OFFICIAL STATEMENT DATED FEBRUARY 27, 2017

NEW ISSUE **BOND ANTICIPATION NOTES**

In the opinion of Hodgson Russ LLP, Buffalo, New York, Bond Counsel, based on existing statutes, regulations, rulings and court decisions and assuming the accuracy of certain representations and continuing compliance with certain covenants described in "Tax Exemption" herein, interest on the Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code"). Bond Counsel is further of the opinion that interest on the Notes is not treated as a specific preference item for purposes of the federal alternative minimum tax imposed on individuals and corporations; however, such interest will be included in adjusted current earnings for purposes of calculating the alternative minimum tax on certain corporations. Interest on the Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the accrual or receipt of interest on, the Notes. See "TAX EXEMPTION" herein.

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

HAMBURG CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK
(the "District")

$3,000,000 BOND ANTICIPATION NOTES, 2017
(the "Notes")

Dated Date: March 21, 2017 Maturity Date: March 21, 2018

Security and Sources of Payment: The Notes will constitute general obligations of the District and will contain a pledge of its faith and credit for the punctual payment of the principal of and interest on the Notes, and all the taxable real property within the District will be subject to the levy of *ad valorem* taxes therefor, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York). (See "The Tax Levy Limit Law" herein).

Prior Redemption: The Notes will not be subject to redemption prior to their maturity.

At the option of the purchaser(s), the Notes may be either registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for the Depository Trust Company, New York, New York ("DTC") as book-entry notes.

Form and Denomination: For those Notes registered to the purchaser(s), a single note certificate shall be delivered to the purchaser(s), and each such note certificate shall bear a single rate of interest and shall be in a denomination equal to the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder. The Notes to be issued in book-entry form will be issued as registered notes, and, when issued, will be registered in the name of Cede & Co. as nominee of DTC, which will act as the Securities Depository for the Notes. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Individual purchases of the Notes to be issued in book-entry form may be made only in denominations of $5,000 or integral multiples thereof. Noteholders will not receive certificates representing their ownership interest in the Notes to be issued in book-entry form. See "The Notes - Book-Entry System" herein.

Payment: Payment of the principal of and interest on the Notes registered to the purchaser(s) will be payable at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder(s). Payment of the principal of and interest on the Notes to be issued in book-entry form will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices, as is now the case with municipal securities held for the accounts of customers in bearer form or registered in "street name." Payment will be the responsibility of the DTC Participant or Indirect Participant and not of DTC or the District, subject to any statutory and regulatory requirements as may be in effect from time to time. See "The Notes - Book-Entry System" herein. The District will act as paying agent for the Notes.

Proposals for the Notes will be received at 11:00 A.M. (Prevailing Time) on March 7, 2017 at the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776.

The Notes are offered when, as and if issued and received by the purchaser(s) and subject to the receipt of the legal opinion as to the validity of the Notes of Hodgson Russ LLP, Bond Counsel, Buffalo, New York. It is anticipated that the Notes will be available for delivery in New York, New York or at such other place as may be agreed with the purchaser(s) on or about March 21, 2017.

THIS OFFICIAL STATEMENT IS IN A FORM "DEEMED FINAL" BY THE DISTRICT FOR THE PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12 (THE "RULE"). UNLESS THE NOTES ARE PURCHASED FOR THE SUCCESSFUL BIDDER'S OWN ACCOUNT AS PRINCIPAL FOR INVESTMENT AND NOT FOR RESALE, THE DISTRICT WILL DELIVER AN UNDERTAKING. FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE CONTINUING DISCLOSURE FOR THE NOTES, AS DESCRIBED IN THE RULE. SEE "DISCLOSURE UNDERTAKING" HEREIN.

HAMBURG CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

Administration Building
5305 Abbott Road
Hamburg, New York 14075
Telephone: (716) 646-3200
Fax: (716) 646-3209

BOARD OF EDUCATION

Thomas Flynn III, President
Cameron Hall, Vice President

Laura Heeter
Robbin List
Michael McGarry
Richard Schneider
David Yoviene

School District Officials

Michael R. Cornell, Superintendent of Schools
Barbara S. Sporyz, Assistant Superintendent of Administrative Services and Finance
Kathleen Selby, District Treasurer

* * *

BOND COUNSEL

Hodgson Russ LLP
Buffalo, New York

* * *

MUNICIPAL ADVISOR

MUNISTAT SERVICES, INC.

Municipal Finance Advisory Service

12 Roosevelt Avenue
Port Jefferson Station, N.Y. 11776
(631) 331-8888

E-mail: info@munistat.com
Website: http://www.munistat.com

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

TABLE OF CONTENTS

Page

TABLE OF CONTENTS - CONTINUED

Page

OFFICIAL STATEMENT

Relating to

HAMBURG CENTRAL SCHOOL DISTRICT
ERIE COUNTY, NEW YORK

$3,000,000 BOND ANTICIPATION NOTES, 2017

This Official Statement, including the cover page and appendices thereto, has been prepared by the District and presents certain information relating to the District's $3,000,000 Bond Anticipation Notes, 2017 (the "Notes"). All quotations from and summaries and explanations of provisions of the Constitution and laws of the State of New York (the "State") and acts and proceedings of the District contained herein do not purport to be complete and are qualified in their entirety by reference to the official compilations thereof and all references to the Notes and the proceedings of the District relating thereto are qualified in their entirety by reference to the definitive form of the Notes and such proceedings.

THE NOTES

Description of the Notes

At the option of the purchaser(s), the Notes may be either registered to the purchaser(s) or registered in the name of Cede & Co., as nominee for The Depository Trust Company, New York, New York ("DTC") as book-entry Notes.

For those Notes registered to the purchaser(s), a single note certificate shall be delivered to the purchaser(s), and each such note certificate shall bear a single rate of interest and shall be in a denomination equal to the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on such Notes will be payable in lawful money of the United States of America (Federal Funds) at such bank or trust company located and authorized to do business in the State of New York as may be selected by the successful bidder.

For those Notes issued as book-entry notes registered to Cede & Co., DTC will act as securities depository for the Notes and owners will not receive certificates representing their interest in the Notes. Individual purchases of such registered Notes may be made in denominations of $5,000 or integral multiples thereof. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on such Notes will be paid in Federal Funds by the District to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. See "Book-Entry System" herein.

The District will act as paying agent for the Notes. The District's contact information is as follows: Barbara S. Sporyz, Assistant Superintendent of Administrative Services and Finance, Hamburg Central School District, Administration Building, 5305 Abbott Road, Hamburg, New York 14075, Phone (716) 646-3200, Fax (716) 646-3209 and email: bsporyz@hamburgschools.org.

Optional Redemption

The Notes will not be subject to redemption, in whole or in part, prior to their maturity.

Book-Entry Only System

DTC, will act as securities depository for the Notes issued in book-entry form. The Notes will be issued as fully-registered securities, in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered note certificate will be issued and deposited with DTC for all of each particular type of the Notes bearing the same rate of interest.

DTC is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 3.5 million issues of U.S. and non-U.S. equity issues, corporate and municipal debt issues, and money market instruments (from over 100 countries) that DTC's participants ("Direct Participants") deposit with DTC. DTC also facilities 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 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 Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Notes on DTC's records. The ownership interest of each actual purchaser of each Note ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Notes are to be accomplished by entries made on the books of Direct or Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interest in the Notes, except in the event that use of the book-entry system for the Notes is discontinued.

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

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

Beneficial Owners of the Notes may wish to take certain steps to augment the transmission to them or notices of significant events with respect to the Notes, such as redemptions, tenders, defaults, and proposed amendments to the Note documents. For example, Beneficial Owners of the Notes may wish to ascertain that the nominee holding the Notes for their benefit has agreed to obtain and transmit notices to the Beneficial Owners. In the alternative, Beneficial Owners may wish to provide their names and addresses to the registrar and request that copies of notices be provided directly to them.

Neither DTC nor Cede & Co. (nor any other DTC nominee) will consent or vote with respect to the Notes unless authorized by a Direct Participant in accordance with DTC's MMI Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to an issuer of particular obligations 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 such obligations are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Principal and interest payments on the Notes will be made to Cede & Co. or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District on the 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 (nor its nominee) or the District, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of the District, disbursement of such payments to Direct Participants will be the responsibility of DTC), and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Source: The Depository Trust Company, New York, New York.

The information contained in the above section concerning DTC and DTC's book-entry system has been obtained from sample offering document language supplied by DTC, but the District takes no responsibility for the accuracy thereof. In addition, the District will not have any responsibility or obligation to participants, to indirect participants or to any beneficial owner with respect to: (i) the accuracy of any records maintained by DTC, and participant or any indirect participant; (ii) the payments by DTC or any participant or any indirect participant of any amount with respect to the principal of, or premium, if any, or interest on the Notes or (iii) any notice which is permitted or required to be given to owners of the Notes.

THE DISTRICT WILL NOT HAVE ANY RESPONSIBILITY OR OBLIGATIONS TO PARTICIPANTS, TO INDIRECT PARTICIPANTS OR ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAITAINED BY DTC, ANY PARTICIPANTS, OR ANY INDIRECT PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OR INDIRECT PARTICIPANT OR ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE NOTES; (III) ANY NOTICE WHICH IS PERMITTED OR REQUIRED TO BE GIVEN TO HOLDERS; OR (IV) THE SELECTION OF THE BENEFICIAL OWNERS TO RECEIVE PAYEMENT IN THE EVENT OF ANY PARTIAL REDEMPTION OF THE NOTES; OR (V) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS HOLDER.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC WILL DISTRIBUTE TO DIRECT PARTICIPANTS OR THAT DIRECT PARTICIPANTS OR INDERCT PARTICIPANTS WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE NOTES (I) PAYMENTS OF THE PRINCIPAL OF OR INTEREST ON THE NOTES; (II) CONFIRMATION OF THEIR OWNERSHIP INTEREST IN THE NOTES; OR (III) REDEMPTION OR OTHER NOTICES SENT TO DTC OR CEDE & CO. AS NOMINEE, AS REGISTERED OWNER OF THE NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SO SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

Authorization and Purpose

The Notes are being issued pursuant to the Constitution and Laws of the State, including the Local Finance Law and a bond resolution dated June 14, 2016 that was duly adopted following a vote of the qualified voters of the District on May 17, 2016, authorizing the issuance of obligations of the District in an estimated maximum cost of $9,875,000 for the financing of the reconstruction, rehabilitation and renovation, in part, and the construction of improvements and upgrades to various District buildings and facilities and the sites thereof. The proceeds of the Notes will provide new money for such project.

For further information regarding bond authorizations of the District for capital purposes and other matters relating thereto see "INDEBTEDNESS OF THE DISTRICT", herein.

Security and Source of Payment

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

The Notes will be general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest thereon. For the payment of such principal and interest, the District has power and statutory authorization to levy *ad valorem* taxes on all real property in the District subject to taxation, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York).

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. However, on June 24, 2011, the Governor signed into law Chapter 97 of the Laws of 2011, imposing a limitation upon the District's power to increase its annual tax levy. Chapter 97 provides an express exception from the District's "tax cap" calculation for those taxes to be levied to pay debt service on bonds or notes issued to finance voter approved capital expenditures or the refinancing or refunding of such bonds or notes. Chapter 97 affects school district tax levies for fiscal years beginning July 1, 2012. See "Limitation on Tax Levy – The Tax Levy Limit Law," herein.

Remedies Upon Default

Section 99-b of the State Finance Law ("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 the school districts in the State for school purposes that it will not repeal, revoke or rescind the provisions of Section 99-b of 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 cover the current status with respect to the payment of principal of and interest on all outstanding bonds and notes of such school district issued for school purposes and the statement prepared and filed by the State Comptroller shall set forth a description of all such bonds and notes of the school district found to be in default and the amount of principal and interest thereon past due.

Upon the filing of such a certificate in the office of the State Comptroller, he shall thereafter deduct and withhold from the next succeeding allotment, apportionment or payment of such State aid or assistance due to such school district such amount thereof as may be required to pay (a) the school district's contribution to the State teachers retirement system, and (b) the principal of and interest on such bonds and notes of such school district then in default. In the event such State aid or assistance initially so withheld shall be insufficient to pay said amounts in full, the State Comptroller shall similarly deduct and withhold from each succeeding allotment, apportionment or payment of such State aid or assistance due such school district such amount or amounts thereof as may be required to cure such default. Allotments, apportionments and payments of such State aid so deducted or withheld by the State Comptroller for the payment of principal and interest on 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 of such successive allotments, apportionments or payments of such State Aid so deducted or withheld shall be less than the amount of all principal and interest on the bonds 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 Section of SFL.

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

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 holders of bonds and notes, 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 police powers to assure the continuation of essential public services.

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.

THE DISTRICT

Description

The District, which comprises an area of approximately 31 square miles, has a current estimated population of 25,000, and is located in the south-central portion of Erie County about 15 miles south of Buffalo. On a valuation basis, the District includes most of the Town of Hamburg (the "Town") and portions of the Towns of Boston, Eden, and Orchard Park and the Village of Hamburg. Portions of the District closest to Buffalo are suburban in character while outlying areas are more rural.

Transportation is provided through the District on routes 20, 75, 62, and 5 and the 219 Expressway from Buffalo to the southern tier. Bus service is provided by the Niagara Frontier Transportation Authority on a regular, commuter basis. Major airlines operate from the Buffalo-Niagara International Airport, a 25-minute drive from the District. The New York State Thruway and several railroads also serve the area.

District Organization

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

The legislative power of the District is vested in a seven-member Board of Education (the "Board"). Under current law, an election is held within the District boundaries on the third Tuesday of May each year to elect members of the Board. Board members are generally elected for a term of three years.

In early July of each year, the Board meets for the purpose of reorganization. At that time, the Board elects a President and Vice President, and appoints a District Treasurer.

The major 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 Assistant Superintendent of Administrative Services and Finance and the District Treasurer.

Enrollment History

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

School Year	School Enrollment
2013	3,615
2014	3,779
2015	3,731
2016	3,586
2017	3,616

Source: District Officials.

Projected Future Enrollment

The following table presents the projected future school enrollment for the District.

School Year	School Enrollment
2018	3,536
2019	3,536

Source: District Officials.

District Facilities

The District operates six schools and offices; statistics relating to each are shown below.

Name of School	Grades	Date of Construction	Capacity
Hamburg Senior High School	9-12	1955	1,200
Hamburg Middle School	6-8	1963	1,200
Armor Elementary School	K-5	1970	756
Boston Valley Elementary School	K-5	1960	540
Charlotte Avenue Elementary School	Pre-K-5	1952	610
Union Pleasant Elementary School	K-5	1930	1,238

Employees

The collective bargaining agents, if any, which represent employees and the dates of expirations of the various collective bargaining agreements are as follows:

Name of Union	Expiration Date of Contract	Approx. No. of Members
Hamburg Teachers' Association (HTA)	6/30/2018	328
Hamburg Administrative Council (HAC)	6/30/2018	11
Nurses, COTA, CAIDES, Repair Tech	6/30/2018	17
Teacher's Aides	6/30/2019	97
Service Employees Maintenance (SEIU)	6/30/2017	55
Office Employees (Teamsters)	6/30/2017	25
Food Service (SEIU)	6/30/2020	25

ECONOMIC AND DEMOGRAPHIC INFORMATION

Population Trends

The following table sets forth population statistics.

