FINAL OFFICIAL STATEMENT DATED MARCH 23, 2017

REFUNDING ISSUE - SERIAL BONDS **S&P RATING: "AA-" (Stable Outlook)**
(See "Rating" herein)

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, subject to continuing compliance by the Akron Central School District, Erie, Genesee, and Niagara Counties, New York (the "District") with its covenants relating to certain requirements contained in the Internal Revenue Code of 1986, as amended (the "Code"), interest on the Bonds is (A) excluded from gross income of the owners thereof for federal income tax purposes under existing law, and (B) exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Moreover, interest on the Bonds is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes. (See the caption "TAX EXEMPTION" herein for a discussion of certain federal taxes applicable to corporate owners of the Bonds.)

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

AKRON CENTRAL SCHOOL DISTRICT
ERIE, GENESEE, AND NIAGARA COUNTIES, NEW YORK

(the "District")

$10,920,000

SCHOOL DISTRICT REFUNDING SERIAL BONDS, 2017

(the "Bonds")
(Book-Entry Only)

Dated: Date of Delivery

Principal Due: June 1, 2017/2025, inclusive
Interest Due: June 1, 2017, December 1, 2017 and semi-annually thereafter on June 1 and December 1 of each year until maturity

BOND MATURITY SCHEDULE

Year	Amount	Rate	Yield	CUSIP	Year	Amount	Rate	Yield	CUSIP
2017	$160,000	1.00%	0.85%	010014HB7	2021	$1,455,000	4.00%	1.50%	010014HG6
2018	5,000	1.00%	1.00%	010014HC5	2022	1,520,000	4.00%	1.70%	010014HH4
2019	1,365,000	3.00%	1.13%	010014HD3	2023	1,580,000	5.00%	1.87%	010014HJ0
2020	1,150,000	2.75%	1.33%	010014HE1	2024	1,665,000	5.00%	2.02%	010014HK7
2020	270,000	4.00%	1.33%	010014HF8	2025	1,750,000	5.00%	2.15%	010014HL5

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

Form and Denomination: The Bonds will be issued in registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, ("DTC") New York, New York, which will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form, in denominations of $5,000 each or integral multiples thereof. Bondholders will not receive certificates representing their ownership interest in the Bonds purchased. See "THE BONDS - Book-Entry-Only System," herein.

Roosevelt & Cross
Incorporated

Payment: Payment of the principal of and interest on the Bonds to the Beneficial Owners of the Bonds 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 BONDS - Book-Entry-Only System," herein.

The record date for the Bonds is the fifteenth day of the calendar month preceding an interest payment date.

The Bonds are general obligations of the District and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds. Unless paid from other sources, all the taxable real property within the District is subject to the levy of *ad valorem* taxes to pay the Bonds and interest thereon without limitation as to rate or amount (subject only to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York). See "REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law," herein.

Neither Hodgson Russ LLP ("Bond Counsel") nor Orrick, Herrington & Sutcliffe LLP, as counsel to Roosevelt & Cross Incorporated (the "Underwriter") has participated in the preparation of the demographic, financial or statistical data contained in this Official Statement, nor verified the accuracy, completeness or fairness thereof and, accordingly, neither firm expresses an opinion with respect thereto.

The Underwriter has provided the following sentence for inclusion in this Official Statement. "The Underwriter has reviewed the information in this Official Statement in accordance with, and as a part of its responsibilities under the federal securities laws as applied to the facts and circumstances of this transaction, but the Underwriter does not guarantee the accuracy or completeness of such information."

The Bonds are offered subject to the final approving opinion of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York. Certain other matters will be passed upon for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, of New York, New York. It is anticipated that the Bonds will be available for delivery in Jersey City, New Jersey (through the facilities of DTC) on or about April 12, 2017.

FOR A DESCRIPTION OF THE DISTRICT'S AGREEMENT TO PROVIDE DISCLOSURE UNDERTAKING, SEE "DISCLOSURE UNDERTAKING," HEREIN.

AKRON CENTRAL SCHOOL DISTRICT
ERIE, GENESEE, AND NIAGARA COUNTIES, NEW YORK

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* * *

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* * *

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

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITER MAY OVER ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE BONDS AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN OPEN MARKETS. SUCH STABILIZATION, IF COMMENCED, MAY BE DISCONTINUED AT ANYTIME.

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Prepared with the Assistance of:
Municipal Solutions, Inc.

OFFICIAL STATEMENT

AKRON CENTRAL SCHOOL DISTRICT
ERIE, GENESEE, AND NIAGARA COUNTIES, NEW YORK

(the "District")

$10,920,000

SCHOOL DISTRICT REFUNDING SERIAL BONDS, 2017

(the "Bonds")

This Official Statement, including the cover page and appendices hereto (the "Official Statement"), presents certain information relating to the Akron Central School District, Erie, Genesee, and Niagara Counties, New York (the "District", "Counties" and "State," respectively) in connection with the sale of the District's $10,920,000 School District Refunding Serial Bonds, 2017 (the "Bonds").

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

THE BONDS

Description of the Bonds

The Bonds are general obligations of the District and will contain a pledge of the faith and credit of the District for payment of the principal of and interest on the Bonds, as required by the Constitution and laws of the State of New York (State Constitution, Article VIII, Section 2; Local Finance Law, Section 100.00). Unless paid for from other sources, all the taxable real property within the District is subject to the levy of *ad valorem* taxes to pay the Bonds and interest thereon, sufficient to pay such principal and interest as the same become due, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. See "REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law," herein.

The Bonds comprise an issue in the aggregate principal amount of $10,920,000, will be dated their date of delivery, and will mature in installments on June 1, 2017, and annually thereafter on each June 1, as set forth on the cover page hereof. Interest on the Bonds will be payable on June 1, 2017, December 1, 2017 and semi-annually thereafter on June 1 and December 1 of each year until maturity.

The Bonds will be issued in registered form and, when issued, will be registered in the name of Cede & Co., as nominee of The Depository Trust Company ("DTC"), New York, New York, which will act as securities depository for the Bonds. Purchases of the Bonds will be made in book-entry-only form in denominations of $5,000 or any integral multiple thereof. Bondholders will not receive certificates representing their ownership interest in the Bonds purchased. Principal and interest on the Bonds will be payable when due as described in "Book-Entry-Only System," herein.

The record date of the Bonds will be the fifteenth day of the calendar month preceding each interest payment date.

No Optional Redemption

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

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, New York will act as securities depository for the Bonds. The Bonds will be issued as fully-registered Bonds registered in the name of Cede & Co. (DTC's partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds, bearing the same rate of interest and CUSIP number, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

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

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

Principal and interest payments on the Bonds will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts upon DTC's receipt of funds and corresponding detail information from the District, on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with Bonds 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, agent, 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 Bonds at any time by giving reasonable notice to the District. Under such circumstances, in the event that a successor depository is not obtained, bond certificates are required to be printed and delivered.

The District may decide to discontinue use of the system of book-entry transfers through DTC (or a successor securities depository). In that event, bond certificates will be printed and delivered (see THE BONDS - Certificated Bonds," herein).

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that the District believes to be reliable, but the District takes no responsibility for the accuracy thereof.

Source: The Depository Trust Company.

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS; (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM (IF ANY) ON THE BONDS; (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS; OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THE OFFICIAL STATEMENT.

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

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

Certificated Bonds

DTC may discontinue providing its services with respect to the Bonds at any time by giving notice to the District and discharging its responsibilities with respect thereto under applicable law, or the District may terminate its participation in the system of book-entry-only transfers through DTC at any time. In the event that such book-entry-only system is discontinued, the following provisions will apply: the Bonds will be issued in fully registered form in denominations of $5,000 each or any integral multiple thereof for any single maturity. Principal of the Bonds when due will be payable upon presentation at the principal corporate trust office of a bank or trust company located and authorized to do business and act as a fiscal agent in the State of New York to be named by the District. Interest on the Bonds will be payable June 1, 2017, December 1, 2017, and semi-annually thereafter on June 1 and December 1 of each year until maturity. Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the fifteenth day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for the Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificate of Determination executed by the President of the Board of Education of the District authorizing the sale of the Bonds and fixing the details thereof and in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of the Bonds between the fifteenth day of the calendar month preceding an interest payment date and such interest payment date.

Security and Source of Payment

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

The Bonds are general obligations of the District and will contain a pledge of the faith and credit of the District for the payment of the principal of and interest thereon. For the payment of such principal and interest, the District has the power and statutory authorization to levy *ad valorem* taxes on all real property in the District subject to taxation, without limitation to rate or amount, subject only to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York. See “REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law,” herein.

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 Bonds and the State is specifically precluded from restricting the power of the District to levy taxes on real estate therefor. See the discussion under “REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law,” herein.

