PRELIMINARY OFFICIAL STATEMENT DATED JUNE 7, 2018

SERIAL BONDS | **Rating: See "Rating" herein**

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, under existing statutes, regulations, rulings, and court decisions, and assuming continuing compliance with certain tax certifications described herein, interest on the Bonds is excluded from gross income for federal income tax purposes under section 103 of the Internal Revenue Code of 1986 (the "Code"), as amended. Bond Counsel is also of the opinion that the interest on the Bonds is not treated as an item of tax preference for the purpose of the federal alternative minimum tax imposed on individuals. Furthermore, Bond Counsel is of the opinion that, under existing statutes, interest on the Bonds is exempt from personal income taxes imposed by New York State and any political subdivision thereof. See "TAX EXEMPTION" herein.

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

THE CITY SCHOOL DISTRICT OF THE CITY OF TONAWANDA
ERIE COUNTY, NEW YORK

(the "District")

$2,335,000
SCHOOL DISTRICT REFUNDING BONDS, 2018

(the "Bonds")

Date of Issue: Date of Delivery | **Maturity Dates:** August 15, 2018-23

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

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

If the Bonds will be issued through DTC, the Bonds will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases may be made in book-entry form only, in the principal amount of $5,000 or any integral multiple thereof. Purchasers will not receive certificates representing their ownership interest in the Bonds. Payment of the principal of and interest on the Bonds will be made by the District to DTC, which will in turn remit such principal and interest to its participants for subsequent disbursement to the beneficial owners of the Bonds as described herein. (See "Book-Entry-Only System" herein.)

The Bonds are dated their date of delivery and will bear interest from that date at the annual rate or rates as specified by the purchaser of the Bonds, payable on August 15, 2018 and semi-annually thereafter on each February 15 and August 15 until maturity. The Bonds will mature on August 15 of each year until maturity, as shown on the inside cover page hereof. The Bonds will not be subject to redemption prior to maturity. (See "THE BONDS – No Optional Redemption for the Bonds" herein.)

The Bonds are offered when, as, and if issued by the District and accepted by the purchaser, subject to the final approving opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, and certain other conditions. Capital Markets Advisors, LLC has served as Municipal Advisor to the District in connection with the issuance of the Bonds. It is expected that delivery of the Bonds in book-entry form will be made on or about June 29, 2018 (the "Delivery Date").

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 ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER AS MORE FULLY DESCRIBED IN THE NOTICE OF BOND SALE WITH RESPECT TO THE BONDS. FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE, UNDER CERTAIN CIRCUMSTANCES, CONTINUING DISCLOSURE PURSUANT TO THE RULE, SEE "DISCLOSURE UNDERTAKING," HEREIN.

Dated: June 7, 2018

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*Preliminary, subject to change

The Bonds will mature on August 15 in each of the following years as set forth below.

Year	Principal Amount*	Interest Rate	Yield	CUSIP #**
2018	$50,000			
2019	490,000			
2020	495,000			
2021	510,000			
2022	525,000			
2023	265,000			

* The principal maturities of the Bonds are subject to the adjustment following their sale to achieve level debt compliance, pursuant to the terms of the accompanying Notice of Bond Sale.

** CUSIP numbers have been assigned by an independent company not affiliated with the District and are included solely for the convenience of the holders of the Bonds. The District is not responsible for the selection or uses of these CUSIP numbers and no representation is made to their correctness on the Bonds or as indicated above.

THE CITY SCHOOL DISTRICT OF THE CITY OF TONAWANDA
ERIE COUNTY, NEW YORK

BOARD OF EDUCATION

Ms. Heather Sternin	President
Ms. Danielle Opalinski	Vice President
Ms. Diane Misner	Board Member
Ms. Brooke Kasprzak	Board Member
Mr. Daniel Calabrese	Board Member
Ms. Elizabeth Koch	Board Member
Ms. Kristin Schmutzler	Board Member

Dr. Timothy A. Oldenburg	Superintendent of Schools
Dr. Rubie R. Harris	Director of Business and Finance
Ms. Dana Maxwell	District Clerk
Chris G. Trapp, Esq.	School District Attorney

BOND COUNSEL

HODGSON RUSS LLP
Buffalo, New York

MUNICIPAL ADVISOR

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

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

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APPENDIX A

OFFICIAL STATEMENT
RELATING TO THE ISSUANCE OF

THE CITY SCHOOL DISTRICT OF THE CITY OF TONAWANDA
ERIE COUNTY, NEW YORK

$2,335,000*
SCHOOL DISTRICT REFUNDING BONDS, 2018
(the "Bonds")

This Official Statement (the "Official Statement"), which includes the cover page, inside cover page, and appendices hereto, presents certain information relating to The City School District of the City of Tonawanda, Erie County, New York (the "District," "County" and "State" respectively), in connection with the sale of $2,335,000* School District Refunding Bonds, 2018 (the "Bonds").

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.

THE BONDS

Description of the Bonds

The Bonds are dated their date of delivery and will bear interest from that date until maturity at the annual rate or rates as specified by the purchaser of the Bonds, payable on August 15, 2018 and semi-annually thereafter on each February 15 and August 15 until maturity. The Bonds will mature on August 15 of each year until maturity, as shown on the inside cover page hereof. The Bonds are not subject to redemption prior to maturity. (See "No Optional Redemption" herein.)

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

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

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

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

Authority for and the Refunding Plan

The Bonds are issued pursuant to the Constitution and laws of the State, including the Education Law and the Local Finance Law, and pursuant to a refunding bond resolution that was duly adopted by the Board of Education of the District (the "Board") on April 10, 2018. A refunding financial plan has been prepared and is described below (the "Refunding Plan").

The amount of the Refunded Bonds, set forth below, may be changed by the District in its sole discretion due to market or other factors considered relevant by the District at the time of pricing of the Bonds, and no assurance can be given that any particular maturity thereof will be refunded.

