u><u>\$3,950,427</u></u>	<u><u>\$3,489,624</u></u>	<u><u>\$4,234,825</u></u>	<u><u>\$3,795,306</u></u>
Deferred Inflows of Resources:					
State Aid Receivable	\$2,241,992	\$1,655,921	\$1,821,178	\$1,296,115	\$9,399,845
Fund Balances:					
Non-spendable	\$3,789,392	\$3,759,938	\$3,561,298	\$3,843,620	\$0
Restricted	\$5,059,571	\$10,662,355	\$13,533,458	\$14,490,258	\$16,133,524
Assigned	230,958	2,022,459	755,822	2,914,207	2,131,469
Unassigned	<u>2,717,773</u>	<u>2,759,409</u>	<u>2,820,721</u>	<u>2,887,195</u>	<u>2,691,634</u>
Total Fund Balance	<u><u>\$11,797,694</u></u>	<u><u>\$19,204,161</u></u>	<u><u>\$20,671,299</u></u>	<u><u>\$24,135,280</u></u>	<u><u>\$20,056,657</u></u>
Total Liabilities and Fund Balance	<u><u>\$19,363,871</u></u>	<u><u>\$24,810,509</u></u>	<u><u>\$25,982,101</u></u>	<u><u>\$29,666,220</u></u>	<u><u>\$34,151,778</u></u>

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

APPENDIX B

Audited Financial Statements For The Fiscal Year Ended June 30, 2019

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