Year	Town of Hamburg	Erie County	New York State
1990	53,735	968,532	17,990,455
2000	56,259	950,265	18,976,457
2010	56,396	919,040	19,378,102
2015	57,712	921,584	19,673,174

Source: U.S. Bureau of the Census.

Income Data

Income Data is not available for the District as such. The smallest areas for which such statistics are available (which include the District) are the Town of Hamburg and the County of Erie. The information set forth below with respect to such Town, County and State is included for information purposes only. It should not be implied from the inclusion of such data in this Statement that the District is necessarily representative of the Town, County or State or vice versa.

	Per Capita Money Income			
	1990	2000	2010	2015
Town of Hamburg	N/A	$21,943	$28,934	$32,364
County of Erie	13,560	20,357	25,387	32,072
State of New York	16,501	23,389	30,791	39,177

	Median Household Income			
	1990	2000	2010	2015
Town of Hamburg	N/A	$47,888	$59,833	$62,995
County of Erie	28,005	38,567	47,650	57,499
State of New York	39,741	51,691	55,217	66,256

Source: United States Bureau of the Census
a. Note: Based on American Community Survey 5-Year Estimate (2011-2015)

Major Employers in the District

Name	Type of Business	Approx. No. of Employees
Hamburg Central School District	Education	575
Town of Hamburg	Government	500
Tops Markets	Retail Food	325

Unemployment Rate Statistics

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

Annual Averages:	Erie County (%)	New York State (%)	United States (%)
2012	7.7	8.0	8.9
2013	8.5	8.6	8.1
2014	7.5	7.7	7.4
2015	5.4	5.3	5.3
2016 (11 Months)	4.8	4.9	4.9

Source: Department of Labor, State of New York

INDEBTEDNESS OF THE DISTRICT

Constitutional and Statutory Requirements

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

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 or the weighted average maturity thereof; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has authorized the issuance of indebtedness having substantially level or declining annual debt service. The District is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds, bond anticipation notes and capital notes.

General. The District is further subject to constitutional limitation by the general constitutionally imposed duty of 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 "Security and Source of Payment," the State Legislature is prohibited by a specific constitutional provision from restricting the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. There is no constitutional limitation on the amount that may be raised by the District by tax on real estate in any fiscal year to pay principal of and interest on all indebtedness. However, Chapter 97 of the Laws of 2011 imposes a statutory limitation on the power of the District to increase its annual tax levy. The amount of such increases is limited by the formulas set forth in such law. See “Limitation on Tax Levy – The Tax Levy Limit Law,” herein.

Statutory Procedure

In general, the State Legislature has, by the enactment of the Local Finance Law, authorized the powers and procedures 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 Board of Education, as the finance board of the District, has the power to enact tax anticipation note resolutions and revenue anticipation note resolutions. Such resolutions may authorize the issuance of tax and revenue anticipation notes in an aggregate principal amount necessary to fund anticipated cash flow deficits but in no event exceeding the amount of real property taxes levied or to be levied by the District, less any tax anticipation notes or revenue anticipation notes, as the case may be, previously issued and less the amount of such taxes or revenues previously received by the District.

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

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

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

Debt Limit. Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any school district purpose authorized by the Legislature of the State of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as State aid for building purposes. 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 ratio (equalization rate) which such assessed valuation bears to the full valuation; such ratio is determined by the State Board of Real Property Services. The State Legislature also is required to prescribe the manner by which such ratio shall be determined by such authority.

The following table sets forth the computation of the debt limit of the District and its debt contracting margin:

Computation of Debt Limit and Calculation of Net Debt Contracting Margin
(As of February 27, 2017)

In Town of (2016-2017)[a]:	Assessed Valuation	State Equalization Rate	Full Valuation
Hamburg	$704,916,814	53.00%	$1,330,031,725
Eden	5,913,308	64.00	9,239,544
Boston	292,316,402	92.00	317,735,220
Orchard Park	95,193,544	53.50	177,931,858
Total			$1,834,938,346
Debt Limit - 10% of Full Valuation			$ 183,493,835
Inclusions[b]:			
Outstanding Bonds			$ 42,610,000
Bond Anticipation Notes			0
Total Indebtedness			42,610,000
Exclusions (Estimated Building Aid)[c]			0
Total Net Indebtedness Before Issuing the Notes			42,610,000
The Notes			3,000,000
Less: BANs to be redeemed by the Issuance of the Notes			0
Net Effect of Issuing the Notes			3,000,000
Total Net Indebtedness After Issuing the Notes			45,610,000
Net Debt Contracting Margin			$137,883,835
Per Cent of Debt Contracting Margin Exhausted			24.86%

a. The latest completed assessment roll for which a State Equalization Rate has been established.
b. Tax anticipation notes and revenue anticipation notes are not included in computation of the debt contracting margin of the District.
c. Represents estimate of moneys receivable by the District from the State as an apportionment for debt service for school building purposes, based on most recent information received by the District from the State Education Department. The District receives approximately 75% in building aid from the State Education Department. The District has chosen not to apply for a building aid exclusion certificate from the Commissioner of Education and is not required to. Therefore, the District may not exclude such amount from its total indebtedness on the Debt Statement form required to be filed with the Office of the State Comptroller when bonds are to be issued.

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District has no short-term debt outstanding.

Trend of Outstanding Indebtedness
As at June 30:

	2012	2013	2014	2015	2016
Bonds	$16,900,000	$15,000,000	$12,885,000	$48,110,000	$42,610,000
BANs	24,590,000	39,090,000	38,390,000	0	0
RANs	5,000,000	2,900,000	0	0	0
Total	$46,490,000	$56,990,000	$51,275,000	$48,110,000	$42,610,000

Debt Service Requirements - Outstanding Bonds

FYE June 30:	Principal	Interest	Total
2017	$3,325,000	$1,243,338	$4,568,338
2018	3,390,000	1,174,575	4,564,575
2019	3,465,000	1,100,175	4,565,175
2020	3,540,000	1,008,938	4,548,938
2021	3,625,000	902,338	4,527,338
2022	3,720,000	792,838	4,512,838
2023	3,835,000	664,863	4,499,863
2024	2,790,000	563,038	3,353,038
2025	2,870,000	478,144	3,348,144
2026	2,790,000	393,900	3,183,900
2027	2,865,000	310,200	3,175,200
2028	2,960,000	224,250	3,184,250
2029	3,045,000	135,450	3,180,450
2030	1,470,000	44,100	1,514,100
	$43,690,000	$9,036,144	$52,726,144

Revenue and Tax Anticipation Notes

The District has generally found it necessary to borrow from time to time in anticipation of taxes and revenues, which borrowing is necessitated by the schedule of real property tax and State aid revenue payments. The following is a history of such tax and revenue anticipation note borrowings for the five most recent fiscal years:

FYE June 30:	Amount	Type	Issue	Maturity
2013	$5,000,000	RAN	06/21/2012	11/21/2012
2014	2,900,000	RAN	06/21/2013	11/21/2013
2015	0	-	-	-
2016	0	-	-	-
2017	0	-	-	-

Authorized and Unissued Debt

On May 17, 2016, the voters of the District approved a referendum in the amount of $9,875,000 for Capital Improvement Project. The District is beginning to borrow for such project in the fiscal 2016-2017 year, since a portion of such amount will be financed with the issuance of the Notes.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Percentage Applicable (%)	Applicable Total Indebtedness	Applicable Net Indebtedness
County of Erie	12/31/2015	2.83	$17,087,143	$17,087,143
Town of Boston	12/31/2015	53.17	3,222,633	3,222,633
Town of Eden	12/31/2015	1.59	179,541	179,541
Town of Hamburg	12/31/2015	34.05	4,407,111	4,407,111
Town of Orchard Park	12/31/2015	7.40	825,100	825,100
Village of Hamburg	05/31/2014	100.00	7,276,468	7,276,468
Totals			$32,997,996	$32,997,996

Sources: Annual Reports of the respective units for the most recently completed fiscal year on file with the Office of the State Comptroller or more recently published Official Statements.

Debt Ratios
(As of February 27, 2017)

	Amount	Per Capita[a]	Percentage of Full Value (%)[b]
Total Direct Debt	$42,610,000	$1,704	2.32
Net Direct Debt	42,610,000	1,704	2.32
Total Direct & Applicable Total Overlapping Debt	75,607,996	3,024	4.12
Net Direct & Applicable Net Overlapping Debt	75,607,996	3,024	4.12

a. The current population of the District is 25,000.
b. The full valuation of taxable property is $1,834,938,346.

FINANCES OF THE DISTRICT

Independent Audit

The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2016. A copy of such report is included herein as Appendix B.

Investment Policy

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

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

All of the foregoing investments are required to be payable or redeemable at the option of the owner within such times as the proceeds will be needed to meet expenditures for purposes for which the moneys were provided and, in the case of obligations 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 by Section 10 of the GML.

The Board of Education of the District 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.

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 and school lunch fund. In addition, a capital projects fund is used to record capital facility projects, while a trust and agency fund accounts for assets received by the District in a fiduciary capacity.

Basis of Accounting

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

The fund statements are reported on the modified accrual basis of accounting using the current financial resources measurement focus. Revenues are recognized when measurable and available. The District considers all revenue reported in the governmental funds to be available if the revenues are collected within 180 days after the end of the fiscal year, except for real property taxes, which are considered to be available if they are collected within 60 days after the end of the fiscal year.

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

Source: Audited Financials of the District.

Budget Process

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 the winter and early spring, the budget is developed and refined in conjunction with the school building principals and department supervisors. The District's budget is subject to the provisions of the Tax Levy Limit Law, which imposes a limitation on the amount of real property taxes that a school district may levy in a given year (absent a super majority vote of approval from the District's residents). The proposed budget is then submitted to voter referendum on the third Tuesday of May each year. (See *"The Levy Limit Law"* herein).

On May 17, 2016, a majority of the voters of the District approved the District's budget for the 2016-2017 fiscal year. Summaries of the District's Adopted Budgets for the fiscal years 2015-2016 and 2016-2017 may be found in Appendix A, herein.

Revenues

The District receives most of its revenue from a real property tax on all non-exempt real property situated within the District and State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See *"Tax Information"* herein.

State Aid

In addition to the amount of State aid budgeted by the District, the State is expected to make STAR payments representing tax savings provided by school districts to their taxpayers under the STAR Program (See *"STAR - School Tax Exemption"* herein).

The District is dependent in significant part on financial assistance from the State in the form of State aid for both operating and capital purposes. Should the District in the current fiscal year or in future fiscal years fail to receive State aid expected from the State in the amounts and at the times expected, occasioned by a delay in the payment of such monies or by a mid-year reduction in State aid, the District is authorized by the Local Finance Law to provide operating funds by borrowing on account of such uncollected State aid. (See *"Events Affecting State Aid to New York State School Districts"* herein).

The State is not constitutionally obligated to maintain or continue State aid to the School District. There can be no assurance that the State appropriation for State aid to school districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget and other circumstances including State fiscal stress. State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor. State budgetary restrictions, which eliminate or substantially reduce State aid could have a material adverse effect upon the School District requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures.

Recent Events Affecting State Aid to New York School Districts

State aid to school districts in the State has declined in some recent years.

School district fiscal year (2009-2010): Total State aid for the 2009-2010 fiscal year was maintained at the 2008-2009 levels in part due to the use of federal aid made available as part of the American Reinvestment and Recovery Act of 2009 ("ARRA"). During said fiscal year, the District's receipt of State aid was delayed as a result of several initiatives adopted by then Governor Paterson in response to the State's ongoing and worsening fiscal crisis. Despite such delays, the District did receive all of the State aid due to it for the fiscal year ended June 30, 2010.

School district fiscal year (2010-2011): The total reduction in State aid for the 2010-2011 fiscal year was approximately $2.1 billion; however, this amount was partially offset by $726,000,000 in Federal aid for education, including funding from ARRA and other federal initiatives. As a result, the net State aid reduction totaled approximately $1.4 billion.

School district fiscal year (2011-2012): The total reduction in State aid for the 2011-2012 fiscal year was $1.3 billion or 6.1 percent, from the previous year, and all aid was received on time.

School district fiscal year (2012-2013): The State budget included an increase of $751 million in State aid for school districts.

School district fiscal year (2013-2014): The State budget included an increase of $936.6 million in State aid for school districts.

School district fiscal year (2014-2015): The 2014-2015 State Budget included a $1.1 billion or 5.3%, increase in State aid to school districts for the 2014-2015 school year. High-need school districts received 70% of the State aid increase. The Enacted 2014-2015 State Budget restored $602 million of Gap Elimination Adjustment reductions that had been imposed on school districts from 2010-2011 to 2012-2013. The Enacted 2014-2015 State Budget invested $1.5 billion over five years to support the phase-in of a state-wide universal full-day pre-kindergarten program.

School district fiscal year (2015-2016): The State Legislature adopted the 2015-2016 State budget on March 31, 2015. The budget contained a school aid increase of $1.4 billion that is tied to changes in the teacher evaluation and tenure process. School districts must have obtained approval of their revised teacher evaluation plans by November 15 to keep their allotted increase in State aid. The budget included the partial restoration of the Gap Elimination Adjustment and increased funding of Foundation Aid and certain other aid categories including building aid, transportation aid, BOCES aid, Universal Pre-Kindergarten aid and other types of aid to school districts.

School district fiscal year (2016-2017): The 2016-17 State budget includes a school aid increase of $991 million over 2015-16, $863 million of which consists of traditional operating aid. In addition to full-funding of expense based aids ($408 million), the Governor's budget includes a $266 million increase in Foundation Aid and an $189 million restoration to the Gap Elimination Adjustment (the "GEA"). The majority of the remaining increase 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. Further information may be obtained at the official website of the New York State Divisions of Budget and the New York State Education Department.

The Annual Professional Performance Review (the "APPR") system was revamped in 2010, 2012 and 2013 as a result of the federal Race to the Top education reform initiative, and again in 2015 as part of the 2015-2016 New York State budget, which included an ambitious education reform agenda. Under the APPR system, evaluation plans must adhere to more stringent guidelines set by the state. A portion of the evaluations is directly tied to student performance on State exams or other state-approved learning measures. School district/boards of cooperative educational services (BOCES) plans must be submitted to and approved by the New York State Education Department.