All proceeds of the Refunded Bonds have been previously expended.

The Bonds are being issued to refund $2,230,000 of the outstanding callable principal of the $5,903,602 School District Serial Bonds, 2008 as listed below (the "Refunded Bonds"):

Maturity	**Coupon**	**Maturity Value**	**Call Date**	**Call Price**	**CUSIP BASE**
08/15/2019	4.000%	$460,000	08/15/2019	100.00%	890176 GY0
08/15/2020	4.000%	475,000	08/15/2019	100.00%	890176 GZ7
08/15/2021	4.125%	500,000	08/15/2019	100.00%	890176 HA1
08/15/2022	4.250%	525,000	08/15/2019	100.00%	890176 HB9
08/15/2023	4.375%	270,000	08/15/2019	100.00%	890176 HC7
		$2,230,000			

Under current market conditions, the District expects to refund all of the Refunded Bonds as shown above. The net proceeds of the Bonds (after payment of costs of issuance relating to the Bonds) will be used to purchase non-callable, direct obligations of or obligations guaranteed by the United States of America (the "Government Obligations") which, together with remaining cash proceeds from the sale of the Bonds, will be placed in an irrevocable trust fund (the "Escrow Fund") to be held by Manufactures and Traders Trust Company, (the "Escrow Holder") a bank located and authorized to do business in the State, pursuant to the terms of an escrow contract by and between the District and the Escrow Holder, dated as of the delivery date of the Bonds (the "Escrow Contract"). The Government Obligations so deposited will mature in amounts which, together with the cash so deposited, will be sufficient to pay the principal of, and interest on the Refunded Bonds on the date of their redemption. The Refunding Plan requires the Escrow Holder, pursuant to the refunding bond resolution of the District and the Escrow Contract, to pay the Refunded Bonds at the earliest date on which the Refunded Bonds may be called for redemption prior to maturity.

The holders of the Refunded Bonds will have a first lien on all investment income from, and maturing principal of, the Government Obligations, along with other available monies held in the Escrow Fund. The Escrow Contract shall terminate upon final payment by the Escrow Holder to the paying agents/fiscal agent for the Refunded Bonds amounts from the Escrow Fund adequate for the payment, in full, of the Refunded Bonds, including interest payable with respect thereto.

The Refunding Plan will permit the District to realize, as a result of the issuance of the Bonds, cumulative dollar and present value debt service savings.

Under the Refunding Plan, the Refunded Bonds will continue to be general obligations of the District. However, inasmuch as the Government Obligations held in the Escrow Fund will be sufficient to meet all required payments of principal and interest when required in accordance with the Refunding Plan, it is not anticipated that any other source of payment will be required.

Sources and Uses of Proceeds of the Bonds

Sources:

Par Amount
Net Original Issue Premium/Discount

Total:

Uses:

Refunding Escrow Deposit:
Costs of Issuance and Contingency
Underwriter's Discount

Total:

Verification of Mathematical Computations

Causey Demgen & Moore P.C. ("Causey") will verify from the information provided to them, the mathematical accuracy, as of the date of the closing of the Bonds, of: (1) the computations contained in the provided schedules to determine that the anticipated receipts from the Government Obligations and cash deposits, to be held in escrow, will be sufficient to pay, when due, the principal of, and interest on the Refunded Bonds, and (2) the computations of the yield on both the Government Obligations and the Bonds contained in the provided schedules to be used by Bond Counsel in its determination that the interest on the Bonds is excludable from gross income for federal income tax purposes. Causey will express no opinion on the assumptions provided to them, nor as to the exclusion from taxation of the interest on the Bonds.

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving reasonable 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, 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. Principal of the Bonds when due will be payable upon presentation at the principal corporate trust office of a bank or trust company located and authorized to do business and act as a fiscal agent in the State, to be named by the District. Interest on the Bonds will be payable on August 15, 2018, and semiannually on February 15 and August 15 in each year to 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 the Bonds of the same if any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Refunding Bond Certificate executed by 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.

No Optional Redemption

The Bonds will NOT be subject to optional redemption, in whole or in part, prior to maturity.

Nature of Obligation

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

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

Under the State Constitution, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Bonds, and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. On June 24, 2011, the Tax Levy Limitation Law was adopted in the State. The Tax Levy Limitation Law established certain limitations on the power of local governments and school districts to increase the property tax levy beyond certain prescribed limits (without following certain prescribed procedures). Attempts to challenge the constitutionality of the Tax Levy Limitation Law through the courts have so far been unsuccessful. The Tax Levy Limitation Law had its first application with respect to the District's budget for the fiscal year 2012-13. The Tax Levy Limitation Law does make certain allowances for the exclusion of tax levy increases associated with capital expenses by school districts. See "TAX INFORMATION-Tax Levy Limitation Law," herein. Also, certain special protective procedures and remedies available to holders of school district debt remain in place and are not affected by the Tax Levy Limitation Law. See "DISTRICT INDEBTEDNESS—Remedies Upon Default," herein.

Book-Entry-Only System

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

Purchases of the Bonds 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 the Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all the 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 the 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. Redemption notices shall be sent to DTC. If less than all of the securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

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

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.

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

DTC may discontinue providing its services as depository with respect to the Bonds 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.

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

Source: The Depository Trust Company.

MARKET FACTORS

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

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

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

The market for the Bonds could also be affected if the Code were to be amended to reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the District. See the discussion in "TAX EXEMPTION" herein.

TAX EXEMPTION

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

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

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

1. The requirement that the proceeds of the Bonds be used in a manner so that the Bonds are not obligations which meet the definition of a "private activity bond" within the meaning of Code section 141;

2. The requirements contained in Code section 148 relating to arbitrage bonds; and

3. The requirements that payment of principal or interest on the Bonds not be directly or indirectly guaranteed (in whole or in part) by the United States (or any agency or instrumentality thereof) as provided in Code section 149(b).