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

Under current law, provision is made for contract creditors (including the holders of the Bonds) of the District to enforce payments upon such contracts, if necessary, through court action, although the present statute limits interest on the amount adjudged due to creditors to nine per centum per annum from the date due to the date of payment. As a general rule, property and funds of a municipal corporation 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.

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

Special Provisions Affecting Remedies Upon Default

Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the District upon any judgment or accrued claim against it shall not exceed nine per centum per annum. This provision might be construed to have application to the holders of the Bonds in the event of a default in the payment of the principal of or interest on the Bonds.

In accordance with the general rule with respect to municipalities, judgments against the District may not be enforced by levy and execution against property owned by the District.

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

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

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

No principal or interest payment on District indebtedness is past due.

AUTHORIZATION AND PLAN OF REFUNDING

Authorization and Purpose

The Bonds are being issued pursuant to the Constitution and Laws of the State, including among others, the Local Finance Law and the Education Law, and pursuant to a refunding bond resolution that was duly adopted by the Board of Education of the District on February 15, 2017 (the "Refunding Bond Resolution") and other proceedings and determinations related thereto.

The Refunding Bond Resolution authorizes the issuance of refunding bonds for the refunding of all or a portion of the outstanding amount of the District's $21,569,386 original aggregate principal amount School District Serial Bonds, 2010 (the "Refunded Bonds") and authorizes the issuance of the Bonds to provide the funds necessary to effect the refunding of the Refunded Bonds.

The Refunded Bonds were issued pursuant to the Constitution and Laws of the State, including among others, the Local Finance Law and the Education Law, and pursuant to a bond resolution that was duly adopted by the Board of Education of the District on January 23, 2008 authorizing the issuance of serial bonds to finance capital improvements to various District buildings and sites and the construction of a new gymnasium facility. All the proceeds of the Refunded Bonds have been expended as of the date of this Official Statement.

The proceeds of the Bonds are intended to be used to purchase a portfolio of direct obligations of the United States of America (the "Government Obligations") and pay certain costs of issuance related to the Bonds. The principal of and investment income on the portfolio of Government Obligations, together with other available cash on deposit in the

Escrow Deposit Fund (as hereinafter defined), are expected to be sufficient to pay the maturing principal of, interest on, and redemption premiums payable with respect to the Refunded Bonds. If for any reason such government obligations cannot be purchased, proceeds of the Bonds will be placed in escrow but left un-invested.

The Refunding Financial Plan

The Bonds are being issued to effect the refunding of the Refunded Bonds pursuant to the District's refunding financial plan (the "Refunding Financial Plan"). The Refunding Financial Plan provides that the proceeds of the Bonds (after payment of the underwriting fee and other costs of issuance related to the Bonds) are to be applied to the purchase of the Government Obligations. The Government Obligations and/or cash are to be placed in an irrevocable trust fund (the "Escrow Deposit Fund") with Manufacturers and Traders Trust Company (the "Escrow Holder"), pursuant to the terms of an escrow contract (the "Escrow Contract") by and between the District and the Escrow Holder. The Refunding Financial Plan further provides that the Government Obligations will mature in amounts and bear interest sufficient, together with any un-invested cash deposited into the Escrow Deposit Fund from proceeds of the Bonds, to pay the redemption price of the Refunded Bonds on June 1, 2018 (the "Payment Date"). The Refunding Financial Plan calls for the Escrow Holder, pursuant to the Refunding Bond Resolution and the Escrow Contract, to call for redemption of all of the then-outstanding Refunded Bonds on the Payment Date, which is the first permitted redemption date. The owners of the Refunded Bonds will have a first lien on all of the cash and securities necessary for the refunding in the Escrow Deposit Fund into which are required to be deposited all investment income on and maturing principal of the Government Obligations, together with the un-invested cash deposit, until the Refunded Bonds have been paid, whereupon the Escrow Contract, given certain conditions precedent, shall terminate.

SCHOOL DISTRICT SERIAL BONDS, 2010 *

(the "Refunded Bonds")

Due June 1:	Principal Amount	Interest Rate	Call Date	Call Price	CUSIP
2019	$1,475,000	4.000%	06/01/18	100.00	010014GR3
2020	1,540,000	4.000%	06/01/18	100.00	010014GS1
2021	1,595,000	4.000%	06/01/18	100.00	010014GT9
2022	1,665,000	4.000%	06/01/18	100.00	010014GU6
2023	1,730,000	4.000%	06/01/18	100.00	010014GV4
2024	1,805,000	4.000%	06/01/18	100.00	010014GW2
2025	1,880,000	4.000%	06/01/18	100.00	010014GX0
Total	$11,690,000				

Note: * Issued in the original aggregate amount of $21,569,386 (with $11,690,000 of such bonds constituting the anticipated Refunded Bonds and being scheduled to mature in the years 2019 - 2025, inclusive, as set forth above).

Verification of Mathematical Computations

Causey Demgen & Moore P.C. ("Causey"), a firm of independent public accountants, will deliver to the District, on or before the settlement date of the Bonds, its attestation report indicating that it has verified, in accordance with standards established by the American Institute of Certified Public Accountants, the information and assertions provided by the District and its representatives. Included in the scope of its engagement will be a verification of the mathematical accuracy of (a) the computations of the adequacy of the cash and the maturing principal of and interest on, the Government Obligations used to fund the Escrow Deposit Fund to be established by the Escrow Holder to pay, when due, the maturing principal of and interest on the Refunded Bonds; and (b) the computations supporting the conclusion of Bond Counsel that the Bonds are not "arbitrage bonds" under the Code and the regulations promulgated thereunder.

The verification performed by Causey will be solely based upon data, information and documents provided to Causey by the District and its representatives. The verification report will state that Causey has no obligation to update the report because of events occurring, or data or information coming to their attention, subsequent to the date of the report.

Sources and Uses of Proceeds

Proceeds of the Bonds are to be applied as follows:

Sources:			
	Par Amount of Bonds		$10,920,000.00
	Premium		1,426,269.05
		Total	$12,346,269.05
Uses:			
	Cash Deposit		$517.50
	Open Market Purchases		12,245,000.21
	Cost of Issuance		70,000.00
	Underwriter's Discount		30,030.00
	Additional Proceeds		721.34
		Total	$12,346,269.05

THE DISTRICT

General Information

The District, with a land area of approximately 75 square miles and an estimated population of 9,659, is located in the northeastern portion of Erie County, southeastern portion of Niagara County and the northwestern portion of Genesee County about 16 miles northeast of the City of Buffalo. On a valuation basis, the District includes over 80% of the Town of Newstead. The District is agricultural in nature, and includes the Village of Akron, which serves as the shopping and business center for the surrounding area.

Housing consists primarily of single family homes. Residents find employment in the local industries, and in addition some commute to the City of Buffalo and the Lockport area. Highway facilities include the State Thruway (I-90), State Routes 5 and 93 and numerous county roads. Air travel is available at the Akron Airport and the Buffalo International Airport.

Source: District Officials.

District Organization

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

The legislative power of the District is vested in the Board of Education (the "Board") comprised of seven members. Members of the Board are elected on a staggered term basis by qualified voters at the annual election of the District (held in May). The term of office for each board member is three years, and the number of terms that may be served is unrestricted. The Board is vested with various powers and duties as set forth in the Education Law. Among these are the adoption of annual budgets (subject to voter approval), the levy of real property taxes for the support of education, the appointment of such employees as may be necessary, and other such duties reasonably required to fulfill the responsibilities provided by law.

During the first seven days of July each year, the Board meets for the purpose of reorganization. At that time, an election is held within the Board to elect a President and Vice President, and to appoint a District Clerk, District Treasurer and Tax Collector.

The Board appoints the Superintendent of Schools who serves under a written contract which, by statute must be of no less than three and no more than five years in duration. Such Superintendent is the chief executive officer of the District. It is the responsibility of the Superintendent to enforce all provisions of law and all rules and regulations relating to the management of the schools and other educational, social and recreational activities under the direction of the Board. Also, certain other administrative and financial functions of the District are the responsibility of the Superintendent of Schools and Business Administrator.

Employees

The District provides services through approximately 216 full-time and 59 part-time employees, some of whom are represented by the following units of organized labor:

Unions	No. of Members	Contract Expiration Date
Akron Faculty Association	132	June 30, 2020
Akron Employees Association	125	June 30, 2021
Akron Administrators Association	6	June 30, 2018

Source: District Officials.

Enrollment

School Year	K – 12 Enrollment
2012-13	1,473
2013-14	1,423
2014-15	1,392
2015-16	1,382
2016-17	1,368

Enrollment Projections

School Year	Projected K – 12 Enrollment
2017-18	1,359
2018-19	1,303
2019-20	1,298
2020-21	1,271
2021-22	1,271

District Facilities

Name of School	Grades Served	Date of Construction And Additions	Insurable Value
District (All Buildings and Personal Property)	Pre K - 12	1959, 1995, 1998, 2000, 2009	$85,283,694

Source: District Officials.