The District did not submit the evaluation plan by the deadline in the 2012-2013 fiscal year, and as a result, the State withheld the increase of approximately $482,000 in State aid that year. Of such amount, the District has since received approximately half of the State-aid in the 2016-2017 fiscal year and expects to receive the balance in the 2017-2018 year.

The following table sets forth the percentage of the District's General Fund revenue comprised of State aid for each of the fiscal years 2012 through 2016 and the budgeted amount for 2017.

FYE June 30:	General Fund Total Revenue	State Aid	State Aid to Revenues (%)
2012	$54,222,581	$18,940,383	34.93
2013	56,506,650	19,504,754	34.52
2014	59,211,684	20,192,208	34.10
2015	61,491,288	21,183,763	34.45
2016	63,815,654	22,282,765	34.92
2017 (Budgeted)[a]	66,006,811	23,574,939	35.72

a. Budgeted revenues include the application of reserves and fund balance.

Expenditures

The major categories of expenditure for the District are General Support, Instruction, Employee Benefits, Pupil Transportation and Debt Service. A summary of the expenditures for the five most recently completed fiscal years may be found in Appendix A.

The State Comptroller's Fiscal Stress Monitoring System and OSC Compliance Reviews

The New York State Comptroller has reported that New York State's school districts and municipalities are facing significant fiscal challenges. As a result, the Office of the State Comptroller has developed a Fiscal Stress Monitoring System ("FSMS") to provide independent, objectively measured and quantifiable information to school districts 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 ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the Office of the State Comptroller (OSC). Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," as "susceptible to fiscal stress" or "no designation". Entities that do not accumulate the number of points that would place them in a stress category will receive a financial score but will be classified in a category of "no designation." This classification should not be interpreted to imply that the entity is completely free of fiscal stress conditions. Rather, the entity's financial information, when objectively scored according to the FSMS criteria, did not generate sufficient points to place them in one of the three established stress categories.

The most current applicable report of OSC designates the District as "No Designation" (Fiscal Score: 8.3%). More information on the FSMS may be obtained from the Office of the State Comptroller.

In addition, OSC helps local government officials manage government resources efficiently and effectively. The Comptroller oversees the fiscal affairs of local governments statewide, as well as compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through its audits, which identify opportunities for improving operations and governance. The most recent audit performed was released August 8, 2014. The purpose of such audit was to access the District's use of capital project resources for the period July 1, 2010 through March 26, 2014. The complete report and the District's response may be found on the OSC's official website. Reference to this website implies no warranty of accuracy of information therein.

Employee Pension System

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

On December 10, 2009, then Governor Paterson signed in to law a new Tier 5. The law is effective for new ERS and TRS employees hired after January 1, 2010 and before March 31, 2012. 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 employee contributions to cease after a certain period of service.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier 6 for employees hired after April 1, 2012. The new pension tier has progressive employee contribution rates between 3% and 6% and such employee contributions continue so long as the employee continues to accumulate pension credits; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier 6, the pension multiplier will be 1.75% for the first 20 years of service and 2% thereafter; vesting will occur after 10 years; the time period for calculation of final average salary is increased from three years to five years; and the amount of overtime to be used to determine an employee's pension is capped at $15,000, indexed for inflation, for civilian and non-uniform employees and at 15% of base pay for uniformed employees outside of New York City. It also includes a voluntary, portable, defined contribution plan option for new non-union employees with salaries of $75,000 or more.

Under current law, the employer pension payments for a given fiscal year are based on the value of the pension fund on the prior April 1 thus enabling the District to more accurately include the cost of the employer pension payment in its budget for the ensuing year. In addition, the District is required to make a minimum contribution of 4.5% of payroll every year, including years in which the investment performance of the fund would make a lower payment possible. The annual employer pension payment is due on February 1 of each year.

Due to poor performance of the investment portfolio of TRS and ERS during the recent financial crisis, the employer contribution rates for required pension payments to the TRS and ERS increased substantially. To help mitigate the impact of such increases, legislation was enacted that permitted school districts to amortize a portion of its annual employer pension payment to the ERS only. Under such legislation, school districts that choose to amortize were required to set aside and reserve funds with the ERS for certain future rate increases. The District has not amortized any of its employer pension payments pursuant to this legislation and expects to continue to pay all payments in full when due.

In addition, 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 ERS SCO. Each plan allows school districts to pay the SCO amount in lieu of the ARC amount, which is higher, and defer the difference in payment amounts.

The TRS SCO deferral plan is available to school districts for up to 7 years. Under the TRS SCO plan, payment of the deferred amount will commence in year six of the program (2018-19) and continue for five years. School districts can elect to no longer participate in the plan at any time, resume paying the ARC and begin repayment of deferred amounts over five 21 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 District has not amortized any of its employer pension payments as part of the SCO and expects to continue to pay all payments in full when due.

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

The following chart represents the TRS and ERS required contributions for each of the last five completed fiscal years and the budgeted amount for the fiscal year 2017.

FYE June 30:	TRS	ERS
2012	$2,549,502	$1,111,432
2013	2,591,047	1,240,392
2014	3,692,349	1,277,364
2015	4,163,585	1,387,979
2016	3,243,891	1,206,276
2017 (Budgeted)	3,268,985	1,085,346

Source: Audited Financial Statements.

Other Post-Employment Benefits

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

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

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

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

GASB 45 does not require that the unfunded liabilities actually be funded, only that the District account for its unfunded accrued liability and compliance in meeting its ARC. Actuarial valuation will be required every two years for the District.

As of July 1, 2015, the actuarial accrued liability for future benefits was $3,219,463, all of which is unfunded. The annual payroll of employees eligible to be covered by the Plan was $30,987,333, and the ratio of the UAAL to covered payroll was 10.4%.

The following table shows the components of the District's annual OPEB cost for the year 2016, the amount actually contributed to the plan, and changes in the District's net OPEB obligation.

Annual OPEB Cost and Net OPEB Obligation	FYE June 30:
Annual required contribution (ARC)	$240,592
Interest on net OPEB obligation	3,471
Less: Adjustments to ARC	(3,595)
Annual OPEB cost (expense)	240,468
Less: Contributions made	(163,664)
Increase in net OPEB obligation	76,804
Net OPEB obligation-beginning of year	86,787
Net OPEB obligation-end of year	$163,591

The District's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the year ended June 30, 2016 and the preceding year are as follows:

Year Ended	Annual OPEB Cost	Annual OPEB Cost Contributed (%)	Net OPEB Obligation
June 30, 2016	$240,468	68.1	$163,591
June 30, 2015	244,077	64.4	86,787

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

TAX INFORMATION

Real Property Taxes

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 Town of Hamburg. Assessment valuations are determined by the Town assessors and the State Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services 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 or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations. (However, See "*The Tax Levy Limit Law*" herein).

The following table sets forth the percentage of the District's General Fund revenue (excluding other financing sources) comprised of real property taxes for each of the fiscal years 2012 through 2016 and the budgeted amount for 2017.

FYE June 30:	Total Revenue	Real Property Taxes	Real Property Taxes to Revenues (%)
2012	$54,222,581	$25,705,419	47.41
2013	56,506,650	26,936,555	47.67
2014	59,211,684	28,532,042	48.19
2015	61,491,288	29,820,480	48.50
2016	64,352,035	31,736,144	49.32
2017 (Budgeted)	66,006,811	35,324,513	53.52

Tax Collection Procedure

Real property taxes for school purposes are levied by the District but are collected by the Town of Hamburg on behalf of the District. Such taxes may be paid without penalty on or before October 15. Delinquent school tax payments are assessed penalties in accordance with an ascending scale which starts at 7.5% if paid between October 16 and October 31 and 9% if paid between November 1 and December 2.

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

The County has the power to enforce the collection of real property taxes and to issue and sell tax anticipation notes in order to finance any uncollected taxes returned to the District.

The Tax Levy Limit Law

Chapter 97 of the 2011 Laws of New York, as amended, (herein referred to as the "Tax Levy Limit Law" or "Law") modified previous law by imposing a limit on the amount of real property taxes that a school district may levy.

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

Under the Tax Levy Limit Law, there is now a limitation on the amount of tax levy growth from one fiscal year to the next. Such limitation is the lesser of (i) 2% or (ii) the annual percentage increase in the consumer price index, subject to certain exclusions as mentioned below and as described in the Law. A budget with a tax levy that does not exceed such limit will require approval by at least 50% of the voters. Approval by at least 60% of the voters will be required for a budget with a tax levy in excess of the limit. In the event the voters reject the budget, the tax levy for the school district's budget for the ensuing fiscal year may not exceed the amount of the tax levy for the prior fiscal year. School districts will be permitted to carry forward a certain portion of their unused tax levy limitation from a prior year.

The Law permits certain significant exclusions to the tax levy limit for school districts. These include taxes to pay the local share of debt service on bonds or notes issued to finance voter approved capital expenditures and the refinancing or refunding of such bonds or notes, certain pension cost increases, and other items enumerated in the Law. However, such exclusion does NOT apply to taxes to pay debt service on tax anticipation notes (such as the Notes), revenue anticipation notes, budget notes and deficiency notes; and any obligations issued to finance deficits and certain judgments, including tax certiorari refund payments.

On February 20, 2013, the New York State United Teachers ("NYSUT") and several individuals filed a lawsuit in State Supreme Court in Albany County seeking a declaratory judgment and a preliminary injunction that the Tax Levy Limit Law is unconstitutional as it applies to public school districts. On September 23, 2014, a justice of the New York State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. NYSUT subsequently served a second amended complaint seeking a preliminary injunction and challenging the Tax Levy Limit Law as violative of the Education Article of the New York State Constitution, the Equal Protection and Due Process clauses and the First Amendment. On March 16, 2015, a New York State Supreme Court Justice denied NYSUT's motion for a preliminary injunction and dismissed all causes of action contained in NYSUT's second amended complaint. NYSUT appealed the decision to continue its challenge to the constitutionality of the Tax Levy Limit Law. On May 5, 2016, the Appellate Division upheld the lower court dismissal, noting that while the State is required to provide the opportunity of a sound basic education, the Constitution "does not require that equal educational offerings be provided to every student", and further noted "the legitimate government interest of restraining crippling property tax increases". Press reports at the time indicated that NYSUT was reviewing the decision and was likely to appeal to the Court of Appeals.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59"), included provisions which provided a refundable tax credit to real property taxpayers in school districts and certain municipal units of government. Real property owners in school districts were eligible for this credit in the 2014 and 2015 taxable years of those property owners. Real property taxpayers in certain other municipal units of government were eligible for this credit in the 2015 and 2016 taxable years of those real property taxpayers. The eligibility of real property taxpayers for the tax credit in each year depended on such jurisdiction's compliance with the provisions of the Tax Levy Limit Law. School districts budgets must have complied in their 2014-2015 and 2015-2016 fiscal years. Other municipal units of government must have had their budgets in compliance for their 2015 and 2016 fiscal years. Such budgets must have been within the tax cap limits set by the Tax Levy Limit Law for the real property taxpayers to be eligible for this tax credit. The affected jurisdictions included counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo, Rochester, Syracuse and Yonkers, the latter four of which were indirectly affected by applicability to their respective city) and independent special districts.

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

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

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

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

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

STAR - School Tax Exemption

The STAR (School Tax Relief) program provides State-funded exemptions from school property taxes to homeowners for their primary residences. School districts are reimbursed in full by the State for real property taxes exempted pursuant to the STAR program on or before the first business day of January in each year.

Approximately 14% of the District's 2015-2016 school tax levy was exempted by the STAR program and, the District has received full reimbursement of such exempt taxes from the State. Based on information furnished to the District, approximately 14% of the District's 2016-2017 school tax levy is expected to be exempted by the STAR program and. (See *"State Aid"* herein).

Valuations, Rates Levies and Collections

A summary of Valuations, Rates and Levies is contained in Appendix A.

Selected Listing of Large Taxable Properties
2016-2017 Assessment Roll

Name	Type	Full Valuation
National Fuel Gas Supply	Utility	$12,987,825
Benderson & Related Companies	Retail	8,925,100
NYS Electric & Gas	Utility	7,911,838
Liberatore, Victor, & Victor Jr.	Various	6,938,000
Liberatore, Peter	Various	6,186,700
Burke, Edmond	Apartments	4,810,000
Hopkins Properties	Medical	4,770,000
Hamburg Hotel LLC	Retail	4,650,000
Rosewood Property Co. LLC	Assisted Living	3,300,000
Verizon	Utility	2,863,835
	Total [a]	$63,343,298

a. Represents 3.70% of the total full valuation of the District for 2016-2017.
Source: Town Assessment Rolls.

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 consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

NOTEHOLDER RISKS

There are various forms of risk associated with investing in the Notes. Although none of such risks have recently occurred with respect to the District or the Notes, there can be no assurance that one or more of such events will not occur in the future. One such risk is that the District will be unable to promptly pay interest and principal on the Notes as they become due (see "Remedies Upon Default", herein). If a Noteholder elects to sell his or her investment prior to its scheduled maturity date, market access or price risk may be incurred. The following is a discussion of certain events that could increase the risk of investing in the Notes. In addition, there may be other risk factors which a potential investor must consider. In order to make an informed investment decision, an investor should be thoroughly familiar with the entire Official Statement, including its appendices, as well as all areas of potential risk.

There are a number of factors which could have a detrimental effect on the ability of the District to continue to generate revenues, particularly its property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in certiorari proceedings could result in a large reduction in the assessed valuation of taxable real property in the District. In addition, to the extent that the District is dependent on State aid, there can be no assurance that such aid will be continued in the future (see "Discussion of Financial Matters", herein). Unforeseen developments could also result in substantial increases in District expenditures, thus placing considerable strain on the District's financial condition.

A deterioration of District finances could cause the credit rating of the District or is obligations to be lowered, suspended or withdrawn, if such action were to be deemed appropriate by a rating agency. Any of such actions on the part of a rating agency could have an adverse effect on the market price of the Notes or the availability of a secondary market for the Notes.

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

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

The enactment of the Tax Levy Limit Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the District, could have an adverse impact upon the market price for the Notes. (See “Legal Matters and the Tax Levy Limit Law” and “Tax Levy Limit Law,” herein.)

TAX EXEMPTION

The Notes

In the opinion of Hodgson Russ LLP, Buffalo, New York, Bond Counsel, under existing law, interest on the Notes is excludable from the gross income of the owners thereof for federal income tax purposes, assuming compliance with certain covenants and the accuracy of certain representations. Further, (a) the District or another person, by failing to comply with the requirements contained in the Code, may cause interest on the Notes to become subject to federal income taxation from the date of issuance thereof, (b) interest on the Notes is not an “item of tax preference” for purposes of the individual and corporate alternative minimum taxes imposed by the Code, and (c) interest on the Notes is included in the tax base for purposes of computing the alternative minimum tax on corporations under Section 56 of the Code and the branch profits tax under Section 884 of the Code.