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

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

In general, information reporting requirements will apply to non-corporate holders with respect to payments of principal, payments of interest, and the proceeds of the sale of a bond or note before maturity within the United States. Backup withholding may apply to a holder of the Bonds under Code section 3406, if such holder fails to provide the information required on Internal Revenue Service ("IRS") Form

W-9, Request for Taxpayer Identification Number and Certification, or the IRS has specifically identified the holder as being subject to backup withholding because of prior underreporting. Any amounts withheld under the backup withholding rules from a payment to a beneficial owner, and which constitutes over-withholding, would be allowed as a refund or a credit against such beneficial owner's United States federal income tax provided the required information is furnished to the IRS. Neither the information reporting requirement nor the backup withholding requirement affects the excludability of interest on the Bonds from gross income for federal income tax purposes.

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

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

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

Legal Matters

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

Closing Certificates

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

DISCLOSURE UNDERTAKING

Unless the Bonds are purchased for the buyer's own account as principal, for investment and not for resale, at the time of the delivery of the Bonds, the District will provide an executed copy of its Disclosure Undertaking (the "Undertaking") pursuant to Securities and Exchange Commission (the "Commission") Rule 15c2-12 (the "Rule"). The Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Bonds, to provide, or cause to be provided to the Electronic Municipal Market Access ("EMMA") system implemented by the Municipal Securities Rulemaking Board established pursuant to Section 15B(b)(1) of the Securities Exchange Act of 1934, or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule:

> (1) (i) certain annual financial information, in a form generally consistent with the information contained or cross-referenced in this Official Statement in Appendix A under the headings: "THE DISTRICT", "FINANCIAL FACTORS", "TAX INFORMATION", "DISTRICT INDEBTEDNESS" "ECONOMIC AND DEMOGRAPHIC DATA" and "LITIGATION"; and in Appendix B and (ii) the audited financial statement, if any, of the District for each fiscal year; both of which will be provided on or prior to the final day of the 9th month following the end of each fiscal year, commencing with the fiscal year ending June 30, 2018, unless such audited financial statement, if any, shall not then be available in which case the annual financial information and audited financial statement shall be provided within 60 days after the audited financial statement becomes available and in no event later than 360 days after the end of each fiscal year;
>
> (2) timely notice, not in excess of ten (10) business days after the occurrence of such event, of the occurrence of any of the following events:
>
>> (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Bonds, or other material events affecting the tax status of the Bonds; (vii) modifications to rights of Bondholders, if material; (viii) bond and note calls, if material, and tender offers; (ix) defeasances; (x) release, substitution, or sale of property securing repayment of the Bonds, if material; (xi) rating changes; (xii) bankruptcy, insolvency, receivership or similar event of the District; [note to clause (xii): For the purposes of the event identified in

clause (xii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or governmental authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District]; (xiii) the consummation of a merger, consolidation, or acquisition involving the District or the sale of all or substantially all of the assets of the District, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and (xiv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

(3) in a timely manner, notice of a failure to provide the annual financial information by the date specified.

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

The District reserves the right to amend or modify the Undertaking under certain circumstances set forth therein; provided that any such amendment or modification will be done in a manner consistent with the Rule. Under the scenario in which the Bonds are purchased for the purchaser's own account as principal, for investment and not for resale, the purchaser shall deliver a certificate that documents such intent (in form satisfactory to the District's bond counsel) and establishes that an exemption from the Rule applies.

Prior Disclosure History

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

RATING

Moody's has assigned an underlying rating of "A1" and an enhanced rating of "Aa3" to the uninsured outstanding bonded indebtedness of the District, including the Bonds.

Such rating reflects only the view of such organization and any desired explanation of the significance of such rating should be obtained from the rating agency furnishing the same, at the following address: Moody's Investors Service, Inc., 250 Greenwich Street, New York, New York 10007. Generally, a rating agency bases its rating on the information and materials furnished to it and on investigations, studies and assumptions of its own. There is no assurance such rating will continue for any given period of time or that such rating will not be revised downward or withdrawn entirely by the rating agency, if in the judgment of such rating agency, circumstances so warrant. Any such downward revision or withdrawal of any of the rating may have an adverse effect on the market price of the Bonds.

MISCELLANEOUS

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

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

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

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

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

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

MUNICIPAL ADVISOR

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

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

ADDITIONAL INFORMATION

Additional information may be obtained from Dr. Rubie R. Harris, Director of Business and Finance, (716) 694-7690; Email: RHarris@tona.wnyric.org; Address: 100 Hinds Street, Tonawanda, New York 14150 or from the District's Municipal Advisor, Capital Markets Advisors, LLC, (716) 662-3910.

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

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

The City School District of the City of Tonawanda
Erie County, New York

By: /s/____________________________
Ms. Heather Sternin
President of the Board of Education

DATED: June 7, 2018

APPENDIX A

THE DISTRICT

THE DISTRICT

General Information

The District is located in the City of Tonawanda (the "City"), which has a population of 15,130 according to the 2010 U.S. Census. The District has a land area of approximately 3.5 square miles and is situated in the northwest portion of Erie County at the junction of the Niagara River and the New York State Barge Canal adjacent to the northern boundary of the City of Buffalo.

The City is an industrial and commercial center of the Niagara frontier due in large part to the availability of raw materials from the Great Lakes region and abundant electric power from the Niagara Power Project.

Residents of the City have access to many recreational and cultural attractions, including Niagara Falls and the many museums, art galleries and professional sports teams in Buffalo.

District Organization

Subject to the provisions of the State Constitution, the District operates pursuant to the Education Law, the Local Finance Law, and other laws generally applicable to the District including the General Municipal Law and the Real Property Tax Law. 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 (the "Board"), which consists of seven members including the President and Vice President. Board members are elected for overlapping terms of three years. The administrative officers of the District, whose duty it is to implement the policies of the Board and who are appointed by the Board, include the Superintendent of Schools, the Director of Business and Finance, the District Clerk and the District Treasurer.