DEMOGRAPHIC AND STATISTICAL INFORMATION

The following tables present certain comparative demographic and statistical information regarding the District, the Counties, the State and the United States.

Population

Year	District	Erie County	Genesee County	Niagara County	State	United States
1990	8,291	968,532	60,060	220,756	17,990,455	249,632,692
2000	9,371	950,265	60,370	219,846	18,976,457	281,421,906
2010	9,659	919,040	60,079	216,469	19,378,102	308,745,538

Source: US Census Bureau.

Median Household Income

Year	District	Erie County	Genesee County	Niagara County	State	United States
1990	$30,248	$28,005	$30,955	$28,408	$32,965	$30,056
2000	40,902	38,567	40,542	38,136	43,393	41,994
2010	54,943	51,247	50,880	49,449	59,269	53,889

Source: US Census Bureau, American Community Survey (2011 – 2015).

Per Capita Income

Year	District	Erie County	Genesee County	Niagara County	State	United States
1990	$12,117	$13,560	$12,705	$12,710	$16,501	$14,420
2000	17,990	20,357	18,498	19,219	23,389	21,587
2010	27,132	28,879	25,240	26,891	33,236	28,930

Source: US Census Bureau, American Community Survey (2011 – 2015).

Unemployment Rate Statistics

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

Annual Averages	Erie County	Genesee County	Niagara County	State	United States
2012	8.3%	7.9%	9.3%	8.5%	8.1%
2013	7.4	6.8	8.5	7.7	7.4
2014	6.1	5.5	7.0	6.3	6.2
2015	5.4	5.0	6.2	5.3	5.3
2016	4.9	4.6	5.8	4.8	4.9
2017 Monthly Rates:					
January	5.5%	5.8%	7.1%	5.0%	5.1%

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

Selected Listing of Larger Employers

Name	Type	Estimated No. of Employees
LVD Strippit	Industrial	430
Whiting Roll-Up Door Manufacturing	Manufacturing	400
Perry's Ice Cream Company	Food Processing	310
Akron Central School District	Public Education	275
Akron Rule Corporation	Manufacturing	155
Ford Gum & Machine Company	Manufacturing	94

Source: District Officials.

DISTRICT INDEBTEDNESS

Constitutional Requirements

The State Constitution limits the power of the District to issue obligations and to otherwise contract indebtedness. Such constitutional limitations, in summary form and as generally applicable to the District and the Bonds, include the following:

Purpose and Pledge: Subject to certain enumerated exceptions, 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 expiration of the period of probable usefulness of the object or purpose as determined by statute; no installment may be more than fifty per centum in excess of the smallest prior installment, unless the District has elected to issue indebtedness with substantially level or declining 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 of its serial bonds and such required annual installments on its bonds.

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, assessment, borrowing money, contracting indebtedness and loaning the credit of the District so as to prevent abuses in taxation and assessments and in contracting indebtedness; however, as has been noted under “THE BONDS - Security and Source of Payment” the State Legislature is prohibited by a specific constitutional provision from restructuring the power of the District to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted. See also, REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law,” herein.

Statutory Procedure

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

The District is generally required by such laws to submit propositions for the expenditure of money for capital purposes to the qualified electors of the District. After approval thereby, the Board may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

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

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

1. (a) Such obligations were authorized for an object or purpose for which the District is not authorized to expend money, or

   (b) The provisions of the law which should be complied with as of the date of publication of the notice were not substantially complied with,

   and an action, suit or proceeding contesting such validity is commenced within 20 days after the date of such publication of the notice; or

2. Such obligations are authorized in violation of the provisions of the Constitution of New York.

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

Statutory law in the State permits bond anticipation notes to be renewed each year provided annual principal installments are made in reduction of the total amount of such notes outstanding, commencing no later than two years from the date of the first issuance of such notes and provided that such renewal issues do not extend (generally) more than five years beyond the original date of borrowing. (See "Payment and Maturity" under "Constitutional Requirements" herein and "Details of Short-Term Indebtedness Outstanding," herein.)

In general, the Local Finance Law contains provisions providing the District with power to issue certain other short-term general obligation indebtedness including revenue and tax anticipation notes and budget and capital notes. (See "Details of Short-Term Indebtedness Outstanding," herein).

Debt Limit

Pursuant to the Local Finance Law, the District has the power to contract indebtedness for any District purpose authorized by the Legislature of the State provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District, subject to certain enumerated deductions such as State aid for building purposes. The Constitutional method for determining full valuation consists of dividing the total assessed valuation of taxable real estate for a specified assessment roll by the final equalization ratio established for such assessment roll by the State Office of Real Property Services. The State Legislature is required to prescribe the manner by which such ratio shall be determined.

The following pages present certain details with respect to the indebtedness of the District as of the date of this Official Statement.

Details of Short-Term Indebtedness Outstanding

As of the date of this Official Statement, the District has the following short-term indebtedness outstanding:

Type	Maturity	Purpose	Amount
Bond Anticipation Note	6/22/2017	Capital Project	$7,423,907
Bond Anticipation Note	8/24/2017	School Buses, Vehicles, Machinery, and Equipment	778,063
			$8,201,970

Source: District Note Records.

Revenue and Tax Anticipation Notes

The District has not found it necessary to borrow in anticipation of taxes and revenues in recent years, nor does it currently anticipate the need for such borrowings.

Status of Outstanding Bond Issues

Year of Issue:	2009		2010[1]		2012	
Amount Issued:	$3,585,000		$21,569,386		$7,470,000	
Last Maturity:	6/15/2021		6/1/2025		6/1/2021	
Interest Rate:	2.00% - 5.00%		3.00% - 4.00%		2.00% - 5.00%	
Purpose:	Refunding		Building		DASNY Refunding	
Balance Principal 6-30-16:	$1,725,000		$14,485,000		$4,505,000	
Fiscal Year Ending June 30:	Principal	Interest	Principal	Interest	Principal	Interest
2017	$345,000	$86,250	$1,370,000	$579,400	$815,000	$215,350
2018	345,000	69,000	1,425,000	524,600	855,000	174,600
2019	345,000	51,750	1,475,000	467,600	900,000	131,850
2020	345,000	34,500	1,540,000	408,600	945,000	86,850
2021	345,000	17,250	1,595,000	347,000	990,000	39,600
2022			1,665,000	283,200		
2023			1,730,000	216,600		
2024			1,805,000	147,400		
2025			1,880,000	75,200		
Totals:	$1,725,000	$258,750	$14,485,000	$3,049,600	$4,505,000	$648,250

Notes: [1] The bonds maturing in years 2019 - 2025 are to be defeased with the proceeds of this issue and called and redeemed in full on June 1, 2018.

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	Principal	Interest	Total Debt Service	% Paid
2017	$2,530,000	$881,000	$3,411,000	12.21%
2018	2,625,000	768,200	3,393,200	24.89%
2019	2,720,000	651,200	3,371,200	38.02%
2020	2,830,000	529,950	3,359,950	51.68%
2021	2,930,000	403,850	3,333,850	65.82%
2022	1,665,000	283,200	1,948,200	73.86%
2023	1,730,000	216,600	1,946,600	82.21%
2024	1,805,000	147,400	1,952,400	90.92%
2025	1,880,000	75,200	1,955,200	100.00%
Totals:	$20,715,000	$3,956,600	$24,671,600	

Source: District Bond Records.

Schedule of Principal Payments - Outstanding and Proposed Bonds

Fiscal Year Ending December 31:	Prior Issues	This Issue	Less Bonds to be Refunded	Yearly Principal Payments After Issuance of the Bonds
2017	$2,530,000	$160,000	$0	$2,690,000
2018	2,625,000	5,000	0	2,630,000
2019	2,720,000	1,365,000	1,475,000	2,610,000
2020	2,830,000	1,420,000	1,540,000	2,710,000
2021	2,930,000	1,455,000	1,595,000	2,790,000
2022	1,665,000	1,520,000	1,665,000	1,520,000
2023	1,730,000	1,580,000	1,730,000	1,580,000
2024	1,805,000	1,665,000	1,805,000	1,665,000
2025	1,880,000	1,750,000	1,880,000	1,750,000
Totals:	$20,715,000	$10,920,000	$11,690,000	$19,945,000

Other Obligations

As of the date of this Official Statement, the District has no other obligations outstanding.

Trend of Outstanding Debt

	Fiscal Year Ending June 30:				
	2012	2013	2014	2015	2016
Bonds	$33,217,000	$29,030,000	$25,735,000	$21,085,000	$20,715,000
Bond Anticipation Notes	922,400	824,169	759,954	784,357	1,779,441
Total Debt Outstanding	$34,139,400	$29,854,169	$26,494,954	$26,494,954	$26,494,954

Source: Financial Reports of the District.