Tax Requirements

In rendering the foregoing opinions, Bond Counsel notes that exclusion of the interest on the Notes from gross income for federal income tax purposes may be dependent, among other things, on compliance with the applicable requirements of Sections 141, 142, 148 and 149 of the Code and the regulations thereunder (collectively, the "Tax Requirements"). In the opinion of Bond Counsel, the tax-related documentation that will be delivered by the District in connection with its issuance of the Notes (the "Tax Documentation") establishes requirements and procedures, compliance with which will satisfy the Tax Requirements.

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

Bank Qualified

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

Other Impacts

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

Information Reporting and Backup Withholding

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 Note before maturity within the United States. Backup withholding may apply to holders of the Notes under Section 3406 of the Code. 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 federal income tax provided the required information is furnished to the Internal Revenue Service.

Future Legislation

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

The likelihood of tax reform legislation being taken up by Congress is higher now that the presidency and both houses of Congress are in the hands of the same political party. President Trump's Treasury Secretary Steven Mnuchin, stated recently that the new administration wants to see "very significant" tax reform passed before Congress' August (2017) recess. Whether this will happen, and in what form, cannot be predicted at this time, but potential investors in the notes should bear in mind the possibility of tax reform at the federal level, and should consult with their own legal and financial advisors about that subject.

New York State Taxes

In the opinion of Bond Counsel, interest on the Notes is exempt, under existing statutes, from New York State and New York City personal income taxes.

Legal Matters and the Tax Levy Limit Law

Legal matters incident to the authorization, issuance and sale of the Notes will be subject to the final approving opinion of the law firm of Hodgson Russ LLP, which will be available at the time of delivery of the Notes. Such opinion will be to the effect that the Notes are valid and legally binding general obligations of the District for which the District has validly pledged its faith and credit and, unless paid from other sources, all the taxable real property within the District is subject to the levy of *ad valorem* real estate taxes to pay the Notes and interest thereon, subject to certain limitations imposed by the Tax Levy Limit Law. Prior to the enactment of the Tax Levy Limit Law, all the taxable real property within the District had been subject to the levy of *ad valorem* taxes to pay the Notes and interest thereon without limitation as to rate or amount; however, the power of the District to levy unlimited real estate taxes on all the real property in the District may be subject to the statutory limitations imposed by the Tax Levy Limit Law, depending upon the interpretation of such statute by a court of competent jurisdiction in the event of a legal challenge. See "Tax Levy Limit Law," herein. The enforceability of rights or remedies with respect to such Notes may be limited by bankruptcy, insolvency or other laws affecting creditors' rights or remedies heretofore or hereafter enacted.

Miscellaneous

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

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

DISCLOSURE UNDERTAKING

This Official Statement is in a form "deemed final" by the District for the purposes of Securities and Exchange Commission Rule 15c2-12 (the "Rule"). Under certain circumstances, at the time of the delivery of the Notes, the District will provide an executed copy of its "Understanding to Provide Notice of Certain Designated Events" (the "Undertaking"). The Undertaking will constitute a written agreement or contract of the District for the benefit of holders of and owners of beneficial interests in the Notes, to provide, or cause to be provided, 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 successor thereto, timely notice not in excess of ten (10) business days after the occurrence of any of the following events with respect to the Notes:

> (i) principal and interest payment delinquencies; (ii) non-payment related defaults, if material; (iii) unscheduled draws on debt service reserves reflecting financial difficulties; (iv) unscheduled draws on credit enhancements reflecting financial difficulties; (v) substitution of credit or liquidity providers, or their failure to perform; (vi) adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices of determinations with respect to the tax status of the Notes, or other material events affecting the tax status of the Noteholder if material; (vii) bond calls, if material, and tender offers; (viii) defeasances; (ix) release, substitution, or sale of property securing repayment of the Notes, if material; (x) rating changes; (xi) bankruptcy, insolvency, receivership or similar event of the District; [note to clause (xii): For the purposes of the event identified in clause (xiii) above, the event is considered to occur when any of the following occur: the appointment of a receiver, fiscal agent or similar officer for the District in a proceeding under the U.S. Bankruptcy Code or in any other proceeding under state or federal law in which a court or government authority has assumed jurisdiction over substantially all of the assets or business of the District, or if such jurisdiction has been assumed by leaving the existing governing body and officials or officers in possession but subject to the supervision and

orders of a court or governmental authority, or the entry of an order confirming a plan of reorganization, arrangement or liquidation by a court or governmental authority having supervision or jurisdiction over substantially all of the assets or business of the District]; (xiv) 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 (xv) appointment of a successor or additional trustee or the change of name of a trustee, if material.

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

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

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

Unless the Notes are purchased for the purchaser's own account as principal for investment and not for resale, an Undertaking to this effect shall be provided at closing. A purchaser buying for its own account shall deliver a purchaser's certificate that documents its intent to purchase the Notes as principal for investment and not for resale (in a form satisfactory to Bond Counsel) establishing that an exemption from the Rule applies.

On October 9, 2013, the District filed a material event notice regarding the status of the ratings of the bond insurers on various bonds issued by the District. Since the fall of 2008, there have been in excess of 25 rating actions on bond insurers reported by Moody's, Standard & Poor's and Fitch. Due to widespread knowledge of the downgrades to such bond insurers, material event notices were not filed pursuant to every rating action.

Other than as noted above, the District has complied with all previous continuing disclosure undertakings in all material respects pursuant to the Rule.

RATINGS

The Notes are not rated.

MUNICIPAL ADVISOR

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

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the business office of the District: Hamburg Central School District, Administration Building, 5305 Abbott Road, Hamburg, New York 14075, telephone number 716/646-3200 or from the office of Munistat Services, Inc., 12 Roosevelt Avenue, Port Jefferson Station, New York 11776, telephone number 631/331-8888.

Munistat Services, Inc. may place a copy of this Official Statement on its website at www.munistat.com. 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. Munistat Services, Inc. has prepared such website information for convenience, but no decisions should be made in reliance upon that information. Typographical or other errors may have occurred in converting original source documents to digital format, and neither the District nor Munistat Services, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Munistat Services, Inc. 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. Munistat Services, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

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

Hodgson Russ LLP, Buffalo, New York, Bond Counsel to the District, expresses no opinion on the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Notes, including the financial or statistical information in this Official Statement and the appendices hereto.

The preparation and distribution of this Official Statement has been authorized by a resolution of the District which delegates to the President of the Board of Education the power to sell and issue the Notes.

By: s/s Thomas F. Flynn III
President of the Board of Education
Hamburg Central School District
Hamburg, New York

February , 2017

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Changes in Fund Balance
General Fund

	2012	2013	2014	2015	2016
Revenues:					
Real Property Taxes	$ 25,705,419	$ 26,936,555	$ 28,532,042	$ 29,820,480	$ 31,755,803
Other Real Property Tax Items	4,910,476	5,053,484	5,206,428	5,348,631	5,453,713
Non-Property Tax Items	3,526,228	3,843,814	3,863,934	3,927,795	3,927,639
Charges for Services	460,179	438,190	409,892	473,447	334,492
Use of Money and Property	57,974	65,071	61,672	56,853	58,668
Sale of Prop. & Comp. for Loss	69,515	24,636	29,579	40,996	43,210
Miscellaneous	512,202	374,995	414,120	362,540	265,065
Interfund Revenues	21,617	4,327	2,979	12,206	8,746
State Sources	18,940,383	19,504,754	20,192,208	21,183,763	22,377,519
Federal Sources	18,588	260,824	498,830	264,577	127,180
Total Revenues	54,222,581	56,506,650	59,211,684	61,491,288	64,352,035
Expenditures:					
General Support	4,890,855	5,513,830	5,853,301	6,060,813	6,203,851
Instruction	32,036,448	30,367,652	31,494,322	32,877,677	34,492,919
Pupil Transportation	3,914,037	3,983,028	4,023,198	3,736,330	3,784,852
Employee Benefits	11,255,236	11,547,856	13,363,958	14,279,581	13,829,625
Debt Service	2,481,509	3,001,274	3,496,925	3,706,501	5,566,411
Total Expenditures	$ 54,578,085	$ 54,413,640	$ 58,231,704	$ 60,660,902	$ 63,877,658
Excess (Deficit) Revenues Over Expenditures	(355,504)	2,093,010	979,980	830,386	474,377
Other Financing Sources (Uses)					
Operating Transfers	(140,637)	(79,584)	(71,301)	(119,836)	(120,286)
Total Other Financing Sources (Uses)					
Excess (Deficit)of Revenues and Other Sources Sources (Uses) Over Expenditures	(496,141)	2,013,426	908,679	710,550	354,091
Fund Balance Beginning of Fiscal Year	2,453,977	1,957,836	3,971,262	4,879,941	5,590,491
Fund Balance End of Fiscal Year	$ 1,957,836	$ 3,971,262	$ 4,879,941	$ 5,590,491	$ 5,944,582

Source: Audited Annual Financial Reports of the District.
NOTE: This schedule NOT audited

Balance Sheet - General Fund

Fiscal Year Ended June 30:

	2015	2016
ASSETS:		
Cash	$ 7,147,676	$ 7,034,716
Account Receivable		
State and Federal Aid	626,411	740,242
Due From Other Funds	807,329	875,688
Due From Other Governments	2,460,888	2,453,951
Total	$ 11,042,304	$ 11,104,597
LIABILITIES:		
Accounts Payable	$ 99,008	$ 54,510
Accrued Liabilities	648,925	1,260,191
Due to Other Funds		
Due to Retirement Systems	4,703,880	3,845,314
Total Liabilities	5,451,813	5,160,015
FUND EQUITY:		
Fund Balances:		
Reserved for Unemployement	$ 274,898	$ 275,063
Reserved for Retirement Contributions	293,762	468,939
Capital Projects		225,000
Repair	40,000	100,015
Assigned:		
Undesignated	2,440,653	
Other Purposes		528,051
Designated for Subsequent Year	2,541,178	1,725,000
Unassigned		2,622,514
Total Fund Equity	5,590,491	5,944,582
Total Liabilities and Fund Equity	$ 11,042,304	$ 11,104,597

Source: Audited Annual Financial Report of the School District.

Budget Summaries

	2015-16	2016-17
Expenditures:		
General Support	$ 6,561,896	$ 6,373,362
Instruction	35,252,095	36,750,275
Capital	24,192,820	22,883,174
Total	$ 66,006,811	$ 66,006,811
Revenues:		
Real Property Taxes	$ 36,974,654	$ 35,324,513
State Aid	22,282,765	23,574,939
County Sales Tax	3,650,000	3,650,000
Appropriation of Fund Balance	1,725,000	1,725,000
Miscellaneous Items	1,374,392	1,732,359
Total	$ 66,006,811	$ 66,006,811

*Note- the 2015-16 and the 2016-17 Budgets of the District were approved by the voters on May 19, 2015 and May 17, 2016, respectively.

ASSESSED AND FULL VALUATIONS, TAX RATES AND LEVIES

	Fiscal Year Ending June 30:				
	2013	2014	2015	2016	2017
Assessed Valuation:					
Town of:					
Hamburg	$ 713,121,414	$ 715,861,557	$ 715,069,396	$ 711,949,764	$ 704,916,814
Boston	286,868,319	289,315,481	290,364,631	291,482,221	292,316,402
Eden	6,017,824	6,006,343	6,054,432	6,052,870	5,913,308
Orchard Park	96,118,819	96,223,389	95,908,749	95,846,861	95,193,544
Total Assessed Valuation	$ 1,102,126,376	$ 1,107,406,770	$ 1,107,397,208	$ 1,105,331,716	$ 1,098,340,068
Equalization Rates:					
Town of:					
Hamburg	60.90%	58.00%	56.60%	54.50%	53.00%
Boston	100.00%	99.00%	99.00%	92.00%	92.00%
Eden	67.00%	66.00%	64.00%	64.00%	64.00%
Orchard Park	58.00%	57.00%	57.00%	55.00%	53.50%
Full Valuation:					
Town of:					
Hamburg	$ 1,170,971,123	$ 1,234,244,064	$ 1,263,373,491	$ 1,306,329,842	$ 1,330,031,725
Boston	286,868,319	292,237,860	293,297,607	316,828,501	317,735,220
Eden	8,981,827	9,100,520	9,460,050	9,457,609	9,239,544
Orchard Park	165,722,102	168,812,963	168,260,963	174,267,020	177,931,858
Total Full Valuation	$ 1,632,543,371	$ 1,704,395,406	$ 1,734,392,111	$ 1,806,882,973	$ 1,834,938,346
Tax Rates Per $1000					
Town of:					
Hamburg	$ 31.99	$ 33.91	$ 35.59	$ 37.55	$ 36.32
Boston	19.48	19.86	20.35	22.24	20.93
Eden	29.07	29.79	31.47	31.97	30.08
Orchard Park	33.59	34.50	35.34	37.21	35.98

HAMBURG CENTRAL SCHOOL DISTRICT

APPENDIX B

AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2016

NOTE: SUCH FINANCIAL REPORT AND OPINIONS WERE PREPARED AS OF THE DATE THEREOF AND HAVE NOT BEEN REVIEWED AND /OR UPDATED BY THE DISTRICT'S AUDITORS IN CONNECTION WITH THE PREPARATION AND DISSEMINATION OF THIS OFFICIAL STATEMENT. CONSENT OF THE AUDITORS FOR INCLUSION OF THE AUDITED FINANCIAL REPORT IN THIS OFFICIAL STATEMENT HAS NOT BEEN REQUESTED NOR OBTAINED.

HAMBURG CENTRAL SCHOOL DISTRICT

Table of Contents

June 30, 2016

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, New York 14202

716-856-3300 | Fax 716-856-2524 | www.LumsdenCPA.com

INDEPENDENT AUDITORS' REPORT

The Board of Education
Hamburg Central School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Hamburg Central School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the remaining fund information of the District as of June 30, 2016, and the respective changes in financial position and budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis and other required supplementary information, as listed in the table of contents, be presented to supplement the financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the financial statements, and other knowledge we obtained during our audit of the financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The accompanying supplementary information as listed in the table of contents, including the schedule of expenditures of federal awards required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards,* is presented for purposes of additional analysis and is not a required part of the financial statements.

The accompanying supplementary information including the schedule of expenditures of federal awards is the responsibility of management and is derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information including the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 4, 2016 on our consideration of the District's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the District's internal control over financial reporting and compliance.

Lumsden & McCormick, LLP

October 4, 2016

Hamburg Central School District
Management's Discussion and Analysis
June 30, 2016
(Unaudited)

Introduction

Management's Discussion and Analysis (MD&A) of Hamburg Central School District (the District) provides an overview of the District's financial activities and performance for the year ended June 30, 2016. The information contained in the MD&A should be considered in conjunction with the information presented as part of the District's financial statements that follow. This MD&A, the financial statements and notes thereto are essential to a full understanding of the District's financial position and results of operations. The District's financial statements have the following components: (1) government-wide financial statements; (2) governmental fund financial statements; (3) reconciliations between the government-wide and governmental fund financial statements; (4) agency fund statements; (5) notes to the financial statements; and (6) supplementary information.