Financial Organization

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

District Facilities

The District currently owns the following facilities:

TABLE 1
School Statistics

Name of School	Grades	Year of Construction	Year of Last Addition	State Rated Capacity
Fletcher Elementary	PreK-5	1936	1951	523
Mullen Elementary	PreK-5	1956	2002	359
Riverview Elementary	K-5	1963	N/A	345
Tonawanda Middle/High School	6-12	1960	2002	1,350
			Total:	2,577

Employees

There are approximately 280 persons employed by the District including five part-time temporary employees and personnel not represented by any bargaining group. The collective bargaining agents, if any, which represent District employees and the dates of expirations of the various collective bargaining agreements are as follows:

TABLE 2
Employees

Approximate No. of Employees	**Union**	**Contract Expiration Date**
209	Tonawanda Educators Association	06/30/21
7	Tonawanda Administrative Supervisory Group	06/30/21
13	SEIU, Local 200C	06/30/20
40	TCSD Civil Service Employees' Independent Association	06/30/23

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 the Retirement System are deducted from the District's State aid payments.

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

The following table details the budgeted or actual contributions to ERS and TRS since the fiscal years ended June 30, 2015:

Fiscal Year Ended	**TRS**	**ERS**
2019 *Budgeted*	$ 1,438,523	$ 310,940
2018	1,218,669	302,745
2017	1,401,688	297,461
2016	1,558,479	377,733
2015	2,009,703	374,066

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

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

On March 16, 2012, Governor Cuomo signed into law the new Tier VI pension program, effective for new ERS and TRS employees hired after April 1, 2012. The Tier VI legislation provides, among other things, for increased employee contribution rates of between 3% and 6%, an increase in the retirement age from 62 to 63 years, a readjustment of the pension multiplier, and a change in the time period for final average salary calculation from three years to five years. Tier VI employees will vest in the system after ten years of employment and will continue to make employee contributions throughout their entire period of employment.

In accordance with constitutional requirements, these new pension reforms would apply only to public employees hired after particular dates specified for Tier V and Tier VI, respectively.

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

Previously, due to poor performance of the investment portfolio of the State Retirement System in the wake of the 2008-2009 economic downturn, New York State Comptroller Thomas DiNapoli announced that the employer contribution rates for required pension contributions to the SRS will continue to increase. To help mitigate the impact of their ERS increases, legislation has been enacted that permits local governments and school district to amortize a portion of such contributions. Under such legislation, local governments and school district that choose to amortize a portion of their ERS contributions will be required to set aside and reserve funds with the SRS for certain future rate increases.

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

The TRS SCO deferral plan is available to school districts for the next seven years. Under the TRS-SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five years. Under the ERS-SCO, payment of deferred amounts begins the year immediately following the deferral and the repayment period is 12 years. Once made, the election to participate in the ERS SCO is permanent. However, the school districts can choose not to defer payment in any given year. In both plans, interest on the deferred amounts is based on the yield of 10-year U.S. Treasury securities plus 1%.

The primary benefit of participation in the SCO plans is the elimination of the uncertainty in the volatility of future pension contribution ARCs in the near term, thereby providing school districts with significant assistance in creating a stable and reliable fiscal plans.

Other Post-Employment Benefits

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

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

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

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

Changes in the Total OPEB Liability	**Total OPEB Liability**
Balance as of June 30, 2016	$1,789,603
Changes for the year:	
Service cost	73,531
Interest	60,095
Change in benefit terms	-
Differences between expected and actual experience	39,966
Changes of assumptions or other inputs	(58,282)
Benefit payments	(69,266)
Net changes	46,044
Balance as of June 30, 2017	$1,835,647

Investment Policy/Permitted Investments

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

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State; (4) with the approval of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those bonds or notes 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 monies held in certain reserve funds established by the District pursuant to law, obligations of the District.

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

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

FINANCIAL FACTORS

Property Tax

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

TABLE 3
Property Taxes

Fiscal Year	**Total Revenues**	**Real Property Taxes**	**Real Property Taxes to Revenues**
2013	$28,263,989	$10,965,877	38.8%
2014	28,906,999	11,285,633	39.0%
2015	28,842,609	11,586,876	40.2%
2016	31,982,198	11,737,212	36.7%
2017	32,837,398	11,525,844	35.1%
2018 *Budget*	32,686,341	11,815,947	36.1%
2019 *Budget*	33,773,624	12,161,319	36.0%

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

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District, and from State aid. Total general fund revenues during this five-year period increased by 16.2%, and during this same period real property taxes increased 8.8% and State aid increased 25.3%.

State Aid

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

In January 2001, the State Supreme Court issued a decision in *Campaign for Fiscal Equity ("CFE") v. New York* mandating that the current 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 state-wide remedy and instead limited its ruling solely to the New York City school system.

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

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

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

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

Recent Events Affecting New York School Districts

School district fiscal year (2012-13): The State budget included an increase of $751 million in State aid for school districts.

School district fiscal year (2013-14): The State budget included an increase of $1.0 billion in State aid for school districts.

School district fiscal year (2014-15): The State budget included an increase of $807 million in State aid for school districts.

School district fiscal year (2015-16): The State budget provided for school aid of approximately $23.5 billion, which represents an increase of approximately $1.3 billion, or 7.4%, in total school aid spending from the 2014-15 school year. The budget continued a three-year appropriation methodology established in the 2011-12 State fiscal year and limited future school aid increases to growth as measured by the total personal income of residents of the State.

School district fiscal year (2016-17): The State budget included an increase of $991 million in State aid for school districts over the 2015-16 budget, $863 million of which consists of traditional operating aid. In addition to the $408 million of expense based aid, the budget included a $266 million increase in Foundation Aid and a $189 million restoration to the Gap Elimination Adjustment. The majority of the remaining increase includes $100 million in Community Schools Aid, a newly adopted aid category, to support school districts that wish to create community schools. The funds may only be used for certain purposes such as providing health, mental health and nutritional services to students and their families. The budget includes School Aid spending of $24.8 billion, a $1.5 billion increase (6.5% increase) from the prior fiscal year.