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Computation of Debt Limit and Calculation of Net Indebtedness
(As of March 16, 2017)

Town	Taxable Assessed Valuation	State Equalization Rate	Taxable Full Valuation
Newstead	$471,522,779	98.50%	$478,703,329
Clarence	4,954,296	100.00%	4,954,296
Alden	9,665,657	100.00%	9,665,657
Royalton	71,546,448	98.00%	73,006,580
Lockport	4,061,654	100.00%	4,061,654
Alabama	7,976,884	99.00%	8,057,459
Pembroke	15,249,496	97.00%	15,721,130
Total (2016-17) [1]	$584,977,214		$594,170,104
Debt Limit: 10% of Full Valuation			$59,417,010
Inclusions:			
Bonds			$20,715,000
Bond Anticipation Notes			8,201,970
Total Inclusions:			$28,916,970
Exclusions:			
Estimated Building Aid [2]			$0
Total Exclusions			$0
Total Net Indebtedness [3]			$28,916,970
Net Debt Contracting Margin			$30,500,040

Notes: [1] The latest completed assessment roll for which a State Equalization Rate has been established.

[2] The calculation of such indebtedness has not taken into account any deductions therefrom of any apportionment of State Aid for debt service for school district purposes to which the District may be entitled. Since the gross indebtedness of the District is within its constitutional debt limit, the District is not required to apply for a Building Aid Estimate from the State Department of Education. The District anticipates the receipt of building aid (see "Building Aid Estimate," herein).

[3] Represents 48.67% of the District's Debt Limit.

Building Aid Estimate

Pursuant to the provision of Chapter 760 of the Laws of 1963, the District is eligible to receive a formal Building Aid Estimate from the State Department of Education. District officials have not applied for such estimate but anticipate the District will receive the following building aid:

	Assumed Outstanding Principal 6-30-16	Aid Ratio	Estimated Aid
2001 Serial Bonds $20,953,705 (Refunded)	$6,619,605	92.50%	$6,123,135
2010 Serial Bonds $21,569,386	14,485,000	82.50%	11,950,125
2016 Bond Anticipation Notes	995,000	82.50%	820,875
Additional Costs Attributed to Refunding	185,353	100.00%	185,353
Total:	$22,284,958		$19,079,488

Source: State Department of Education.

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

Authorized and Unissued Debt

As of the date of this Official Statement, the District has $280,000 of authorized and unissued indebtedness for the acquisition of various school buses and a truck with related equipment, pursuant to a bond resolution adopted on February 1, 2017. It is anticipated the District will borrow against this resolution in August 2017.

Capital Project Plans and Anticipated Future Borrowings

On October 15, 2014 the qualified voters of the District approved a $9,777,550 capital project. The project consists of the reconstruction, rehabilitation, and renovation, in part, and the construction of upgrades and improvements to various District buildings and facilities at the District's campus (and the site thereof). Work began in the summer of 2015 and is expected to be completed by the fall of 2017. The project is being funded with a combination of capital reserve funds, State Native American Building Aid, and borrowings.

Direct and Overlapping Indebtedness

In addition to the District, the political subdivisions in the following table have the power to issue bonds and to levy taxes or cause taxes to be levied on taxable real property in the District.

The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of the political subdivisions located within the District's boundaries. Such taxpayers' share of this overlapping debt is based upon the amount of the District's equalized property values taken as a percentage of each separate unit's total values. The table below sets forth both the total outstanding principal amount of debt issued by the District and the appropriate magnitude of the burden on taxable property of the District of the debt issued and outstanding by such overlapping entities, as of the dates shown.

Calculation of Estimated Overlapping and Underlying Indebtedness

Overlapping Units	Date of Report	Applicable Total Indebtedness	Exclusions [1]	Applicable Net Indebtedness	Full Value of District in Municipality	Total Full Value of Municipality	% In District	Estimated Applicable Overlapping Debt
Counties:								
Erie	2016	$469,089,127	$69,584,127	$399,505,000	$493,323,282	$51,961,517,243	0.95%	$3,792,905
Genesee	2016	22,391,464	1,026,464	21,365,000	23,778,589	2,757,158,816	0.86%	184,258
Niagara	2016	86,721,000	47,282,333	39,438,667	77,068,234	10,647,375,903	0.72%	285,466
Towns:								
Newstead	2016	10,889,775	9,127,035	1,762,740	478,703,329	579,943,292	82.54%	1,455,021
Clarence	2016	23,813,677	2,917,677	20,896,000	4,954,296	3,507,434,967	0.14%	29,516
Alden	2017	1,240,000	1,240,000	0	9,665,657	577,149,000	1.67%	0
Royalton	2016	4,309,000	3,249,000	1,060,000	73,006,580	374,614,843	19.49%	206,577
Lockport	2016	18,329,075	8,399,370	9,929,705	4,061,654	1,091,215,253	0.37%	36,960
Alabama	2015	0	0	0	8,057,459	88,004,835	9.16%	0
Pembroke	2015	3,217,071	3,217,071	0	15,721,130	250,671,860	6.27%	0
Village:								
Akron	2015	3,841,201	0	3,841,201	136,305,124	136,305,124	100.00%	3,841,201
Total Net Overlapping Debt:								$9,831,905
Total Net Direct Debt:								28,916,970
Total Overlapping and Direct Debt:								$38,748,875

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.

Note: [1] Exclusions consist of indebtedness deductible from gross indebtedness for debt limit purposes pursuant to constitutional and statutory provisions (including water and sewer debt and revenue anticipation notes).

Debt Ratios

The following table presents certain debt ratios relating to the District's net direct and overlapping indebtedness as of March 16, 2017:

	Amount	Debt Per Capita[1]	Debt Full Value[2]
Net Direct Debt	$28,916,970	$2,993.79	4.87%
Total Direct & Applicable Total Overlapping Debt	38,748,875	4,011.69	6.52%

Notes: [1] The population of the District is 9,659 according to the 2010 US Census Bureau.

[2] The full valuation of real property located in the District for the 2016-17 fiscal year is $594,170,104.

FINANCES OF THE DISTRICT

Independent Audit

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

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

In June 1999, GASB issued Statement 34, "Basic Financial Statements and Management's Discussions and Analysis for State and Local Governments". This Statement established new financial reporting requirements for state and local governments throughout the United States. When implemented, it required new information and restructured much of the information that governments had presented in the past. The District has implemented the accounting and financial procedures necessary to meet the requirements of GASB Statement 34.

In addition, the financial affairs of the District are subject to periodic compliance review by the Office of the State Comptroller to ascertain whether the District has complied with the requirements of various State and federal statutes. The last such audit conducted by the Office of the State Comptroller was released on June 20, 2014. The purpose of the audit was to evaluate the District's administration of compensatory time. This was for the period from July 1, 2011 through December 20, 2013 and can be found in its entirety on the website of the Office of the State Comptroller. Reference to the website implies no guarantee of the accuracy of information contained therein

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 special revenue funds which are used to account for special aid and school lunch programs. A capital projects fund is used to record capital transactions while a trust and agency fund accounts for moneys received by the District in a fiduciary capacity.

Basis of Accounting

The District's governmental funds are accounted for on a modified accrual basis whereby revenues, other than those susceptible ("measurable" and "available" to finance current operations) to accrual, are recorded when received in cash. Revenues susceptible to accrual include real property taxes and State aid. The District generally records expenditures on the accrual basis when fund liabilities are incurred, except in the case of interest on general obligation debt which is recorded when it becomes due. Pension costs billed to the District by the State are recorded as expenditures in full in the fiscal year billed. The estimated unbilled portion of these pension costs for governmental funds are shown as a liability on the balance sheet of the general long-term debt accounts group. Accumulated vacation and sick leave are also accounted for in the general long-term debt account group. Inventories are generally not recorded but expensed at the time of purchase; food and supplies in the school lunch fund are inventoried and carried at values which approximate market. Fixed assets are recorded at replacement costs as determined by appraisal; all capital assets, except land, are depreciated on a straight line basis over their estimated useful lives.

Investment Policy

The primary objectives of the District's investment policy are, in priority order, as follows:

- To conform to all applicable federal, State and other legal requirements.
- To adequately safeguard principal.
- To provide sufficient liquidity to meet all operating requirements.
- To obtain a reasonable rate of return on invested funds.

Pursuant to State law, including Sections 10 and 11 of the General Municipal Law (the "GML"), the District is generally permitted to deposit moneys which are not required for immediate expenditure 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 by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit in accordance with the provisions of and subject to the limitations of Section 10 of the GML.