The government-wide financial statements are designed to provide readers with a broad overview of the District's finances in a manner similar to a private-sector business. The statement of net position presents information on all of the District's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the net difference reported as net position. The statement of activities presents information showing how the District's net position changed during each year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of the related cash flows. Thus, revenues and expenses are reported in the statement for some items that will result in cash flows in future periods. The government-wide financial statements present information about the District as a whole. All of the activities of the District are considered to be governmental activities.

Governmental fund financial statements focus on near-term inflows and outflows of resources, as well as on balances of resources available at the end of the year. Such information may be useful in evaluating the District's near-term financing requirements. Because the focus of governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental activities in the government-wide financial statements. By doing so, the reader may better understand the long-term impact of the District's near-term financing decisions. The reconciliation portion of the financial statements facilitates the comparison between governmental funds and governmental activities.

Agency funds are used to account for resources held for the benefit of parties outside the District. Agency funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's programs. The notes to the financial statements provide additional information that is essential for a full understanding of the government-wide and governmental fund financial statements.

Supplementary information further explains and supports the financial statements and includes information required by generally accepted accounting principles and the New York State Department of Education.

Condensed Statement of Net Position	2016	2015	Change $	Change %
Current assets	$ 13,295,000	$ 14,211,000	$ (916,000)	-6.4%
Net pension asset	16,070,000	17,135,000	(1,065,000)	-6.2%
Capital assets	59,355,000	60,900,000	(1,545,000)	-2.5%
Total assets	88,720,000	92,246,000	(3,526,000)	-3.8%
Deferred outflows of resources	7,348,000	4,992,000	2,356,000	47.2%
Long-term liabilities outstanding	48,249,000	52,681,000	(4,432,000)	-8.4%
Other liabilities	5,409,000	6,004,000	(595,000)	-9.9%
Net pension liability	3,799,000	791,000	3,008,000	380.3%
Total liabilities	57,457,000	59,476,000	(2,019,000)	-3.4%
Deferred inflows of resources	6,027,000	11,785,000	(5,758,000)	-48.9%
Net position				
Net investment in capital assets	15,328,000	12,393,000	2,935,000	23.7%
Restricted	19,211,000	20,481,000	(1,270,000)	-6.2%
Unrestricted	(1,955,000)	(6,897,000)	4,942,000	-71.7%
Total net position	$ 32,584,000	$ 25,977,000	$ 6,607,000	25.4%

Net position at June 30, 2016 and 2015 was $32,584,000 and $25,977,000, respectively. A significant portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment less any outstanding debt used to acquire those assets. The District uses capital assets to provide services to students; consequently, these assets are not available for future spending.

The District's net position includes resources that are subject to external restrictions on how they may be used. These reserves are set aside for specific purposes governed by statutory law and Commissioner's regulations and include the retirement contribution reserve, restricted to fund contributions paid by the District to the New York State and Local Employees' Retirement System (ERS); the debt service reserve, which is set aside for the repayment of bonds issued to finance capital projects; and the capital projects reserve, which is dedicated for future renovations as approved by the District's voters. Other restricted resources include an unemployment insurance reserve and a repair reserve. Additionally, restricted net position includes amounts held by the New York State Teacher's Retirement System (TRS) for pension benefits that are not available for any other purpose.

Total assets decreased by $3,526,000 ($15,463,000 increase in 2015) primarily due to a reduction of $1,545,000 in capital assets ($1,810,000 increase in 2015) caused by current year depreciation expense and disposals exceeding capital spending. Current assets decreased by $916,000 ($3,482,000 decrease in 2015) primarily due to reductions in cash levels impacted by higher required debt service payments made during the year.

Long-term liabilities outstanding decreased by $4,432,000 (increase of $35,035,000 in 2015) as a result of bond payments of $4,420,000. In the prior year, the District refinanced bond anticipation notes with the proceeds of $37,390,000 in serial bonds.

Other liabilities reflect a decrease in retirement systems liabilities due to a reduction in the District's required contribution rates when compared to 2015.

Many of the District's employees participate in ERS and TRS. Amounts reported as net pension asset, net pension liability, deferred outflows of resources, and deferred inflows of resources relate to these two retirement plans. Changes in these balances are heavily influenced by actuarial assumptions and investment performance versus expected performance. See the footnotes to the financial statements for further details.

			Change	
Condensed Statement of Activities	**2016**	**2015**	**$**	**%**
Revenues				
Program revenues				
Charges for services	$ 885,000	$ 1,044,000	$ (159,000)	-15.2%
Operating grants and contributions	2,655,000	2,767,000	(112,000)	-4.0%
Capital grants and contributions	136,000	-	136,000	100.0%
General revenues				
Real property taxes	37,209,000	35,169,000	2,040,000	5.8%
Sales taxes	3,928,000	3,928,000	-	0.0%
State aid	22,378,000	21,184,000	1,194,000	5.6%
Other	307,000	443,000	(136,000)	-30.7%
Total revenue	67,498,000	64,535,000	2,963,000	4.6%
Expenses				
Instruction	47,615,000	44,781,000	2,834,000	6.3%
Support services				
General support	7,166,000	7,015,000	151,000	2.2%
Pupil transportation	3,916,000	3,870,000	46,000	1.2%
Food service	930,000	969,000	(39,000)	-4.0%
Interest	1,264,000	658,000	606,000	92.1%
Total expenses	60,891,000	57,293,000	3,598,000	6.3%
Increase in net position	6,607,000	7,242,000	(635,000)	-8.8%
Net position - beginning	25,977,000	18,735,000	7,242,000	38.7%
Net position - ending	$ 32,584,000	$ 25,977,000	$ 6,607,000	25.4%

District revenues increased 4.6% or $2,963,000 (3.4% or $2,152,000 increase in 2015) primarily due to an increase in real property taxes caused by increases in the District's capital levy. State aid also increased 5.6% or $1,194,000 (4.9% or $992,000 increase in 2015) due to a further reduction of the gap elimination adjustment.

Total expenses increased $3,598,000 or 6.3% in 2016 (decrease of $3,463,000 or 5.7% in 2015). The increase was primarily due to an increase of $814,000 in District-wide payroll caused by employee step increases. Additionally, interest expense increased $606,000 or 92.1% in 2016 ($513,000 or 43.8% decrease in 2015) due to the new debt service payments related to the serial bonds issued in the prior year as previously discussed. Additionally, the net impact of changes in pension assets, liabilities, and deferred outflows and deferred inflows of resources resulted in a $1,281,000 increase in expenses relative to the same change in these pension accounts for 2015.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds decreased from $8,432,000 to $8,122,000. Expenditures of $67,825,000 exceeded revenues of $67,515,000, resulting in the decrease of $310,000.

- Total fund revenue increased 4.6% or $2,969,000 (increase of 3.5% or $2,160,000 in 2015) and total fund expenditures increased only $49,000 (decrease of $2,868,000 in 2015). Revenues primarily increased due to the reduction in the gap elimination adjustment and increases in real property taxes related to the capital levy as previously mentioned. Reductions in capital outlay were offset by instructional increases in salaries and special education costs.
- The District spent $637,000 in 2016 for capital improvements compared to $3,830,000 in 2015 as capital projects of $34,700,000 near completion. During 2016, the voters approved one other capital project totaling $9,875,000.
- School lunch fund expenditures from operations exceeded revenues by $23,000 during 2016. This shortfall was offset by a $25,000 transfer from the general fund to help support school lunch fund operations.

General Fund Budgetary Highlights

The revenue budget for 2016 was $63,816,000 while actual revenues were $64,352,000, a favorable difference of $536,000 or 0.8%. The difference is attributable to an increase in sales tax and more state and federal aid than expected.

Actual expenditures and carryover encumbrances were less than the final amended budget by $2,206,000 or 3.3%. This difference is attributable to many factors and many unknown items when the budget is prepared. Significant positive variances between budgeted and actual expenditures occurred in teaching – regular school, programs for students with handicapping conditions, central services, and employee benefits.

Capital Assets

	2016	2015
Land	$ 205,000	$ 205,000
Buildings and improvements	88,158,000	87,538,000
Furniture and equipment	2,446,000	3,241,000
Vehicles	306,000	328,000
	91,115,000	91,312,000
Accumulated depreciation	(31,760,000)	(30,412,000)
	$ 59,355,000	$ 60,900,000

Current year additions to capital assets of $774,000 were offset by depreciation and disposals of $2,319,000.

Debt

On June 30, 2016, the District had $43,690,000 in bonds outstanding, with $3,325,000 due within one year ($48,110,000 outstanding at June 30, 2015). Outstanding compensated absences payable were $4,059,000, with $717,000 expected to be paid within one year ($4,067,000 outstanding in 2015).

Additional information on the District's long-term liabilities can be found in the notes to the financial statements.

Current Financial Issues and Concerns

School districts in New York State are impacted by the political pressures imposed on officials in funding of education. Year to year changes in funding levels and State aid formulas complicate the planning process for schools.

The District will continue to mitigate the impact of rising costs of education on the overall budget, including using reserve funds as permitted by law to lessen their budgetary impact. The property tax levy cap further emphasizes the importance of using reserves judiciously and implementing creative cost cutting measures. These issues and concerns require management to plan carefully and prudently to provide the educational resources necessary to meet student needs.

Contacting the District's Financial Management

This financial report is designed to provide District residents, taxpayers, parents, students, investors and creditors with a general overview of the District's finances, and to show the District's accountability for the money it receives. For more detailed information, questions may be directed to Barbara Sporyz, Assistant Superintendent of Administrative Services, Hamburg Central School District, 5305 Abbott Road, Hamburg, New York 14075.

Statement of Net Position

June 30, 2016
(with comparative totals as of June 30, 2015)

	2016	2015
Assets		
Cash	$ 9,214,849	$ 10,334,729
Due from other governments	2,453,951	2,460,888
Accounts, state and federal aid receivable	1,554,045	1,336,426
Inventory	71,688	79,178
Net pension asset	16,070,398	17,134,997
Capital assets (Note 4)	91,114,348	91,311,903
Accumulated depreciation	(31,759,609)	(30,412,096)
Total assets	88,719,670	92,246,025
Deferred Outflows of Resources		
Defeasance loss	-	20,673
Deferred outflows of resources from pensions	7,348,142	4,970,860
Total deferred outflows of resources	7,348,142	4,991,533
Liabilities		
Accounts payable	55,575	420,514
Accrued liabilities	1,507,455	879,998
Due to retirement systems	3,845,314	4,703,880
Long-term liabilities		
Due within one year:		
Bonds	3,325,000	4,420,000
Compensated absences	717,000	710,000
Due beyond one year:		
Bonds and related premiums	40,701,745	44,107,130
Compensated absences	3,342,000	3,357,000
Other postemployment benefits	163,591	86,787
Net pension liability	3,799,149	791,008
Total liabilities	57,456,829	59,476,317
Deferred Inflows of Resources		
Deferred inflows of resources from pensions	6,026,654	11,784,667
Net Position		
Net investment in capital assets	15,327,994	12,393,350
Restricted	19,211,289	20,481,431
Unrestricted	(1,954,954)	(6,898,207)
Total net position	$ 32,584,329	$ 25,976,574

See accompanying notes.

Statement of Activities

For the year ended June 30, 2016
(with summarized comparative totals for June 30, 2015)

		Program Revenues			Net (Expense) Revenue	
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**	**2016**	2015
Governmental activities						
General support	$ 7,165,904	$ 51,820	$ -	$ -	$ (7,114,084)	$ (6,966,578)
Instruction	47,615,811	334,492	2,252,274	136,072	(44,892,973)	(41,970,466)
Pupil transportation	3,915,510	-	-	-	(3,915,510)	(3,869,575)
Interest expense	1,263,628	-	-	-	(1,263,628)	(657,888)
School food service	929,797	498,547	402,903	-	(28,347)	(17,890)
	$60,890,650	$ 884,859	$ 2,655,177	$ 136,072	(57,214,542)	(53,482,397)
General revenues						
Real property taxes					37,209,516	35,169,111
Sales tax					3,927,639	3,927,795
Miscellaneous					307,623	443,391
State aid					22,377,519	21,183,763
Total general revenues					63,822,297	60,724,060
Change in net position					6,607,755	7,241,663
Net position- beginning					25,976,574	18,734,911
Net position - ending					$ 32,584,329	$ 25,976,574

See accompanying notes.

Balance Sheet - Governmental Funds

June 30, 2016
(With summarized comparative totals as of June 30, 2015)

	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds 2016	Total Governmental Funds 2015
Assets							
Cash	$ 7,034,716	$ -	$1,364,233	$ 108,259	$ 707,641	$ 9,214,849	$10,334,729
Due from other governments	2,453,951	-	-	-	-	2,453,951	2,460,888
Accounts, state and federal aid receivable	740,242	807,578	-	6,225	-	1,554,045	1,336,426
Due from other funds, net	875,688	-	-	-	228	875,916	1,424,413
Inventory	-	-	-	71,688	-	71,688	79,178
Total assets	$11,104,597	$ 807,578	$1,364,233	$ 186,172	$ 707,869	$ 14,170,449	$15,635,634
Liabilities and Fund Balances							
Accounts payable	$ 54,510	$ -	$ -	$ 1,065	$ -	$ 55,575	$ 420,514
Accrued liabilities	1,260,191	-	-	11,264	-	1,271,455	654,998
Due to retirement systems	3,845,314	-	-	-	-	3,845,314	4,703,880
Due to other funds, net	-	807,578	228	68,110	-	875,916	1,424,413
Total liabilities	5,160,015	807,578	228	80,439	-	6,048,260	7,203,805
Fund Balances							
Nonspendable:							
Inventory	-	-	-	71,688	-	71,688	79,178
Restricted:							
Unemployment insurance	275,063	-	-	-	-	275,063	274,898
Capital projects	225,000	-	1,364,005	-	-	1,589,005	1,864,699
Debt service	-	-	-	-	707,869	707,869	873,075
Retirement contribution	468,939	-	-	-	-	468,939	293,762
Repair	100,015	-	-	-	-	100,015	40,000
Assigned:							
Designated for subsequent year's expenditures	1,725,000	-	-	-	-	1,725,000	1,725,000
Other purposes	528,051	-	-	34,045	-	562,096	740,039
Unassigned	2,622,514	-	-	-	-	2,622,514	2,541,178
Total fund balances	5,944,582	-	1,364,005	105,733	707,869	8,122,189	8,431,829
Total liabilities and fund balances	$11,104,597	$ 807,578	$1,364,233	$ 186,172	$ 707,869	$ 14,170,449	$15,635,634

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position

June 30, 2016

Total fund balances - governmental funds		$	8,122,189
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.			59,354,739
The District's proportionate share of the net pension asset and liability as well as pension-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:			
Net pension asset	16,070,398		
Deferred outflows of resources from pensions	7,348,142		
Net pension liability	(3,799,149)		
Deferred inflows of resources from pensions	(6,026,654)		13,592,737
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:			
Bonds and related premiums	(44,026,745)		
Accrued interest	(236,000)		
Compensated absences	(4,059,000)		
Other postemployment benefits	(163,591)		(48,485,336)
Net position - governmental activities		$	32,584,329

See accompanying notes.