School district fiscal year (2017-18): The State budget provisions relating to the District's fiscal year were adopted on April 9, 2017 and signed by the Governor on April 20, 2017.

The 2018-2019 State budget provisions relating to school districts for the forthcoming fiscal year were adopted on March 30, 2018.

The budget increases Education Aid by $1 billion, including a $619 million increase in Foundation Aid, without revision to the formula, bringing the new Education Aid total to $26.7 billion or an increase of 3.9 percent.

The budget increases State aid to school districts by $1 billion, including a $619 million increase in Foundation Aid, without revision to the formula, bringing the total to $26.7 billion, or an increase of 3.9 percent.

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

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

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

The District presently anticipates an increase in its State aid not related to building aid for its 2018-2019 fiscal year in an amount of $552,164.

It should also be noted that the District receives federal aid for certain programs. In its last audited fiscal year, the District received $128,814 in such direct federal aid. It is not possible to predict whether such aid will continue in the future, or if continued, whether it will be funded at present levels.

The District cannot predict at this time whether there will be any reductions in and/or delays in the receipt of State aid during the District's 2018-19 fiscal year. The District believes that it would mitigate the impact of any delays or the reduction in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, and/or by any combination of the foregoing.

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

TABLE 4
State Aid Revenue

Fiscal Year	**Total Revenues**	**State Aid**	**State Aid to Revenues**
2013	$28,263,989	$15,141,409	53.6%
2014	28,906,999	15,227,423	52.7%
2015	28,842,609	14,987,820	52.0%
2016	31,982,198	17,909,449	56.0%
2017	32,837,398	18,979,666	57.8%
2018 *Budget*	32,686,341	18,711,144	57.2%
2019 *Budget*	33,773,624	19,385,555	57.4%

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

Independent Audit

The District retains independent certified public accountants to audit its financial statements. Appendix C to the Official Statement presents a copy of the District's most recent audited financial report. In addition, the District is subject to audit by the State Comptroller to review compliance with legal requirements and the rules and regulations established by the State.

Fund Structure and Accounts

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

Basis of Accounting

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

Budgetary Procedure

The District's fiscal year begins on July 1 and ends on June 30. Starting in the fall or winter of each year, the District's financial plan and enrollment projection are reviewed and updated and the first draft of the next year's proposed budget is developed by the central office staff. During winter and early spring the budget is developed and refined in conjunction with the school building principals and department supervisors. Under current law, the budget is submitted to voter referendum on the third Tuesday in May each year. A summary of the District's budget for 2017-18 and 2018-19 is shown in Appendix B.

The voters approved the District's 2018-19 budget on May 15, 2018.

TAX INFORMATION

Real Property Tax Assessments and Rates

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

TABLE 5
Real Property Tax Rates

	2013-14	2014-15	2015-16	2016-17	2017-18
Total Tax Levy	$11,241,156	$11,527,795	$11,675,351	$11,449,561	$11,815,947
Tax Rate (1)	17.92	17.35	17.63	$17.53	$18.08

(1) Per $1,000 Assessed Value.

Source: New York State Office of Real Property Services / District Officials.

TABLE 6
Assessed and Full Valuation
(Fiscal Years Ending June 30)
Based on Regular Equalization Rates

Roll Year:	2013	2014	2015	2016	2017
Fiscal Year:	2013-14	2014-15	2015-16	2016-17	2017-18
Total Assessed Value	$627,124,416	$664,358,297	$662,275,778	$653,133,955	$653,378,659
Equalization Rate	100.00%	100.00%	100.00%	98.00%	90.00%
Full Value	$627,124,416	$664,358,297	$662,275,778	$666,463,219	$725,976,288

Based on Special Equalization Ratios

Assessment Year:	2012	2013	2014	2015	2016
Fiscal Year:	2013-14	2014-15	2015-16	2016-17	2017-18
Total Assessed Value	$629,981,386	$627,124,416	$664,358,297	$662,275,778	$653,133,955
Equalization Rate	94.84%	94.72%	98.41%	96.98%	96.19%
Full Value	$665,942,268	$663,693,953	$672,019,317	$683,251,602	$628,249,551

Source: State of New York, Office of the State Comptroller and School District.

The State Comptroller's Fiscal Stress Monitoring System

The New York State Comptroller has reported that certain of the State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school district and municipal officials, taxpayers and policy makers regarding the various levels of fiscal stress under which the State's school districts and municipalities are operating.

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

The most current applicable report of the State Comptroller designates the District as "No Designation" (see www.osc.state.ny.us/localgov/fiscalmonitoring/pdf/schools/schoolsummarylist.pdf).

New York State Comptroller's Audit

School districts throughout the State can be subject to an audit of the New York State Office of the Comptroller ("OSC") pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the State GML.

On February 3, 2017, the OSC released an audit of the District to evaluate the District's financial management practices for the period July 1, 2012 through July 22, 2016. The audit found that the District appropriated fund balance to help finance operations, but it was not needed because the District's budgeting practices produced operating surpluses, and the District's 2015-16 year-end unrestricted fund balance was 9.1 percent of 2016-17 budgeted appropriations, which exceeded the statutory limit by 5 percentage points. The OSC recommended the District that it to adopt budgets that better reflect the District's operating needs and use surplus funds as a financing source for funding one-time expenditures, funding needed reserves or reducing District property taxes, and to ensure that unrestricted fund balance at fiscal year-end does not exceed the statutory limit.

The link to the most recent OSC report is as follows:
http://www.osc.state.ny.us/localgov/audits/schools/2017/tonawanda.pdf

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

Tax Limit

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

Tax Levy Limitation Law

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

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

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

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

State Commissioner of Taxation and Finance to adjust for changes in the real property base to reflect development on tax exempt real property.