The District may also temporarily invest moneys in: (1) obligations of the United States of America; (2) obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America; (3) obligations of the State; (4) with the approval of the State Comptroller, tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those 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 State 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, 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 District is not presently investing in repurchase agreements.

Collateral is required for demand deposit, money market accounts 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.

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

Budget Process

Annually, pursuant to the Education Law, the Board prepares or causes to be prepared a budget for the ensuing fiscal year. During November and December the tentative budget is developed and refined in consultation with school principals and department supervisors. At subsequent meetings of the Board the proposed budget is discussed and further refined. The tentative budget is adopted by the Board and submitted to referendum at the Annual Meeting held on the third Tuesday of May. Prior to the Annual Meeting a public hearing is held with respect to the proposed budget.

Pursuant to Chapter 97 of the 2011 Laws of New York, beginning with the District's 2012-13 fiscal year, if the proposed budget requires a tax levy increase that, after permissible exemptions are applied, does not exceed the lesser of two percent (subject to certain allowable adjustments) or the increase in a designated measure of the consumer price index (CPI), commonly referred to as the “Tax Cap”, a simple majority affirmative vote is required for approval. If the proposed budget requires a tax levy increase that exceeds the Tax Cap, the budget proposition must include special language and a 60% affirmative vote is required for approval. Any separate proposition that would cause the District to exceed the Tax Cap also must receive at least 60% voter approval. The District has not exceeded the Tax Cap in any year.

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

If the resubmitted or revised budget is not approved by the required margin, the Board must adopt a budget that requires a tax levy no greater than that of the prior fiscal year. For a complete discussion of Chapter 97 of the 2011 Laws of New York, see “REAL PROPERTY TAX INFORMATION – Tax Levy Limitation Law,” herein.

Residents of the District who are qualified to vote may participate in the referendum. If, by majority vote, the budget is approved, the Board, by resolution, adopts the budget for the ensuing fiscal year. If the budget is not so approved, the Board may make changes to the budget and re-submit it as revised to the voters for adoption. In the event that the voters reject a tax levy and the school district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

The District’s budget for the 2016-17 fiscal year was approved by the voters of the District on May 17, 2016.

Appropriations established by adoption of the general fund budget constitute a limitation on expenditures (and encumbrances) which may be incurred by the District. Appropriations lapse at the end of the fiscal year unless expended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves and budget amendments approved by the Board as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations occur, subject to legal restriction, if the Board approves them because of a need which did not exist, or was not determined at the time the budget was adopted.

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 for which financial statements are available may be found in APPENDIX A.

Real Property Taxes

See “REAL PROPERTY TAX INFORMATION,” herein

State Aid

The District is dependent to a significant degree on financial assistance from the State in the form of State aid for both operating and capital purposes. If the State should not adopt its budget in a timely manner in any year, municipalities and school districts in the State, including the District, may be affected by a delay in the payment of State aid.

In January 2001, the State Supreme Court issued a decision in Campaign for Fiscal Equity (“CFE”) v. New York mandating that the system of apportionment of State aid to school districts within the State be restructured by the Governor and the State Legislature. On June 25, 2002, the Appellate Division of the State Supreme Court reversed that decision. On June 26, 2003, the State Court of Appeals, the highest court in the State, reversed the Appellate Division, holding that the State must, by July 30, 2004, ascertain the actual cost of providing a sound basic education, enact reforms to the system of school funding and ensure a system of accountability for such reforms. The Court of Appeals further modified the decision of the Appellate Division by deciding against a Statewide remedy and instead limited its ruling solely to the New York City school system.

After further litigation in 2006, the Court of Appeals held that $1.93 billion of additional funds for the New York City schools - as initially proposed by the Governor and presented to the Legislature as an amount sufficient to provide a sound basic education - was reasonably determined. State legislature reforms in the wake of *The Campaign for Fiscal Equity* decision include increased accountability for expenditure of State funds and collapsing over 30 categories of school aid into one classroom operating formula referred to as foundation aid. Foundation aid prioritizes funding distribution based upon student need.

Litigation is continuing however as a statewide lawsuit entitled *NYSER vs. State of New York* has been filed recently on behalf of the State's public school students. The lawsuit asserts that the State has failed to comply with the original decision of the New York State Court of Appeals in *CFE v. State of New York* to ensure that all students throughout the State have the opportunity for a sound basic education. The complaint asks the court for an order requiring the state to immediately discontinue the use of the gap elimination adjustment (GEA), the cap on State aid increases and the supermajority requirements regarding increases in local property tax levies. The complaint also asks the court to order the State to develop a new methodology for determining the actual costs of providing all students the opportunity for a sound basic education, revise the State funding formulas to ensure that all schools receive sufficient resources, and ensure a system of accountability that measures whether every school has sufficient resources and that all students are, in fact, receiving the opportunity for a sound basic education. It is not possible to predict the outcome of this litigation.

State aid to school districts in the State had generally declined in the wake of the 2008-2009 recession before increasing more recently. The total reduction in State aid for the State's fiscal year ending March 31, 2011 was approximately $2.1 billion; however, this amount was partially offset by $726,000 in federal aid for education, including funding from the American Reinvestment and Recovery Act of 2009 and other federal initiatives. As a result, the net State aid reduction for the State's 2010-2011 totaled approximately $1.4 billion. The State's adopted budget for the fiscal year ended March 31, 2012 included a decrease of $1.3 billion in State aid to education.

The State's adopted budget for the fiscal year that ended March 31, 2013 included a total of approximately $20.4 billion for school aid, which represented an increase of $805 million in total education spending. The budget linked a portion of such additional school aid to compliance with a new teacher evaluation process. School districts were not eligible for such portion of aid increases unless they fully implemented the new teacher evaluation process by January 17, 2013. The District complied with the deadline.

The State's adopted budget for the fiscal year that ended March 31, 2014 allocated $20.8 billion in formula-based aid to schools, an increase of $937 million, or 4.7%, over the prior year. In addition to formula-based aids, another $75 million was allocated for the expansion of a competitive grant program and about $300 million was allocated for other categorical program grants. The total school aid increase was close to $1.1 billion, or 5.3%.

The State's adopted budget for the fiscal year that ended March 31, 2015 included a total of approximately $21.88 billion for school aid, which represented an increase of $807 million, or 3.8%, in total education spending, including an increase of $602.82 million (2.92%) in formula-based aid, including building aid. In addition, the budget supported initiatives to enhance education technology in schools, provided for full-day prekindergarten and rewarded teacher excellence.

The State's adopted budget for the fiscal year that ended March 31, 2016 included a total of approximately $23.5 billion for school aid, which represents an increase of $1.4 billion, or 6.2%, in total education spending, most of which ($1.3 billion) was in the form of formula-based aids, including building aid. The increase in funding was tied to changes in the teacher evaluation and tenure process, which the District complied with. In addition, the budget provided for new grants to support expanded prekindergarten programs in high-needs districts ($30 million), help failing schools improve ($75 million), and established a redesigned teacher evaluation system where highly effective teachers will receive performance bonuses of up to $20,000 ($10 million). In addition, the budget included a partial reduction of the Gap Elimination Adjustment ("GEA") instituted in the State's 2010-2011 to 2012-2013 fiscal years. The GEA "Deficit Reduction Assessment" was introduced as a way to help close the State's then $10 billion budget deficit. Under the legislation, a portion of the funding shortfall at the State level was divided among all school districts across the State, resulting in a reduction in school district general aid funds. The GEA is an aid reduction number that is deducted from the aid originally due to school districts.

The State's adopted budget for the fiscal year ending March 31, 2017 includes a total of approximately $24.2 billion for school aid, which represents an increase of $1.35 billion, or 5.9%, in total education spending over the prior year.

Included within the budget is a $627 million increase in Foundation Aid, $342 million for expense based aids, and the total elimination of the GEA. There is also $100 million set aside for Community Schools Aid, to transform failing and high-needs schools into "community schools" to help to provide mentoring, summer learning activities, and health support to students.

The Governor's Executive Budget for the fiscal year ending March 31, 2018, was released on January 17, 2017; it provides for an approximate 4% hike in State aid to public schools, but at this point it is only a starting point for negotiations with the Legislature.

There can be no assurance that the State appropriation for State aid to school districts will not be reduced or delayed in future fiscal years, as the State is not constitutionally obligated to maintain or continue State aid to the District. The availability of such monies and the timeliness of such payment could be affected by a delay in the adoption of the State budget. In any event, State aid appropriated and apportioned to the District can be paid only if the State has such monies available therefor.