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds

For the year ended June 30, 2016
(With summarized comparative totals for June 30, 2015)

	General	Special Aid	Capital Projects	School Lunch	Debt Service	Total Governmental Funds 2016	2015
Revenues							
Real property taxes	$ 31,755,803	$ -	$ -	$ -	$ -	$ 31,755,803	$ 29,820,480
Real property tax items	5,453,713	-	-	-	-	5,453,713	5,348,631
Nonproperty taxes	3,927,639	-	-	-	-	3,927,639	3,927,795
Charges for services	334,492	-	-	-	-	334,492	473,447
Use of money and property	58,668	-	-	30	723	59,421	58,594
Sale of property and compensation for loss	43,210	-	-	-	-	43,210	40,996
Miscellaneous	265,065	-	-	134	-	265,199	392,679
Interfund revenue	8,746	-	-	-	-	8,746	12,206
State sources	22,377,519	995,382	136,072	16,206	-	23,525,179	22,129,274
Federal sources	127,180	1,129,712	-	386,533	-	1,643,425	1,820,979
Sales	-	-	-	498,547	-	498,547	521,583
Total revenues	64,352,035	2,125,094	136,072	901,450	723	67,515,374	64,546,664
Expenditures							
General support	6,203,851	-	-	448,257	-	6,652,108	6,513,413
Instruction	34,492,919	1,878,067	-	-	-	36,370,986	34,673,192
Pupil transportation	3,784,852	93,769	-	-	-	3,878,621	3,835,054
Employee benefits	13,829,625	248,544	-	108,147	-	14,186,316	14,669,013
Debt service							
Principal	4,254,071	-	-	-	165,929	4,420,000	3,165,000
Interest	1,312,340	-	-	-	-	1,312,340	701,588
Cost of sales	-	-	-	367,877	-	367,877	389,440
Capital outlay	-	-	636,766	-	-	636,766	3,829,745
Total expenditures	63,877,658	2,220,380	636,766	924,281	165,929	67,825,014	67,776,445
Excess revenues (expenditures)	474,377	(95,286)	(500,694)	(22,831)	(165,206)	(309,640)	(3,229,781)
Other financing sources (uses)							
Proceeds from issuance of serial bonds	-	-	-	-	-	-	37,390,000
BANs redeemed from appropriations	-	-	-	-	-	-	1,000,000
Operating transfers	(120,286)	95,286	-	25,000	-	-	-
Total other financial sources (uses)	(120,286)	95,286	-	25,000	-	-	38,390,000
Net change in fund balances	354,091	-	(500,694)	2,169	(165,206)	(309,640)	35,160,219
Fund balances (deficit) - beginning	5,590,491	-	1,864,699	103,564	873,075	8,431,829	(26,728,390)
Fund balances - ending	$ 5,944,582	$ -	$ 1,364,005	$ 105,733	$ 707,869	$ 8,122,189	$ 8,431,829

See accompanying notes.

Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances to the Statement of Activities

For the year ended June 30, 2016

Total net change in fund balances - governmental funds		$ (309,640)
Amounts reported for governmental activities in the statement of activities are different because:		
Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense and disposals exceed capital outlays.		(1,545,068)
Pension expense is recognized when paid on the fund statements of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2016 TRS and ERS contributions	4,399,282	
2016 ERS accrued contribution	576,329	
2015 ERS accrued contribution	(539,373)	
2016 TRS net pension revenue	1,068,824	
2016 ERS net pension expense	(1,442,507)	4,062,555
Payments of long-term liabilities are reported as expenditures in the governmental funds and as a reduction of debt in the statement of net position.		4,420,000
In the statement of activities, certain operating expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
Interest	(11,000)	
Compensated absences	8,000	
Other postemployment benefits	(76,804)	
Amortization of bond premiums	80,385	
Amortization of defeasance loss	(20,673)	(20,092)
Change in net position - governmental activities		$ 6,607,755

See accompanying notes.

HAMBURG CENTRAL SCHOOL DISTRICT

Statement of Revenues, Expenditures, and Changes in Fund Balance Budget (Non-GAAP) and Actual - General Fund

For the year ended June 30, 2016

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	$ 31,736,144	$ 31,736,144	$ 31,755,803		$ 19,659
Real property tax items	5,438,510	5,438,510	5,453,713		15,203
Nonproperty taxes	3,650,000	3,650,000	3,927,639		277,639
Charges for services	267,435	267,435	334,492		67,057
Use of money and property	45,200	45,200	58,668		13,468
Sale of property and compensation for loss	20,600	20,600	43,210		22,610
Miscellaneous	325,000	325,000	265,065		(59,935)
Interfund revenue	-	-	8,746		8,746
State sources	22,282,765	22,282,765	22,377,519		94,754
Federal sources	50,000	50,000	127,180		77,180
Total revenues	63,815,654	63,815,654	64,352,035		536,381
Expenditures					
General support					
Board of education	22,725	50,618	48,462	-	(2,156)
Central administration	224,453	231,054	226,684	2,275	(2,095)
Finance	403,858	412,907	337,969	8,651	(66,287)
Staff	591,001	619,827	460,687	115,821	(43,319)
Central services	5,143,636	4,970,050	4,530,187	205,369	(234,494)
Special items	575,780	616,108	599,862	-	(16,246)
Instruction					
Instruction, administration and improvement	2,210,257	2,348,630	2,292,942	1,024	(54,664)
Teaching - regular school	18,335,265	18,747,127	18,023,649	91,817	(631,661)
Programs for students with handicapping conditions	9,760,655	9,627,622	9,028,527	4,325	(594,770)
Occupational education	1,363,672	1,363,672	1,313,262	-	(50,410)
Teaching - special schools	70,640	70,640	31,184	-	(39,456)
Instructional media	1,217,284	1,391,493	1,279,373	63,208	(48,912)
Pupil services	2,610,418	2,677,492	2,523,982	32,080	(121,430)
Pupil transportation	4,507,667	3,857,293	3,784,852	3,481	(68,960)
Employee benefits	13,849,565	14,030,499	13,829,625	-	(200,874)
Debt service					
Principal	4,060,000	4,254,071	4,254,071	-	-
Interest	1,695,588	1,342,341	1,312,340	-	(30,001)
Total expenditures	66,642,464	66,611,444	63,877,658	528,051	(2,205,735)
Excess revenues (expenditures)	(2,826,810)	(2,795,790)	474,377	(528,051)	2,742,116
Other financing sources (uses)					
Operating transfers out	(80,000)	(111,020)	(120,286)		9,266
Appropriated fund balance, reserves, and carryover encumbrances	2,906,810	2,906,810	-		(2,906,810)
Total other financing sources (uses)	2,826,810	2,795,790	(120,286)		(2,916,076)
Excess revenues (expenditures) and other financing sources (uses)	$ -	$ -	$ 354,091	$ (528,051)	$ (173,960)

See accompanying notes.

HAMBURG CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2016

	Private-Purpose Trusts	Agency
Assets		
Cash	$ 79,973	$ 1,387,464
Liabilities		
Extraclassroom activities balances	-	$ 246,803
Agency liabilities	-	1,140,661
Total liabilities	-	$ 1,387,464
Net Position		
Restricted for scholarships	$ 79,973	

* * *

HAMBURG CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2016

	Private-Purpose Trusts
Additions	
Gifts and donations	$ 4,700
Deductions	
Scholarship awards	99,567
Change in net position	(94,867)
Net position - beginning	174,840
Net position - ending	$ 79,973

1. Summary of Significant Accounting Policies

Reporting Entity

Hamburg Central School District (the District) is governed by Education and other laws of the State of New York (the State). The District's Board of Education has responsibility and control over all activities related to public school education within the District. The District's Superintendent is the chief executive officer and the President of the Board serves as the chief fiscal officer. The Board members are elected by the public and have decision-making authority, the power to designate management, the ability to influence operations, and the primary accountability for fiscal matters.

The District provides education and support services such as administration, transportation, and plant maintenance. The District receives funding from local, state, and federal sources and must comply with requirements of these funding sources. However, the District is not included in any other governmental reporting entity as defined by accounting principles generally accepted in the United States of America, nor does it contain any component units.

The financial statements of the District have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the District's accounting policies are described below.

Joint Venture

The District is one of 19 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, a BOCES is a voluntary cooperative association of school districts in a geographic area that shares planning, services, and programs, and also provides educational and support activities. There is no authority or process by which the District can terminate its status as a component of BOCES.

The component school district boards elect the members of the BOCES governing body. There are no equity interests and no single participant controls the financial or operating policies. BOCES may also contract with other municipalities on a cooperative basis under State General Municipal Law.

A BOCES' budget is comprised of separate spending plans for administrative, program, and capital costs. Each component school district shares in administrative and capital costs determined by its enrollment. Participating districts are charged a service fee for programs in which students participate, and for other shared contracted administrative services. Participating districts may also issue debt on behalf of BOCES; there is no such debt issued by the District.

During the year ended June 30, 2016, the District was billed $5,547,000 for BOCES administrative and program costs and recognized revenue of $147,000 as a refund from prior year expenditures paid to BOCES and $45,000 in rental income from BOCES. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the NY44 Health Benefits Plan Trust and the Erie #2 Area Schools Self-Funded Workers' Compensation Consortium, which are public entity risk pools. These plans are designed to provide health insurance and workers' compensation coverage for participating entities. These activities are further discussed in Note 8.

Basis of Presentation

Government-wide Statements: The statement of net position and the statement of activities display financial activities of the overall District, except for fiduciary activities. Eliminations have been made to minimize double counting of internal activities. These statements are required to distinguish between *governmental* and *business-type* activities of the District. Governmental activities generally are financed through taxes, intergovernmental revenues, and other nonexchange transactions. Business-type activities are financed in whole or in part by fees charged to external parties. The District does not maintain any business-type activities.

The statement of activities presents a comparison between direct expenses and program revenues for each function of the District's governmental activities.

- Direct expenses are those that are specifically associated with a program or are clearly identifiable to a particular function. Indirect expenses relate to the administration and support of the District's programs, including personnel, overall administration and finance. Employee benefits are allocated to functional expenses as a percentage of related payroll expense.
- Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational requirements of a particular program, and (c) grants and contributions limited to the purchase of specific capital assets. Revenues that are not classified as program revenues, including all taxes and state aid, are presented as general revenues.

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

The District reports the following major funds:

- *General fund.* This is the District's primary operating fund. It accounts for all financial resources except those required to be accounted for in another fund.
- *Special aid fund.* This fund is used to account for the proceeds of specific revenue sources - other than expendable trusts or major capital projects - such as federal, state, and local grants and awards that are restricted or committed to expenditure for specific purposes. Either governments or other third parties providing the grant funds impose these restrictions.

The District also elected to display the following as major funds:

- *Capital projects fund.* This fund is used to account for and report financial resources that are restricted, committed or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.
- *School lunch fund.* This fund is a special revenue fund whose specific revenue sources, including free and reduced meal subsidies received from state and federal programs, are assigned to the operation of the District's breakfast and lunch programs.

- *Debt service fund.* This fund is used to account for resources that are restricted, committed, or assigned to expenditure for principal and interest. Financial resources that are being accumulated for principal and interest payments maturing in future years are also included in this fund.

The District reports the following fiduciary funds:

- *Private-purpose trust fund.* This fund reports trust arrangements under which principal and income benefit various third party scholarship arrangements.
- *Agency fund.* This fund accounts for assets held by the District as agent for various student groups and clubs, payroll, and employee third party withholdings. The agency fund is custodial in nature and does not involve measurement of results of operations.

The financial statements include certain prior year summarized comparative information in total but not by separate governmental activities and major funds. Such information does not include sufficient detail to constitute a presentation in conformity with accounting principles generally accepted in the United States of America. Accordingly, such information should be read in conjunction with the District's financial statements for the year ended June 30, 2015, from which the summarized information was derived.

Basis of Accounting and Measurement Focus

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

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. The District considers all revenues reported in the governmental funds to be available if they are collected within ninety days after year end. Expenditures are recorded when the related fund liability is incurred, except for principal and interest on general long-term debt, claims and judgments, and compensated absences, which are recognized as expenditures to the extent they have matured. Capital asset purchases are reported as expenditures in governmental funds. Proceeds of long-term liabilities and equipment and property purchased under capital leases are reported as other financing sources.

Under the terms of grant agreements, revenues are recognized to the extent of program expenditures. Amounts received in advance of the expenditures are considered unearned and reported as revenue when the expense is incurred.

Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Property Tax Calendar

The District levies real property taxes no later than September 1. For the year ended June 30, 2016, the tax lien was issued on August 11, 2015 for collection from September 15, 2015 through November 30, 2015. Thereafter, uncollected amounts became the responsibility of Erie County and were submitted to the District by April 1st of the following year as required by law.

Budget Process, Amendments and Encumbrances

District administration prepares a proposed budget for the general fund requiring approval by the Board. A public hearing is held upon completion and filing of the tentative budget. Subsequently, the budget is adopted by the Board. The proposed budget is then presented to voters of the District. The budget for the fiscal year beginning July 1, 2015 was approved by a majority of the voters in a general election held on May 19, 2015.

Annual appropriations are adopted and employed for control of the general fund. These budgets are adopted on a GAAP basis under the modified accrual basis of accounting. Appropriations established by the adoption of the budget constitute a limitation on expenditures (and encumbrances) which may be incurred. Appropriations authorized for the current year may be increased by the planned use of specific restricted, committed and assigned fund balances and subsequent budget amendments approved by the Board as a result of new revenue sources not included in the original budget.

Major capital expenditures are subject to individual project budgets based on the cost of the project and external financing rather than annual appropriations. For the capital projects fund, these budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure budgetary control over commitments related to unperformed (executory) contracts for goods or services outstanding at the end of each year. Encumbrances are budgetary expenditures in the year committed and again in the subsequent period when the expenditure is paid. All budget appropriations that are unencumbered lapse at the end of the fiscal year. Encumbrances outstanding at year end are presented for GAAP-related purposes as committed or assigned fund balances and do not constitute expenditures or liabilities. At July 1, encumbrances carried forward from the prior year are reestablished as budgeted appropriations.

Inventory

Inventory consists of food and similar food service goods related to school lunch operations is recorded at the lower of first-in, first-out cost or net realizable value. Donated commodities are stated at values which approximate market.