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

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

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law"Capital Local Expenditures" do 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". Chapter 20 also allows the State Commissioner of Taxation and Finance to adjust the exclusion to reflect a school district's share of capital expenditures related to projects funded through a board of cooperative education services ("BOCES"); however, such regulations have not yet been promulgated as of the date of this Official Statement. The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and this is an exclusion from the tax levy limitation (except in a case when the District would be prohibited from raising the tax levy amount at all due budget vote results, as explained above).

Real Property Tax Rebate (Chapter 20)

Chapter 20 introduced a new real property tax rebate program that provides state-financed tax rebate checks and credits to taxpayers who are eligible for the STAR exemption (see "STAR - School Tax Exemption," herein) in the years 2016-2019. Residents of New York City are not eligible for the Chapter 20 Real Property Tax Rebate. For 2016, eligible taxpayers who reside outside New York City but within the Metropolitan Commuter Transportation District ("MCTD") received $130, and eligible taxpayers who reside outside the MCTD received $185. Credits in 2017-19 vary based on a taxpayer's personal income level and STAR tax savings.

The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. However, for many taxpayers only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of the Tax Levy Limitation Law.

While the tax rebate provisions do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

Tax Collection Procedure

Real property taxes are levied annually by the Board no later than September 1 and become a lien on October 1.

The City enforces uncollected real property taxes. An amount representing all uncollected real property taxes must be transmitted by the City to the District within two years from the return of unpaid taxes to the City. Real property taxes receivable expected to be collected within 60 days of the year end, less similar amounts collected during this period in the preceding year, are recognized as revenue. Otherwise, deferred revenues offset real property taxes receivable.

STAR - School Tax Exemption

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

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

	Enhanced Exemption	Basic Exemption
City of Tonawanda	$66,800	$30,000
Date Certified: 4/9/18		

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

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

The maximum savings for the City within the District for the 2017-18 fiscal year is as follows:

Municipality:	**Basic Maximum Savings**	**Enhanced Maximum Savings**
City of Tonawanda	$542	$1,175
Updated: 03/27/2018		

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

Largest Taxpayers for the 2017-18 Fiscal Year

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

TABLE 7
Top Ten Largest Taxable Properties

Name	Type	Taxable Assessed Valuation	% of Taxable Assessed Valuation (1)
National Grid	Utility	$12,150,876	1.86%
TG CoTops Youngman LLC	Commercial	10,129,200	1.55%
CSX Transportation Inc.	Railroad	8,952,819	1.37%
National Fuel Gas Dist. Corp.	Utility	7,374,530	1.13%
TG CoTops Tonawanda NY LLC	Commercial	6,647,000	1.02%
Washington Mills Tonawanda Inc.	Manufacturing	4,100,000	0.63%
Con-Way Trans. Services Inc.	Commercial	3,600,000	0.55%
Sovran Acquisition Ltd Partnership	Commercial	3,035,000	0.46%
Hunt & Associates LLC	Commercial	2,880,000	0.44%
Norpat Group LLC	Commercial	2,660,000	0.41%
		$61,529,425	9.42%

(1) The District's total assessed valuation for the fiscal year 2017-18 is $653,378,659.

Source: Assessor's Office

DISTRICT INDEBTEDNESS

Constitutional and Statutory Requirements

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

Purpose and Pledge

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

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

Payment and Maturity

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

General

The District is further subject to constitutional limitation by the general constitutionally imposed duty on the State Legislature to restrict the power of taxation and contracting indebtedness to prevent abuses in the exercise of such power; however, as has been noted under "THE BONDS - Nature of Obligation", the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.

Statutory Procedure

In general, the State Legislature has, by enactment of the Local Finance Law, authorized the power and procedure for the District to borrow and incur indebtedness subject, of course, to the 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 approval of bond resolutions involving the borrowing of money for capital purposes to the qualified voters of the District. With respect to certain school building construction projects, the District is not permitted to spend in excess of $100,000 until the plans and specifications for such projects have been approved by the Commissioner of Education of the State.

The Local Finance Law also provides a twenty-day statute of limitations after publication of a bond resolution, together with a statutory form of notice which, in effect, estops legal challenges to the validity of obligations authorized by such bond resolution, except for alleged constitutional violations. The District typically complies with estoppel procedure. It is a procedure that is recommended by Bond Counsel, but is not an absolute requirement.

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

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Debt Limit

The District has the power to contract indebtedness for any District purpose so long as the principal amount thereof shall not exceed five per centum of the average full valuation of taxable real estate of the District, subject to certain enumerated deductions. The constitutional and statutory method for determining full valuation is by taking the assessed valuation of taxable real estate for the last completed assessment roll and applying thereto the special equalization ratio which such assessed valuation bears to the full valuation as determined by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the last five complete assessment rolls and dividing such sum by five.

TABLE 8
Computation of Debt Limit

Fiscal Year:	**Full Valuation** [1]
2013-14	$665,942,268
2014-15	663,693,953
2015-16	672,019,317
2016-17	683,251,602
2017-18	628,249,551
Total Five-Year Valuation	$3,313,156,691
Average Five-Year Full Valuation	$662,631,338
Debt Limit - 5% of Average Full Valuation	$33,131,567

(1) The amounts shown as full valuation have been computed with the use of Special Equalization Ratios (See Table 6). Chapter 280 of the Laws of 1978 provides for the determination of special equalization ratios for city school districts, which normally has the effect of increasing the tax base of a city school district for the purpose of computing debt limits of such city school districts. Regular state equalization rates are also established by the State Office of Real Property Services and are used for all other purposes.

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Statutory Debt Limit and Net Indebtedness

The following table sets forth the computation of the debt limit of the District and its debt contracting margin as of June 7, 2018.