A summary of State aid payments received by the District for the last five fiscal years for which audited financial statements are available and the amount budgeted for the 2016-17 fiscal year can be found below:

Fiscal Year Ending June 30:	Total General Fund State Aid	Total General Fund Revenues	Percentage of Total Revenues Consisting of State Aid
2012	$13,435,098	$25,342,459	53.01%
2013	13,879,234	26,108,068	53.16%
2014	14,311,132	27,460,499	52.12%
2015	13,935,761	26,509,182	52.57%
2016	15,081,661	28,495,199	52.93%
2017 (Budgeted)	16,195,864	29,144,367	55.57%

Source: Audited Annual Financial Reports and Budget of the District.

State and Federal Aid for the Education of Native American Students

The District is responsible for providing education to the students that reside within the nearby Tonawanda Reservation. These students make up approximately 10% of the District's enrollment. A portion of the State and federal aid received by the District, as well as tuition paid by the State, is for the education of such students and to compensate the District for the lost property tax revenues due to the tax-exempt federal property within the reservation.

The District received federal impact aid in the amount of $358,517 for the 2015-16 fiscal year and has budgeted $370,000 for the 2016-17 fiscal year. The District estimates that from 2017-18 forward, the amount of impact aid received will be $350,000 to $400,000 per year.

Sales Tax

The District is dependent to a small degree on the portion of sales tax revenues it receives from Erie County. Erie County has a local sales tax rate of 4.75%. Of the first 3%, the County retains 35.3055% (of which the Niagara Frontier Transportation Authority receives 4.1666% leaving the County with 31.1389%); 10.0087% is distributed to the cities of Buffalo, Lackawanna and Tonawanda on the basis of population; 25.6858% is divided among the cities of Buffalo, Lackawanna and Tonawanda and the towns in the County on the basis of population and property value, and villages receive a portion of the town share based on property value; 29% is divided among all the school districts with territory in the County on the basis of average attendance. The cities of Lackawanna and Tonawanda are guaranteed an annual minimum of $1,172,706 and $1,534,671 respectively. Of the additional 1%, $12.5 million is distributed to cities, towns and villages in the County on the basis of property value. The remainder of that addition 1% is retained by the County. The final 0.75% is retained by the County.

Genesee and Niagara Counties do not share sales tax with the school districts within their respective borders.

A summary of sales tax payments received by the District for the last five fiscal years and the amount budgeted for the 2016-17 fiscal year are as follows:

Fiscal Year Ending June 30:	Total General Fund Sales Tax	Total General Fund Revenues	Percentage of Total Revenues Consisting of Sales Tax
2012	$1,229,775	$25,342,459	4.85%
2013	1,196,480	26,108,068	4.58%
2014	1,216,234	27,460,499	4.43%
2015	1,246,271	26,509,182	4.70%
2016	1,214,795	28,495,199	4.26%
2017 (Budgeted)	1,200,000	29,144,367	4.12%

Source: Audited Annual Reports and Budget of the District.

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

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

The fiscal stress scores are based on financial information submitted as part of each school district's ST-3 report filed with the State Education Department annually, and each municipality's annual report filed with the State Comptroller. Using financial indicators that include year-end fund balance, cash position and patterns of operating deficits, the system creates an overall fiscal stress score which classifies whether a school district or municipality is in "significant fiscal stress", in "moderate fiscal stress," is "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 it in one of the three established stress categories.

The most current applicable report of the State Comptroller designates the District's fiscal score as 0.0%, putting it in the "No Designation" category.

For a complete list of school district and municipal fiscal stress scores, visit the website of the Office of the State Comptroller.

Employee Pension Benefits

Professional employees (teachers and administrators) of the District are members of the State Teachers' Retirement System ("TRS"). Payments to the TRS are generally deducted from State aid payments. All nonprofessional employees of the District eligible for pension or retirement benefits are members of the State and Local Employees' Retirement System ("ERS," and collectively with the TRS, the "Retirement Systems" or the "Systems"). Both the TRS and ERS are non-contributory with respect to the members hired prior to July 1, 1976. All members of the respective Systems hired on or after July 1, 1976 and before April 2, 2012 contribute 3% (ERS) or 3.5% (TRS) of their gross annual salary toward the cost of retirement programs. Chapter 86 of the Laws of 2000 eliminated the 3% contribution for Tier 3 and Tier 4 members with ten years of service credit.

On December 10, 2009, former Governor Paterson signed into law pension reform legislation that will provide (according to a Division of the Budget analysis) more than $35 billion in long-term savings to State taxpayers over the next thirty years. The legislation created a new Tier V pension level, the then-most significant reform of the State's pension system in more than a quarter-century. Key components of Tier V include:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38 percent for any civilian who retires prior to age 62.
- Requiring employees to continue contributing three percent of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw a pension from five years to ten years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at $15,000 per year, and for police and firefighters at 15 percent of non-overtime wages.

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

- Raising the minimum age an individual can retire without penalty from 55 to 57 years.
- Contributing 3.5 percent of their annual wages to pension costs rather than 3.0 percent and continuing this increased contribution so long as they accumulate additional pension credits.
- Increasing the two percent multiplier threshold for final pension calculations from 20 to 25 years.

On March 16, 2012, Governor Cuomo signed into law Chapter 18 of the Laws of 2012, which legislation provides for a new Tier VI for employees hired on or after April 1, 2012. The Division of the Budget estimates the new tier will save the State and local governments outside of New York City $80 billion over the next 30 years. The new pension tier has progressive contribution rates between 3% and 6%; it increases the retirement age for new employees from 62 to 63 and includes provisions allowing early retirement with penalties. Under Tier VI, the pension multiplier is 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.

For the last five completed fiscal years and the amount budgeted for the 2016-17 fiscal year, the District's actual and estimated contributions to the ERS and TRS are as follows:

Fiscal Year Ending June 30:	ERS	TRS
2012	$1,039,328	$410,883
2013	1,032,590	543,973
2014	1,457,351	484,896
2015	1,619,911	532,850
2016	1238,342	481,938
2017 (Budgeted)	1,223,635	459,500

The District prepays its pension obligations in December of each year to take advantage of the discounted payment amount offered by the Retirement Systems for paying pension obligations in advance of the February 1 due date. The District's contributions made to the Retirement Systems were equal to 100% of the contributions required for each year.

Chapter 49 of the Laws of 2003 changed the cycle of billing to better match budget cycles of the District and other governmental employers. Under the previous method, the District was unsure of how much it would be required to pay to the Retirement Systems until after its budget was implemented. The contribution for a given fiscal year is now based on the value of the pension fund on the prior April 1 instead of the following April 1, so the District is now able to more accurately build the cost of the contribution into its budget. The District is required to provide for a minimum contribution of 4.50% of payroll every year, including years in which the investment performance of the fund would make a lower contribution possible.

Due to significant capital market declines in the wake of the 2008 financial crisis, the Systems' portfolios experienced negative investment performance and severe downward trends in market earnings (until fairly recently). As a result of the foregoing, State Comptroller Thomas DiNapoli announced that the employer contribution rate for the ERS in 2012 and subsequent years would be higher than the minimum contribution rate established by Chapter 49. Recently, this trend has reversed, and contribution rates have begun to decline. For fiscal year 2017-18 average ERS contributions will decrease from 15.5% to 15.3% of payroll. The Systems posted a 0.19% return for the fiscal year ended March 31, 2016.

TRS Administrative Bulletin, Issue No. 2016-6, August 2016, reports that the Retirement Board adopted an Employer Contribution Rate (ECR) of 11.72% of member payroll, a decrease from the 2016-17 rate of 13.26%. This rate will apply to fiscal year 2016-17 NYSTRS member salaries and will be collected in the fall of 2017. TRS Administrative Bulletin, Issue No. 2017-1, February 2017, reports that the estimated ECR for 2017-18 payroll is 9.80%. The final rate will be adopted at the July Board meeting. The one-year rate of return on the Systems' assets for the fiscal year ending June 30, 2016 was 2.3%.

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

The enacted 2013-14 State Budget established an Alternative Contribution Stabilization Program (ACSP) which allowed local governments and school districts to lessen the cash impact of current increases in pension contributions, while repaying the deferrals with interest as well as contributing to a reserve account to dampen future rate increases. Eligible participating employers had the opportunity to make a one-time election in the 2013-14 fiscal year to the ACSP. Interest rates charged on deferrals to participants in the ACSP program were a rate comparable to a 10-year treasury bond adjusted to a12-year duration plus one percent. Once a participating employer elected into the program deferred contributions could be amortized over a period of up to 12 years using the ACSP. A participant cannot withdraw from the program; however, a participant does not have to amortize for the full 12-year term of the program. There is no penalty for prepayment of amortized amounts.

The enacted budget also established a program for participating employers in the TRS System. As approved by the TRS Board, the program permitted employers to opt into a 12-year temporary program during the period from September 11, 2013 to June 30, 2014, which potentially allowed the deferral of a portion of pension contributions in each of the next seven years' bills. Beginning in year six, participants would begin paying off over five years of deferrals in five annual installments. Beginning in year eight, participants would pay off any deferrals from years six and seven in five installments. The initial contribution rate for participants (beginning with the 2013-14 cycle) is 14% of payroll. The TRS Board may increase rates to one percent of payroll after two years and up to 18% of payroll after year four.