Capital Assets

Capital assets are reported at actual or estimated historical cost based on appraisal. Contributed assets are recorded at fair value at the time received. Depreciation is provided in the government-wide statements over estimated useful lives using the straight-line method. Maintenance and repairs are expensed as incurred; significant improvements are capitalized.

Capitalization thresholds for determining which asset purchases are added to capital accounts and the estimated useful lives of capital assets are:

	Capitalization Policy	Estimated Useful Life
Buildings and improvements	$ 1,000	20-40
Furniture and equipment	$ 1,000	6-20
Vehides	$ 1,000	5-15

Bond Premiums

Premiums received upon the issuance of debt are included as other financing sources in the governmental funds statements when issued. In the government-wide statements, premiums are recognized with the related debt issue and amortized on a straight-line basis as a component of interest expense over the life of the related obligation.

Bond Defeasances

In the government-wide financial statements, gains or losses on bond refundings represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are recorded as either a deferred outflow or deferred inflow of resources. In subsequent years, these amounts are amortized on a straight-line basis as a component of interest expense over the shorter of the life of the old or new debt.

Pensions

On the government-wide statements, the District recognizes the net pension asset (liability), deferred outflows and deferred inflows of resources, pension expense (revenue), and information about and changes in the fiduciary net position on the same basis as reported by the respective defined benefit pension plans. The District's participation in the plans is mandated by State law and includes the New York State Teachers' Retirement System (TRS) and the New York State and Local Employees' Retirement System (ERS) (the Systems). The Systems recognize benefit payments when due and payable in accordance with benefit terms; investment assets are reported at fair value.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated sick and vacation time. The liability has been calculated using the vesting method, in which leave amounts for both employees currently eligible to receive payments and those expected to become eligible to receive such payments are included. Sick pay is accrued on the basis of negotiated contracts with administrative and employee groups which provide for the payment of accumulated sick time at retirement or the option of converting the vested amount to provide for the payment of health insurance until exhausted.

The government-wide financial statements reflect the entire liability, while in the governmental funds financial statements, only the amount of matured liabilities is accrued based on expendable available financial resources.

Equity Classifications

Government-Wide Statements

- *Net investment in capital assets* - consists of capital assets, net of accumulated depreciation, reduced by outstanding balances of any related debt obligations that are attributable to the acquisition, construction, or improvement of those assets.
- *Restricted* – consists of restricted assets, including the net pension asset, reduced by liabilities and deferred inflows of resources related to those assets if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or the terms of the District's bonds.
- *Unrestricted* – the net amount of assets, deferred outflows of resources, liabilities, and deferred inflows of resources that are not included in the determination of net investment in capital assets or the restricted component of net position and therefore are available for general use by the District.

Governmental Fund Statements

The District considers unrestricted resources to have been spent first when an expenditure is incurred for purposes for which both restricted and unrestricted fund balance is available, unless the use of the restricted amount was appropriated in the current year's budget. Within unrestricted fund balance, the District considers committed, assigned, then unassigned resources to have been spent when an expenditure is incurred for which amounts in any of those fund balance classifications could be used.

Restricted fund balances generally result from reserves created by the State of New York Legislature and included in General Municipal Law, State Education Law, or Real Property Tax Law as authorized for use by the Board of Education. Certain reserves may require voter approval for their establishment and/or use. Earnings on invested resources are required to be added to the various reserves.

Committed fund balances are authorized by the Board of Education as recommended by the District's management prior to the end of the fiscal year, although funding of the commitment may be established subsequent to year end. Assigned fund balances include the planned use of existing fund balance to offset the subsequent year's tax levy provided that it does not result in a deficit unassigned fund balance. Additionally, the Board of Education has given the District's management the authority to assign fund balances for specific purposes that are neither restricted nor committed. Nonspendable fund balances represent resources that cannot be spent as they are not expected to be converted to cash and include inventory.

Fund balance restrictions consist of the following reserves:

- *Unemployment insurance* – is used to pay the cost of reimbursement to the State Unemployment Insurance Fund for payments made to claimants as the District has elected to use the benefit reimbursement method.
- *Capital projects* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2016, voters approved the establishment of a capital reserve totaling $10,000,000, which has been funded to $225,000.
- *Debt service* – is used to account for proceeds from the sale of property that was financed by obligations still outstanding, interest and earnings on outstanding obligations (including bond premiums), and remaining bond proceeds not needed for their original purpose as required by §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.
- *Retirement contribution* – is used to finance retirement contributions payable to ERS.
- *Repair* – is used to accumulate funds to finance costs of major repairs to capital improvements which are not ordinary in nature and is subject to a public hearing prior to its use.

Interfund Balances

The operations of the District include transactions between funds including resources for cash flow purposes. These interfund receivables and payables are repaid within one year. Permanent transfers of funds include transfers to provide financing or other services.

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

Interfund receivables and payables are netted on the accompanying governmental funds balance sheet as the right of legal offset exists. It is the District's practice to settle these amounts at the net balances due between funds.

Reclassifications

The prior year statement of net position has been reclassified to conform to the presentation adopted for 2016.

2. Cash

Cash management is governed by State laws and as established in the District's written policies. Cash resources must be deposited in FDIC-insured commercial banks or trust companies located within the State. Policies permit the Treasurer to use demand accounts and certificates of deposit. Invested resources are limited to obligations of the United States Treasury and its Agencies, repurchase agreements, and obligations of the State or its localities.

Collateral is required for demand and time deposits and certificates of deposit not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

Custodial credit risk is the risk that in the event of a bank failure the District's deposits may not be returned to it. At June 30, 2016, the District's bank deposits were fully collateralized by FDIC coverage and securities held by the pledging institutions' trust departments or agents in the District's name.

3. Interfund Transactions – Fund Financial Statements

			Transfers	
Fund	**Receivable**	**Payable**	**In**	**Out**
General	$ 875,688	$ -	$ -	$ 120,286
Special aid	-	807,578	95,286	-
Capital projects	-	228	-	-
School lunch	-	68,110	25,000	-
Debt service	228	-	-	-
	$ 875,916	**$ 875,916**	**$ 120,286**	**$ 120,286**

The general fund provides cash flow to the various other funds; these amounts will be repaid when funds are received from the State after final expenditure reports have been submitted and approved. The general fund made permanent transfers to the special aid fund to cover its share of costs related to the summer school handicap program and to the school lunch fund to provide operating cash flows.

4. Capital Assets

	Balance July 1, 2015	Increases	Retirements/ Reclassifications	Balance June 30, 2016
Non-depreciable capital assets:				
Land	$ 205,054	$ -	$ -	$ 205,054
Depreciable capital assets:				
Buildings and improvements	87,537,522	620,109	-	88,157,631
Furniture and equipment	3,241,197	154,002	(949,627)	2,445,572
Vehicles	328,130	-	(22,039)	306,091
Total depreciable assets	91,106,849	774,111	(971,666)	90,909,294
Less accumulated depreciation:				
Buildings and improvements	27,535,770	2,152,510	-	29,688,280
Furniture and equipment	2,648,989	138,381	(941,404)	1,845,966
Vehicles	227,337	20,065	(22,039)	225,363
Total accumulated depreciation	30,412,096	2,310,956	(963,443)	31,759,609
Total depreciable assets, net	60,694,753	(1,536,845)	(8,223)	59,149,685
	$ 60,899,807	**$ (1,536,845)**	**$ (8,223)**	**$ 59,354,739**

Depreciation expense has been allocated to the following functions: general support $38,626, instruction $2,246,646, pupil transportation $20,168 and food service $5,516.

As of June 30, 2016, net investment in capital assets consists of the following:

Capital assets, net of accumulated depreciation	$ 59,354,739
Bonds and related premiums	(44,026,745)
	$ 15,327,994

5. Long-Term Liabilities

	July 1, 2015	Increases	Decreases	June 30, 2016	Amount Due in One Year
Bonds	$ 48,110,000	$ -	$ 4,420,000	$ 43,690,000	$ 3,325,000
Bond premiums					
2011 serial bonds	378,841	-	42,096	336,745	-
March 2012 refunding	38,289	-	38,289	-	-
Compensated absences	4,067,000	-	8,000	4,059,000	717,000
Other postemployment benefits	86,787	240,468	163,664	163,591	-
	$ 52,680,917	**$ 240,468**	**$ 4,672,049**	**$ 48,249,336**	**$ 4,042,000**

Existing Obligations

Description	Maturity	Rate	Balance
Serial bonds - 2011	July 2024	2.0% - 5.0%	$ 8,525,000
Serial bonds - 2015	June 2030	2.0% - 3.0%	35,165,000
			$ 43,690,000

Debt Service Requirements

Years ending June 30,	Principal	Interest
2017	$ 3,325,000	$ 1,243,338
2018	3,390,000	1,174,575
2019	3,465,000	1,100,175
2020	3,540,000	1,008,938
2021	3,625,000	902,337
2022-2026	16,005,000	2,892,782
2027-2030	10,340,000	714,000
	$ 43,690,000	**$ 9,036,145**

6. Pension Plans

Plan Descriptions

The District participates in the following cost-sharing, multiple employer, public employee retirement systems:

- TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by the Education Law and the Retirement and Social Security Law of the State of New York. TRS issues a publicly available financial report that contains financial statements and required supplementary information. The report may be obtained from the New York State Teachers' Retirement System at www.nystrs.org.
- ERS provides retirement benefits as well as death and disability benefits. New York State Retirement and Social Security Law governs obligations of employers and employees to contribute and provide benefits to employees. ERS issues a publicly available financial report that includes financial statements and required supplementary information. This report may be obtained from the New York State and Local Retirement System at www.osc.state.ny.us/retire.

Benefits: The Systems provide retirement, disability, and death benefits for eligible members, including automatic cost of living adjustments. In general, retirement benefits are determined based on an employee's individual circumstances using a pension factor, an age factor, and final average salary. The benefits vary depending on the individual's employment tier. Pension factors are determined based on tier and an employee's years of service, among other factors.

Contribution Requirements: No employee contribution is required for those hired prior to July 1976. The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems from July 1976 through December 2009. Participants hired on or after January 1, 2010 through March 31, 2012 are required to contribute 3.5% (TRS) or 3% (ERS) of compensation throughout their active membership in the Systems. Participants hired on or after April 1, 2012 are required to contribute a percentage ranging from 3% to 6% each year, based on their level of compensation. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually for TRS by the New York State Teachers' Retirement Board. This rate was 13.26% for 2016. For ERS, the Comptroller annually certifies the rates used, expressed as a percentage of the wages of participants, to compute the contributions required to be made by the District to the pension accumulation fund. For 2016, these rates ranged from 10.6% to 25.2%.

The amount outstanding and payable to TRS for the year ended June 30, 2016 was $3,193,006. A liability to ERS of $576,329 is accrued based on the District's legally required contribution for employee services rendered from April 1, 2016 through June 30, 2016.

Net Pension Asset (Liability), Pension Expense, and Deferred Outflows and Deferred Inflows of Resources

At June 30, 2016, the District reported an asset of $16,070,398 for its proportionate share of the TRS net pension asset and a liability of $3,799,149 for its proportionate share of the ERS net pension liability.

The TRS net pension asset was measured as of June 30, 2015, and the total pension liability was determined by an actuarial valuation as of June 30, 2014, with update procedures applied to roll forward the net pension position to June 30, 2015. The District's proportion of the net pension asset was based on the ratio of its actuarially determined employer contribution to TRS's total actuarially determined employer contributions for the fiscal year ended on the measurement date. At June 30, 2015, the District's proportion was 0.154719%, an increase of 0.000895% from its proportion measured as of June 30, 2014.

The ERS net pension liability was measured as of March 31, 2016, and the total pension liability was determined by an actuarial valuation as of April 1, 2015. The District's proportion of the net pension liability was based on the ratio of its actuarially determined employer contribution to ERS's total actuarially determined employer contribution for the fiscal year ended on the measurement date. At the March 31, 2016 measurement date, the District's proportion was 0.0236703% an increase of 0.0002555% from its proportion measured as of March 31, 2015.

For the year ended June 30, 2016, the District recognized net pension expense of $373,683 on the government-wide statements (income from TRS of $1,068,824 and expense from ERS of $1,442,507). At June 30, 2016, the District reported deferred outflows and deferred inflows of resources as follows:

	TRS		ERS	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	$ -	$ 445,379	$ 19,198	$ 450,326
Changes of assumptions	-	-	1,013,118	
Net difference between projected and actual earnings on pension plan investments	-	5,079,930	2,253,863	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	51,019	292,628	-
District contributions subsequent to the measurement date	3,193,006	-	576,329	-
	$ 3,193,006	**$ 5,576,328**	**$ 4,155,136**	**$ 450,326**

District contributions subsequent to the measurement date will be recognized as an addition to (reduction of) the net pension asset (liability) in the year ending June 30, 2017. Other amounts reported as deferred outflows and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Years ending June 30,	TRS	ERS
2017	$ (2,055,595)	$ 804,517
2018	(2,055,595)	804,517
2019	(2,055,595)	804,517
2020	838,155	714,930
2021	(62,175)	-
Thereafter	(185,523)	-
	$ (5,576,328)	**$ 3,128,481**

Actuarial Assumptions

For TRS, the actuarial assumptions used in the June 30, 2014 valuation, with update procedures used to roll forward the total pension liability to June 30, 2015, were based on the results of an actuarial experience study for the period July 1, 2005 to June 30, 2010. These assumptions are:

Inflation – 3.0%
Salary increases – Based on TRS member experience, dependent on age and gender, ranging from 4.0-10.9%
Projected Cost of Living Adjustments (COLA) – 1.625% compounded annually
Investment rate of return – 8.0% compounded annually, net of investment expense, including inflation
Mortality – Based on TRS member experience, with adjustments for mortality improvements based on Society of Actuaries Scale AA
Discount rate – 8.0%

The long-term expected rate of return on TRS pension plan investments was determined in accordance with Actuarial Standard of Practice No. 27, *Selection of Economic Assumptions for Measuring Pension Obligations.* Consideration was given to expected future real rates of return (expected returns, net of pension plan investment expense and inflation) for each major asset class as well as historical investment data and plan performance.