TABLE 9
Statutory Debt Limit and Net Indebtedness

Average Full Valuation of Taxable Real Property	$662,631,338
Debt Limit (5% of Average Full Valuation)	$33,131,567
Inclusions:	
Serial Bonds	16,715,000
Bond Anticipation Notes	0
Gross Indebtedness	16,715,000
Exclusions and Deductions:	
Appropriations (Bond Principal Payment)	2,770,000
State Building Aid (1)	0
Gross Exclusions and Deductions	2,770,000
Total Net Indebtedness	$13,945,000
Net Debt-Contracting Margin(2)	$19,186,567
Percentage of Debt Contracting Margin Exhausted	42.09%

(1) The District has received and expects to continue to receive State aid on a portion of existing indebtedness contracted for school building purposes pursuant to Section 121.20 of the Local Finance Law, but, under the Local Finance Law, as a small city school district, it is not permitted to deduct such anticipated State building aid from its outstanding indebtedness. However, as a matter of information, State aid for building purposes is currently estimated by District officials at 84.8%.

(2) The District was the subject of special legislation and has received the consents of the Board of Regents and the State Comptroller, dated October 5, 2001 and October 22, 2001, respectively, which approved a bond issue that caused the District to exceed its debt limit by $5,069,298. The serial bonds issued under this consent order were originally issued on December 1, 2001 and were later refunded on September 13, 2005 and February 12, 2015 and will mature in full on April 15, 2021.

Remedies Upon Default

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.

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

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State Teachers' Retirement System, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay such 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 such provision of the SFL.

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

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

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

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

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

Trend of Outstanding Indebtedness

The following table provides information relating to direct capital outstanding indebtedness as follows:

TABLE 10
Outstanding Bond Indebtedness

FYE June 30:	Bonds	Notes	Total Outstanding
2013	$18,550,000	$11,225,000	$29,775,000
2014	16,670,000	11,225,000	27,895,000
2015	13,555,000	10,745,000	24,300,000
2016	11,705,000	10,195,000	21,900,000
2017	19,305,000	0	19,305,000

Overlapping and Underlying Debt

In addition to the District, other political subdivisions have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District. The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of these subdivisions. Such taxpayers' share of overlapping and underlying debt is based on the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The following table presents the amount of overlapping and underlying debt and the District's share of this debt. Authorized but unissued debt has not been included.

TABLE 11
Statement of Direct and Overlapping Indebtedness

Overlapping Units	As of	Total Net Indebtedness	Percentage Applicable	Applicable Net Indebtedness
County of Erie	09/30/2017	$475,089,545	1.24%	$5,891,110
City of Tonawanda	05/9/2018	12,276,685	100.0%	12,276,685
Total Net Overlapping Debt				$18,167,795
Net Direct Debt				13,945,000
Total Net Direct and Overlapping Debt				$32,112,795

Source: Official Statements.

Debt Ratios

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

TABLE 12
Debt Ratios

	Amount	Debt Per Capita [1]	Debt to Full Value [2]
Net Direct Debt	$13,945,000	$921	2.22%
Net Direct and Overlapping Debt	$32,112,795	2,122	5.11%

(1) The population of the District is estimated by District officials to be approximately 15,130.
(2) The District's full value of taxable real property based on special equalization rates in 2017-18 is $628,249,551.

Bond Anticipation Notes

The District does not have any bond anticipation notes outstanding.

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Debt Service Schedule

The following table shows the debt service requirements to maturity on the District's outstanding bonded indebtedness as of June 7, 2018.

TABLE 13
Schedule of Principal and Interest on Long-Term Bond Indebtedness

Fiscal Year Ending June 30	Total Principal	Total Interest	Total
2018	$ 0	$ 0	$ 0
2019	2,770,000	721,225	3,491,225
2020	2,895,000	586,625	3,481,625
2021	2,990,000	446,050	3,436,050
2022	1,235,000	300,113	1,535,113
2023	1,270,000	241,644	1,511,644
2024	1,030,000	186,956	1,216,956
2025	780,000	142,550	922,550
2026	795,000	103,175	898,175
2027	810,000	63,050	873,050
2028	830,000	34,500	864,500
2029	850,000	17,700	867,700
2030	460,000	4,600	464,600
Total	$16,715,000	$2,848,188	$19,563,188

Note: Columns may not sum due to rounding.

Source: District Officials.

ECONOMIC AND DEMOGRAPHIC DATA

School Enrollment Trends

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

TABLE 14
School Enrollment Trends

Fiscal Year	Actual Enrollment	Fiscal Year	Projected Enrollment
2015-16	1,724	2018-19	1,764
2016-17	1,743	2019-20	1,772
2017-18	1,755	2020-21	1,775

Source: District Officials.

Population

The following table presents population trends for the City, County and State, based upon recent census data.

TABLE 15
Population Trend

	2000	2010	Percentage Change
City	16,136	15,130	(6.2%)
County	950,265	919,040	(3.2%)
State	18,976,457	19,378,102	2.1%

Source: U.S. Census.

Employment and Unemployment

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

TABLE 16
Civilian Labor Force
(Thousands)

	2012	2013	2014	2015	2016
County	461.8	458.9	450.7	449.9	446.6
State	9,612.2	9,623.1	9,570.7	9,591.2	9,584.5

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

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

TABLE 17
Yearly Average Unemployment Rates

Year	County	State
2012	8.3%	8.5%
2013	7.4%	7.7%
2014	6.1%	6.3%
2015	5.3%	5.3%
2016	4.9%	4.8%

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

TABLE 18
Monthly Unemployment Rates

Month	Town	County	State
March 2017	5.5%	5.2%	4.7%
April	5.3%	4.9%	4.4%
May	5.2%	4.9%	4.4%
June	5.1%	5.0%	4.6%
July	5.4%	5.3%	4.9%
August	5.4%	5.2%	4.9%
September	5.0%	4.9%	4.7%
October	4.7%	4.8%	4.4%
November	5.2%	5.0%	4.4%
December	5.6%	5.2%	4.4%
January 2018	6.1%	5.8%	5.1%
February	6.3%	6.1%	5.1%

Source: New York State Department of Labor, Bureau of Labor Statistics. Information not seasonally adjusted.