The programs would reduce pension contributions for local governments and school districts in the near future, but would require higher payments later on. However, those higher payments required in later years could be offset, at least in part, by savings from the new pension tier, Tier VI.

The District does not amortize its pension obligations, and has not chosen to participate in either program.

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

Other Post-Employment Benefits

GASB Statement No. 45 ("GASB 45") requires state and local governments to account for and report their costs associated with post-employment benefits and other non-pension benefits ("OPEB"), as it accounts for vested pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. It requires them to adopt the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

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

Actuarial valuation will be required every two years for OPEB plans with more than 200 members and every three years if there are less than 200 members.

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and its compliance in meeting its ARC. The District is in compliance with the requirements of GASB 45.

The District's annual required contribution, the percentage of costs contributed and the net OPEB obligation for the past five fiscal years are as follows:

Fiscal Year Ending June 30:	Annual Required Obligation	Percentage of Annual OPEB Costs Contributed	Net OPEB Obligation
2012	$153,065	71.9%	$372,786
2013	129,223	72.5%	408,385
2014	131,539	82.1%	431,924
2015	320,384	47.4%	600,302
2016	330,057	46.4%	777,372

As of July 1, 2014, the actuarial accrued liability for future benefits was $3,125,991, all of which is unfunded. There is no authority in current State law to establish a reserve fund to meet this liability. While State Comptroller Thomas P. DiNapoli proposed a bill in April of 2015 that would create an optional investment pool to help local governments fund their OPEB liabilities, such legislation has not advanced past the committee stage. The District continues to meet this liability on a pay-as-you-go basis.

Additional information about GASB 45 and other accounting rules applicable to municipalities and school districts may be obtained from GASB.

REAL PROPERTY 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 various Town assessors. Assessment valuations are determined by the Town assessors and the State Office of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Office 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 of debt contracting and real property taxing limitations.

Tax Collection Record

	Fiscal Year Ended June 30:				
	2013	2014	2015	2016	2017
Total Tax Levy	$8,987,410	$9,324,438	$9,435,800	$9,525,000	$9,595,000
Less: STAR Reimbursement from State	1,572,940	1,610,913	1,630,423	1,644,536	1,587,631
Adjustments	(55,113)	(12,508)	(5,725)	(5,394)	(1,556)
Total Amount to be Collected	$7,359,357	$7,713,525	$7,805,377	$7,875,070	$8,005,813
Taxes Collected Prior to Return to Counties	7,131,150	7,465,867	7,591,469	7,716,919	7,854,819
Amount Returned to Counties	$228,207	$247,658	$213,908	$158,151	$150,994
Percent Collected Prior to Return	96.90%	96.78%	97.26%	97.99%	98.11%

Source: District Officials.

Note: The Counties reimburse the District for any unpaid taxes, thus assuring the District of 100% collection each year. See “Tax Collection Procedure" below.

Percentage of Revenues - Real Property Taxes

Fiscal Year Ending June 30:	Total General Fund Real Property Taxes	Total General Fund Revenues	Percentage of Total Revenues Consisting of Real Property Taxes
2012	$7,130,815	$25,342,459	28.14%
2013	7,361,162	26,108,068	28.19%
2014	7,738,993	26,044,954	29.71%
2015	7,802,194	26,509,182	29.43%
2016	7,880,464	26,921,419	29.27%
2017 (Budgeted)	7,963,850	29,144,367	27.33%

Source: Audited Annual Financial Reports and Budgets of the District.

Tax Collection Procedure

Taxes are due and payable from September 15 to October 15. In Erie County, taxes paid between October 16 and October 31 are subject to a 7.5% penalty fee; taxes paid between November 1 and December 3 are subject to a 9% penalty fee. In Niagara County, taxes paid between October 16 and November 15 are subject to a 2% penalty fee; taxes paid on or after November 16 are subject to a 7% penalty fee and a 3% interest charge. In Genesee County, taxes paid between October 16 and October 31 are subject to a 2% penalty fee; taxes paid between November 1 and November 15 are subject to a 3% penalty fee. All taxes remaining unpaid after the respective collection periods are turned over to the

Counties' Commissioners of Finance for collection. The Counties reimburse the District in full before the end of the District's fiscal year.

Source: District Officials.

Tax Levy Limitation Law

On June 24, 2011, Chapter 97 of the 2011 Laws of New York was signed into law by the Governor ("Chapter 97" or the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to all local governments, including school districts (with the exception of New York City, and the counties comprising New York City and school districts in New York City, Buffalo, Rochester, Syracuse, and Yonkers.)

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

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

Chapter 97 restricts, among other things, the amount of real property taxes that may be levied by or on behalf of a school district in a particular year. Pursuant to the Tax Levy Limitation Law, the tax levy of a school district cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the CPI, over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases or changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. Chapter 20 additionally allows the State Commissioner of Taxation and Finance to adjust for changes in the real property base to reflect development on tax exempt real property. The permissible amount of increase for the District's 2015-16 budget year was 1.62%, with a 0.12% increase permissible for the 2016-17 budget year.

Beginning with the 2012-2013 fiscal year, school districts have had to submit their proposed tax levies to the voters each year. A school district could exceed the tax levy limitation for the coming fiscal year only if the voters of such school district first approve a tax levy by at least 60% affirmative vote of those voting to override such limitation for such coming fiscal year only. Tax levies that do not exceed the limitation will only require approval by at least 50% of those voting. In the event that the voters reject a tax levy and the district does not go out for a second vote, or if a second vote is likewise defeated, Chapter 97 provides that the tax levy for the new fiscal year may not exceed the tax levy for the prior fiscal year.

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

There are exceptions for school districts to the tax levy limitation provided in Chapter 97, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the State and Local Employees' Retirement System, and the Teachers' Retirement System. School districts are also permitted to carry forward a certain portion of their unused levy limitation from a prior year.

There is also an exception for school districts for "Capital Local Expenditures" subject to voter approval where required by law. This term is defined in a manner that does not include certain items for which a school district may issue debt including the payment of judgments or settled claims, including tax certiorari payments, and cash flow borrowings including tax anticipation notes, revenue anticipation notes and budget notes. "Capital Local Expenditures" are defined as "the taxes associated with budgeted expenditures resulting from the financing, refinancing, acquisition, design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping of or otherwise providing for school district capital facilities or school district capital equipment, including debt service and lease expenditures, and transportation capital debt service, subject to the approval of the qualified voters where required by law". The portion of the tax levy necessary to support "Capital Local Expenditures" is defined as the "Capital Tax Levy", and this is an exclusion from the tax levy limitation. The Bonds qualify for this exception as the Refunded Bonds were issued to finance a voter-approved capital expenditure. Chapter 20 also allows the State Commissioner of Taxation and Finance to adjust the exclusion to reflect a school district's share of capital expenditures related to projects funded through a board of cooperative educational services.

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

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

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

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

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

Chapter 59, under Chapter 20 the eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Levy Limitation Law. Unlike Chapter 59, however, for many taxpayers only the compliance of the school district in which the taxpayer resides is relevant. Municipal compliance with the Tax Levy Limitation Law is only required in the case of the "Big 4" cities that have fiscally dependent school districts. In such cases, the joint school/city levy must remain in compliance with the Tax Levy Limitation Law. In either scenario, the relevant jurisdiction (independent school district or joint city/school district) must certify its compliance with the provisions of the Tax Levy Limitation Law.

While the provisions of Chapter 59 and Chapter 20 do not directly further restrict the taxing power of the affected municipalities, school districts and special districts, they do provide an incentive for such tax levies to remain within the tax cap limits established by the Tax Levy Limitation Law. The implications of this for future tax levies and for operations and services of the District are uncertain at this time.

On February 20, 2013, the New York State United Teachers ("NYSUT") organization filed a lawsuit against the State challenging the Tax Levy Limitation Law as applied to school districts on multiple federal and State constitutional grounds. The Board of the District did not join the NYSUT lawsuit as a plaintiff. On September 23, 2014, a justice of the State Supreme Court dismissed each of NYSUT's causes of action but granted NYSUT's motion to amend the complaint. After the ruling, NYSUT amended its complaint to include a challenge to the Chapter 59 Real Property Tax

Rebate, also on federal and State constitutional grounds. On March 16, 2015, all causes of action contained in the amended complaint were dismissed. NYSUT appealed this decision on July 8, 2015. On May 5, 2016 the decision to dismiss the suit was upheld by the State Supreme Court Appellate Division. NYSUT has stated that it will most likely take the case to the state Court of Appeals; therefore, the ultimate outcome of this litigation cannot be determined at this time.