For ERS, the actuarial assumptions used in the April 1, 2015 valuation, with update procedures used to roll forward the total pension liability to March 31, 2016, were based on the results of an actuarial experience study for the period April 1, 2010 to March 31, 2015. These assumptions are:

Inflation – 2.5%
Salary increases – 3.8%
COLA – 1.3% annually
Investment rate of return – 7.0% compounded annually, net of investment expense, including inflation
Mortality – Based on ERS experience from April 1, 2010 – March 31, 2015 with adjustments for mortality improvements based on the Society of Actuaries' Scale MP-2014
Discount rate – 7.0%

The long-term expected rate of return on ERS pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected return, net of investment expenses and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

Investment Asset Allocation

Best estimates of arithmetic real rates of return for each major asset class and the Systems' target asset allocations as of the applicable valuation dates are summarized as follows:

	TRS		ERS	
Asset Class	**Target Allocation**	**Long-Term Expected Real Rate of Return**	**Target Allocation**	**Long-Term Expected Real Rate of Return**
Domestic equities	37%	6.5%	38%	7.3%
International equities	18%	7.7%	13%	8.5%
Private equities	-	-	10%	11.0%
Real estate	10%	4.6%	8%	8.3%
Alternative investments	7%	9.9%	-	-
Domestic fixed income securities	17%	2.1%	2%	4.0%
Global fixed income securities	2%	1.9%	-	-
Bonds and mortgages	8%	3.4%	18%	4.0%
Short-term	1%	1.2%	2%	2.3%
Other	-	-	9%	6.8%-8.7%
	100%		**100%**	

Discount Rate

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

The following presents the District's proportionate share of its net pension asset and liability calculated using the discount rate of 8.0% (TRS) and 7.0% (ERS) and the impact of using a discount rate that is 1% higher or lower than the current rate.

	1.0% Decrease	At Current Discount Rate	1.0% Increase
District's proportionate share of the TRS net pension asset (liability)	$ (1,096,207)	$ 16,070,398	$ 30,709,870
District's proportionate share of the ERS net pension asset (liability)	$ (8,566,804)	$ (3,799,149)	$ 229,317

7. Postemployment Healthcare Benefits

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance benefits for District retirees and spouses.

Benefit provisions are based on individual contracts with the District, as negotiated from time to time. The Plan does not issue a publicly available financial report. Eligibility is based on covered employees who retire from the District at age 55 or older and have met vesting requirements. The required contribution is based on projected pay-as-you-go financing requirements, with no current funding of actuarially-determined liabilities. For the year ended June 30, 2016, the District contributed $163,664 for plan benefits. The Plan is open to all eligible employees and provides continued insurance through the conversion of sick time or by payment of monthly premiums by retirees through participation in the District's policies. The District thereby provides an implicit rate subsidy on behalf of eligible employees.

The District's annual other postemployment benefit (OPEB) expense is calculated based on the annual required contribution (ARC) of the District. The ARC represents a level funding that, if paid on an ongoing basis, is projected to cover the normal cost each year and to amortize unfunded actuarial liabilities over 30 years. OPEB expense is also calculated based upon the following components:

- Amortization of the unfunded actuarial accrued liability (UAAL) for the current year, which is the actuarially-determined, unfunded present value of all future OPEB costs associated with current employees and retirees at the beginning of the year.
- Normal cost which is the actuarially-determined cost of future OPEB earned in the current year.

The following table summarizes the District's annual OPEB obligation for the year ended June 30, 2016:

Annual required contribution	
Normal cost	$ 107,440
Amortization of unfunded actuarial accrued liability	133,152
Interest	3,471
ARC adjustment	(3,595)
	240,468
Contributions made	(163,664)
Increase in net OPEB obligation	76,804
Net OPEB obligation - beginning of year	86,787
Net OPEB obligation - end of year	$ 163,591

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

	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation
2016	$ 240,468	68.1%	$ 163,591
2015	$ 244,077	64.4%	$ 86,787

As of July 1, 2015, the actuarial accrued liability for future benefits was $3,219,463, all of which is unfunded. The annual payroll of employees eligible to be covered by the Plan was $30,987,333, and the ratio of the UAAL to covered payroll was 10.4%.

The projection of future benefit payments for an ongoing plan involves estimates of the value of reported amounts and assumptions about the probability of occurrence of events into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the Plan and ARC of the District are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. A schedule of funding progress is presented as required supplementary information and displays trend data on plan assets (if any) and the actuarial accrued liability for benefits.

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

Retirement age for active employees – 2014 TRS Tier 2-4 retirement rates, separate for males and females, beginning at age 55 with all employees assumed to retire by age 75
Marital status – Assumed 25% of married employees elect spousal coverage at retirement, with male spouses assumed to be three years older than female spouses; actual ages used for retirees
Mortality – 2014 TRS rates, separate for actives and retirees and males and females
Turnover – 2003 Society of Actuaries small plan withdrawal, scaled 50%
Healthcare cost trend rate – Based on the National Health Expenditure Projections 2006-2022 and Society of Actuaries Getzen Long-Term Healthcare Cost Trend Resource Model; initially 6.4% ultimately reduced to 4.2% after 2050
Participation rate – 100%, unless employee is terminated prior to age 55
Actuarial cost method – Entry age normal
Discount rate – 4%
Amortization methods – 30 years, level percent of pay, open group

8. Risk Management

General Liability

The District purchases commercial insurance for various risks of loss due to torts, theft, damage, errors and omissions, and natural disasters. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

Health Insurance

The District participates in the NY44 Health Benefits Plan Trust (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 55 participating members as of June 30, 2015 (the most recent information available).

The District has transferred all risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Refunds are not made nor additional assessments charged other than the annual premium equivalents. If the Plan's assets were to be exhausted, members would be equally responsible for the remaining liabilities.

The Plan has published its own financial report for the year ended June 30, 2015, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York 14224.

Workers' Compensation

The District participates in the Erie #2 Area Schools Self-Funded Workers' Compensation Consortium (the Plan) sponsored by Erie 2-Chautauqua-Cattaraugus BOCES. The Plan administers a workers' compensation insurance fund pursuant to Article 5 of the Workers' Compensation Law to finance the liability and risk related to workers' compensation claims and to lower the costs of coverage to the participating members. The Plan includes 24 participating members as of June 30, 2015 (the most recent information available).

The District has transferred partial risk to the Plan. Plan members pay monthly premium equivalents based upon a pro-rata share of expenditures. All funds received are pooled and administered as a common fund. Plan members could be subjected, however, to pro-rata supplemental assessments in the event that the Plan's assets are not adequate to meet claims. To date, these supplemental assessments have not been required.

The Plan has published its own financial report for the year ended June 30, 2015, which can be obtained from Erie 2-Chautauqua-Cattaraugus BOCES, 8685 Erie Road, Angola, New York 14006.

9. Commitments and Contingencies

Grants

The District receives financial assistance from federal and state agencies in the form of grants and calculated aid as determined by the State. The expenditure of grant funds generally requires compliance with the terms and conditions specified in the agreements and are subject to audit by the grantor agencies. State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

Encumbrances

Significant outstanding encumbrances in the general fund as of June 30, 2016 include $183,000 for contractual services, $137,000 for equipment, and $175,000 for supplies.

Litigation

The District is subject to claims and lawsuits that arise in the ordinary course of business. In the opinion of management, these claims and lawsuits will not have a material adverse effect upon the financial position of the District in excess of any amounts already accrued in the corresponding statement of net position.

Commitments

District taxpayers have approved two capital projects expected to cost a total of $44,575,000. As of June 30, 2016, $34,415,000 has been expended on the projects.

Required Supplementary Information
Schedule of Funding Progress
Postemployment Benefit Plan

June 30, 2016

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
July 1, 2015	$ -	$ 3,219,463	$ (3,219,463)	-	$ 30,987,333	10.4%

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Asset
New York State Teachers' Retirement System

As of the measurement date of June 30,	2015	2014	2013
District's proportion of the net pension asset	0.154719%	0.153824%	0.149400%
District's proportionate share of the net pension asset	$ 16,070,398	$ 17,134,997	$ 983,430
District's covered payroll	$ 23,559,823	$ 22,967,524	$ 22,068,662
District's proportionate share of the net pension asset as a percentage of its covered payroll	68.21%	74.61%	4.46%
Plan fiduciary net position as a percentage of the total pension liability	110.46%	111.48%	100.70%

Data prior to 2013 is unavailable.

Required Supplementary Information
Schedule of District Contributions
New York State Teachers' Retirement System

June 30,	2016	2015	2014	2013
Contractually required contribution	$ 3,193,006	$ 4,074,916	$ 3,692,349	$ 2,591,047
Contribution in relation to the contractually required contribution	(3,193,006)	(4,074,916)	(3,692,349)	(2,591,047)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 24,079,985	$ 23,559,823	$ 22,967,524	$ 22,068,662
Contributions as a percentage of covered payroll	13.26%	17.30%	16.08%	11.74%

Data prior to 2013 is unavailable.

Required Supplementary Information
Schedule of the District's Proportionate Share of the Net Pension Liability
New York State and Local Employees' Retirement System

As of the measurement date of March 31,	2016	2015
District's proportion of the net pension liability	0.0236703%	0.0234148%
District's proportionate share of the net pension liability	$ 3,799,149	$ 791,008
District's covered payroll	$ 6,603,156	$ 6,833,238
District's proportionate share of the net pension liability as a percentage of its covered payroll	57.54%	11.58%
Plan fiduciary net position as a percentage of the total pension liability	90.70%	97.90%

Data prior to 2015 is unavailable.

The following is a summary of changes of assumptions:

As of the measurement date of March 31,	2016	2015
Inflation	2.5%	2.7%
Salary increases	3.8%	4.9%
Cost of living adjustments	1.3%	1.4%
Investment rate of return	7.0%	7.5%
Discount rate	7.0%	7.5%

Required Supplementary Information
Schedule of District Contributions
New York State and Local Employees' Retirement System

June 30,	2016	2015	2014	2013
Contractually required contribution	$ 1,206,276	$ 1,387,979	$ 1,277,364	$ 1,240,392
Contribution in relation to the contractually required contribution	(1,206,276)	(1,387,979)	(1,277,364)	(1,240,392)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 6,603,156	$ 6,833,238	$ 6,771,994	$ 6,589,371
Contributions as a percentage of covered payroll	18.27%	20.31%	18.86%	18.82%

Data prior to 2013 is unavailable.

Supplementary Information
Schedule of Change from Original to Final Budget and Calculation of Unrestricted Fund Balance Limit - General Fund

For the year ended June 30, 2016

Original expenditure budget	$	66,006,811
Encumbrances carried over from prior year		715,653
Revised expenditure budget	$	66,722,464

* * *

Unrestricted Fund Balance		
Assigned	$	2,253,051
Unassigned		2,622,514
		4,875,565
Encumbrances included in assigned fund balance		(528,051)
Appropriated fund balance used for tax levy		(1,725,000)
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	$	2,622,514
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation		
2017 expenditure budget (unaudited)	$	66,006,811
4% of budget		2,640,272
Actual percentage of 2017 expenditure budget		4.0%

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2016

Project Title	Original Budget	Expenditures Prior Years	Expenditures Current Year	Expenditures Total	Unexpended Balance
District-wide capital improvement	$ 34,700,000	$ 33,777,860	$ 636,766	$ 34,414,626	$ 285,374
2016 capital improvements	9,875,000	-	-	-	9,875,000
Total	$ 44,575,000	$ 33,777,860	$ 636,766	$ 34,414,626	$ 10,160,374

Supplementary Information
Schedule of Expenditures of Federal Awards

For the year ended June 30, 2016

Federal Grantor/Pass-Through Grantor/Program Title	CFDA Number	Grantor Number	Expenditures
U.S. Department of Education:			
Passed Through New York State Department of Education:			
Special Education Cluster:			
Special Education_Grants to States	84.027	0032-16-0228	$ 715,719
Special Education_Preschool Grants	84.173	0033-16-0228	16,921
Total Special Education Cluster			732,640
Title I Grants to Local Educational Agencies	84.010	0021-16-0800	300,527
Supporting Effective Instruction State Grant	84.367	0147-16-0800	96,545
Total U. S. Department of Education			1,129,712
U.S. Department of Agriculture:			
Passed Through New York State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	45,144
National School Lunch Program	10.555	N/A	268,387
Total Child Nutrition Cluster			313,531
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	73,002
Total U.S. Department of Agriculture			386,533
Total Expenditures of Federal Awards			**$ 1,516,245**

See accompanying notes.

Notes to Schedule of Expenditures of Federal Awards

1. Summary of Significant Accounting Policies

Basis of Presentation

The accompanying Schedule of Expenditures of Federal Awards presents the activity of all federal award programs administered by Hamburg Central School District (the District), an entity as defined in Note 1 to the District's basic financial statements. Federal awards received directly from federal agencies, as well as federal awards passed through from other governmental agencies, are included on the Schedule of Expenditures of Federal Awards.

Basis of Accounting

The District uses the modified accrual basis of accounting for each federal program, consistent with the fund basis financial statements.

The amounts reported as federal expenditures generally were obtained from the appropriate federal financial reports for the applicable programs and periods. The amounts reported in these federal financial reports are prepared from records maintained for each program, which are periodically reconciled with the District's financial reporting system.

Indirect Costs

The District does not use the 10% de minimus indirect cost rate introduced by the Uniform Guidance.

Non-Monetary Federal Program

The District is the recipient of a federal award program that does not result in cash receipts or disbursements, termed a "non-monetary program." During the year ended June 30, 2016, the District used $73,002 worth of commodities under the Child Nutrition Discretionary Grants Limited Availability program (CFDA Number 10.579).

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, New York 14202

716-856-3300 | Fax 716-856-2524 | www.LumsdenCPA.com

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

The Board of Education
Hamburg Central School District

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, each major fund, and the remaining fund information of Hamburg Central School District (the District) as of and for the year ended June 30, 2016, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 4, 2016.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Lumsden & McCormick, LLP

October 4, 2016

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS

Cyclorama Building | 369 Franklin Street | Buffalo, New York 14202

716-856-3300 | Fax 716-856-2524 | www.LumsdenCPA.com

INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

The Board of Education
Hamburg Central School District

Report on Compliance for Each Major Federal Program

We have audited Hamburg Central School District's (the District) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the District's major federal programs for the year ended June 30, 2016. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the District's compliance.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2016.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Lumsden & McCormick, LLP

October 4, 2016

Schedule of Findings and Questioned Costs

For the year ended June 30, 2016

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued:	*Unmodified*
Internal control over financial reporting:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards

Internal control over major programs:	
• Material weakness(es) identified?	No
• Significant deficiency(ies) identified?	None reported
Type of auditors' report issued on compliance for major programs:	*Unmodified*
Any audit findings disclosed that are required to be reported in accordance with section 2 CFR 200.516(a)?	No

Identification of major programs:

Name of Federal Program or Cluster	CFDA #	Amount
Child Nutrition Cluster:		
School Breakfast Program	10.553	$ 45,144
National School Lunch Program	10.555	268,387
		$ 313,531

Dollar threshold used to distinguish between type A and type B programs:	$750,000
Auditee qualified as low-risk auditee?	Yes

Section II. Financial Statement Findings

No matters were reported.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

Summary Schedule of Prior Audit Findings

June 30, 2016

Finding 2007-001:
(Internal Control over Financial Reporting under *Government Auditing Standards*)

The auditors no longer believe their assistance with the financial statements rises to the level of a significant deficiency; as a result, this finding has been resolved.