TABLE 19
Largest Employers

Business	Type	Approx. # of Employees
Tops Market - Niagara Street	Retail	300
City of Tonawanda Schools	Education	251
Sugar Kake	Manufacturing	175
Mueller Services	Insurance Consultants	150
City of Tonawanda	Government	129
Tops Market - Young Street	Retail	132
Con-Way Freight	Trucking	105
Midland Asphalt	Commercial	98
Tank Real Estate	Housing	90
Building Control Services	HVAC Services	74

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 District after consultations with its attorneys, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no claims or action pending which, if determined against the District, would have an adverse material effect on the financial condition of the District.

END OF APPENDIX A

APPENDIX B

FINANCIALS

THE CITY SCHOOL DISTRICT OF THE CITY OF TONAWANDA
Statement of Budgeted Appropriations, Estimated Revenues and Appropriated Fund Balance
General Fund
Fiscal Year Ending June 30

	Adopted Budget 2017-18	Adopted Budget 2018-19
Estimated Revenues:		
Real Property Tax	$11,815,947	$12,161,319
Non-property Taxes	1,830,000	1,830,000
Miscellaneous	329,250	396,750
State Aid	18,711,144	19,385,555
Total Estimated Revenues	32,686,341	33,773,624
Appropriated Fund Balance	1,000,000	1,000,000
Total Estimated Revenues and Fund Balance	$33,686,341	$34,773,624
Appropriations:		
General Support	$3,943,214	$4,006,926
Instruction	17,707,321	18,683,402
Pupil Transportation	1,572,200	1,696,449
Employee Benefits	6,652,139	6,659,311
Debt Service	3,679,467	3,593,036
Interfund Transfers	132,000	134,500
Total Appropriations	$33,686,341	$34,773,624

Source: Adopted Budgets of the District.

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

	2013	2014	2015	2016	2017
Revenues:					
Real Property Taxes	$7,859,416	$8,158,950	$8,461,944	$8,662,130	$8,553,871
Real Property Tax Items	3,106,461	3,126,683	3,124,932	3,075,082	2,971,973
Non-Property Taxes	1,823,610	1,828,857	1,806,125	1,847,815	1,877,090
Charges for Services	47,878	90,539	97,201	67,955	71,487
Use of Money & Property	50,567	47,698	30,541	21,494	30,751
Sale of Prop & Comp for Loss	2,510	166,455	7,076	6,344	4,302
Miscellaneous	139,864	169,975	246,749	252,358	219,444
State Aid	15,141,409	15,227,423	14,987,820	17,909,449	18,979,666
Federal Sources	92,274	90,419	80,221	139,571	128,814
Total Revenues	$28,263,989	$28,906,999	$28,842,609	$31,982,198	$32,837,398
Expenditures:					
General Support	3,391,104	3,526,229	3,541,974	3,605,822	3,743,319
Instruction	14,825,134	14,725,664	15,115,436	16,171,874	16,355,636
Pupil Transportation	911,694	990,930	1,029,432	1,089,840	1,333,845
Community Services	58,624	61,349	61,202	97,451	98,710
Employee Benefits	5,814,032	6,202,965	6,366,412	8,760,019	6,074,035
Debt Service	2,837,670	2,901,722	3,082,254	675,595	3,180,152
Total Expenditures	$27,838,258	$28,408,859	$29,196,710	$30,400,601	$30,785,697
Excess (Deficiency) of Revenues over Expenditures	425,731	498,140	(354,101)	1,581,597	2,051,701
Other Sources and Uses:					
Operating Transfers Out	(32,789)	(24,507)	(29,496)	(27,262)	(126,209)
Total Sources and Uses	(32,789)	(24,507)	(29,496)	(27,262)	(126,209)
Excess (Deficiency) of Revenues and Other Sources Over Expenditures	392,942	473,633	(383,597)	1,554,335	1,925,492
Fund Balance - Beg. Of Year	3,158,521	3,551,463	4,025,096	3,641,499	5,195,834
Fund Balance - End of Year	$3,551,463	$4,025,096	$3,641,499	$5,195,834	$7,121,326

Source: Audited Financial Statements.

THE CITY SCHOOL DISTRICT OF THE CITY OF TONAWANDA
Balance Sheet
General Fund
Fiscal Year Ending June 30

	2016	2017
Assets:		
Unrestricted Cash	$6,391,187	$8,792,935
State and Federal Aid Receivable	935,540	386,523
Prepaid Expenses	0	452
Due From Other Funds	841,414	1,000,557
Due From Other Governments	1,555,735	2,353,196
Accounts Receivables	546,619	574,296
Total Assets	$10,270,495	$13,107,959
Liabilities:		
Accounts Payable	$268,773	$206,017
Accrued Liabilities	1,204,814	2,571,580
Due to Other Funds	42,167	82,100
Due to Other Governments	1,469,506	1,164,589
Due to Retirement Systems	1,615,312	1,460,571
Total Liabilities	4,600,572	5,484,857
Deferred Inflow of Resources:		
Unavailable Revenue - Property Taxes	474,089	501,766
Total Deferred Inflows	474,089	501,766
Fund Balance:		
Non-Spendable	0	452
Restricted	1,850,000	2,850,000
Assigned	1,440,644	1,045,015
Unassigned	1,905,190	3,225,859
Total Fund Equity	$5,195,834	$7,121,326
Total Liabilities and Fund Balance	$10,270,495	$13,107,949

Source: Audited Financial Statements.

APPENDIX C

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

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

https://emma.msrb.org/ER1095644-ER857295-ER1257957.pdf

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

*** Such Financial Statements and opinion are intended to be representative only as of the date thereof. Amato, Fox & Company, PC has not been requested by the District to further review and/or update such Financial Statements or opinion in connection with the preparation and dissemination of this Official Statement.**