STAR - School Tax Exemption

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

Homeowners over 65 years of age with household incomes of $86,000 or less ($84,550 or less for the 2016-17 year) are eligible for a "full value" exemption for the first $65,300 of the homeowner's primary residence from school property taxes in the 2017-18 school year (unchanged from 2016-17). Other homeowners where the owner's total income is less than $500,000 are eligible for at least a $30,000 "full value" exemption on their primary residence. Beginning with school taxes for the 2011-12 school year, legislation caps STAR savings increases at 2% of the prior year's savings. The District typically receives full reimbursement of such exempt taxes from the State by the first business day of January in each year. The details of the STAR exemption formulas are available from the website of the State Department of Taxation and Finance.

Assessed and Full Valuations

	Fiscal Year Ending June 30:				
	2013	2014	2015	2016	2017
Assessed Valuations:					
Newstead	$457,887,636	$456,759,723	$461,425,746	$467,075,784	$471,522,779
Clarence	4,252,065	4,402,932	4,412,616	4,951,210	4,954,296
Alden	4,476,517	4,427,185	4,416,838	9,751,398	9,665,657
Royalton	68,220,994	68,624,872	71,159,573	71,020,334	71,546,448
Lockport	3,540,913	3,510,626	3,719,433	3,817,833	4,061,654
Alabama	7,804,924	7,853,213	7,795,807	8,204,382	7,976,884
Pembroke	14,928,315	14,781,476	15,226,668	15,201,176	15,249,496
Total	$561,111,364	$560,360,027	$568,156,681	$580,022,117	$584,977,214
Equalization Rates:					
Newstead	100.00%	100.00%	100.00%	99.00%	98.50%
Clarence	100.00%	100.00%	100.00%	100.00%	100.00%
Alden	51.00%	50.00%	47.50%	100.00%	100.00%
Royalton	98.00%	92.00%	100.00%	100.00%	98.00%
Lockport	100.00%	100.00%	100.00%	100.00%	100.00%
Alabama	97.00%	97.00%	97.00%	100.00%	99.00%
Pembroke	100.00%	100.00%	100.00%	100.00%	97.00%
Full Valuations:					
Newstead	$457,887,636	$456,759,723	$461,425,746	$471,793,721	$478,703,329
Clarence	4,252,065	4,402,932	4,412,616	4,951,210	4,954,296
Alden	8,777,484	8,854,370	9,298,606	9,751,398	9,665,657
Royalton	69,613,259	74,592,252	71,159,573	71,020,334	73,006,580
Lockport	3,540,913	3,510,626	3,719,433	3,817,833	4,061,654
Alabama	8,046,313	8,096,096	8,036,914	8,204,382	8,057,459
Pembroke	14,928,315	14,781,476	15,226,668	15,201,176	15,721,130
Total	$567,045,986	$570,997,475	$573,279,557	$584,740,054	$594,170,104

Tax Rate / $1,000 Assessed Value

	Fiscal Year Ending June 30:				
	2013	2014	2015	2016	2017
Newstead	$15.45	$15.92	$16.03	$16.04	$15.98
Clarence	15.45	15.92	16.03	15.87	15.74
Alden	30.3	31.83	33.74	15.87	15.74
Royalton	18.15	19.84	18.55	18.34	18.54
Lockport	17.79	18.26	18.55	18.34	18.17
Alabama	18.34	18.82	19.13	18.34	18.35
Pembroke	17.79	18.26	18.55	18.34	18.73

Source: School District Officials.

Ten Largest Taxpayers

2016 Assessment Roll for the 2016-17 Taxes

Name	Type	Total Taxable Assessed Value
Niagara Mohawk Power Corp	Utility	$11,601,523
National Fuel Gas	Utility	4,352,494
Golden Pond Estates, Inc.	Mobile Home Park	4,275,000
County Line Stone	Mining/Gravel Pit	3,490,562
Whiting Door Manufacturing Corp.	Manufacturing	3,425,900
Greenbriar Akron LLC	Retail	2,500,000
ICP Realty Corp.	Transportation Services/Warehousing	2,284,300
Akron Mobile Home Park	Mobile Home Park	2,264,000
Arrowhead Links LLC	Golf Course	2,125,000
Niagara Specialty Metals, Inc.	Manufacturing	1,752,900
Total		$38,071,679 [1]

Note: [1] Represents 6.51% of the 2016-17 assessed valuation of $584,977,214 of the District.

LITIGATION

In common with other local governments and school districts, the District from time to time receives notices of claim and is a 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.

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

BONDHOLDER RISKS

There are various forms of risk associated with investing in the Bonds. One such risk is that the District will be unable to promptly pay interest and principal on the Bonds as they become due (see "THE BONDS - Remedies of Bondholders on Default," herein). The following is a discussion of certain events that could affect the risk of investing in the Bonds. 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 tax certiorari proceedings could result in a 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 "FINANCES OF THE DISTRICT," herein). Unforeseen developments could also result in substantial increases in District expenditures, thus placing considerable strain on the District's financial condition.

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

If and when a holder of any of the Bonds should elect to sell a Bond 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 Bonds. In addition, the price and principal value of the Bonds is dependent on the prevailing level of interest rates; if interest rates rise, the price of a Bond will decline, causing the holder to incur a capital loss upon the sale of such Bond (unless such Bond is held to maturity).

Amendments to U.S. Internal Revenue Code of 1986, as amended (the "Code") could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the District. Since the November 2016 election, President Trump and the leaders of the Republican majorities in both houses of Congress have stated that some sort of significant tax reform legislation will be a priority for them in 2017. While it is impossible to predict at this time what, if any, legislation will be proposed or enacted, any such future legislation could have an adverse effect on the tax treatment of the Bonds and the market value of the Bonds (See "TAX EXEMPTION," herein).

TAX EXEMPTION

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, will deliver an opinion that, under existing law, the interest on the Bonds is excluded from gross income of the owners thereof for federal income tax purposes, and is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code. However, such opinion will note that (1) the District, by failing to comply with certain restrictions contained in the Code, may cause interest on the Bonds to become subject to federal income taxation from the date of issuance of the Bonds; (2) Section 56 of the Code provides that for purposes of computing the alternative minimum tax on corporations (as defined for federal income tax purposes) interest on the Bonds is taken into account in determining adjusted current earnings; and (3) interest on the Bonds earned by foreign corporations doing business in the United States could be subject to the branch profits tax imposed by Section 884 of the Code. Such opinion will state that interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York).

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

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

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

(2) The requirements contained in Section 148 of the Code relating to arbitrage bonds.

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

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

The interest on the Bonds is subject to, among others, the following provisions contained in the Code:

(1) Interest on the Bonds is not an "item of tax preference" for purposes of the individual and corporate alternative minimum taxes imposed by the Code. However, interest on the Bonds is includable in the "adjusted current earnings" of any corporate owner of the Bonds and 75% of the interest on the Bonds is thus includable in the tax base for computing a corporation's liability with respect to the 20% alternative minimum tax imposed on corporations by the Code.

(2) If the Bonds are held by certain foreign corporations doing business in the United States, the interest on the Bonds will be included in "effectively connected earnings and profits" for purposes of computing a branch profits tax of up to 30%.

(3) A property casualty insurance company's deduction for the losses incurred will be reduced by 15% of the income received from tax-exempt obligations.

(4) The United States Treasury Department has promulgated regulations which might have the effect of imposing a tax at ordinary income rates with respect to interest on the Bonds owned by "S Corporations" in certain cases.

Under the Code, the benefits of the exclusion of the interest on the Bonds from gross income for federal income tax purposes may be diminished by operation of certain provisions of the Code which affect recipients of Social Security and railroad retirement benefits.

As noted under "BONDHOLDER RISKS," amendments to the Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and other debt issued by the District. Any such future legislation could have an adverse effect on the market value of the Bonds.

While previous Congresses have been able to defer significant discussions regarding federal tax and spending policies by voting to suspend the nation's statutory debt ceiling, the latest such suspension expired on March 15, 2017. As of the date of this Official Statement, Congress has not yet voted to raise or further suspend the debt ceiling, and as a result the Treasury Department has indicated that it will use "extraordinary measures" to avoid defaulting on the nation's obligations. The Congressional Budget Office projects that these measures could provide sufficient cash to defer the threat of default until the fall of 2017. At this time the outcome of negotiations in Washington about this issue cannot be predicted. Prospective investors in the Bonds are encouraged to consult with their own legal and tax advisors with respect to these matters.

DOCUMENTS ACCOMPANYING DELIVERY OF THE BONDS

Absence of Litigation

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

Legal Matters

The legality of the authorization and issuance of the Bonds will be covered by the legal opinion of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York. Such legal opinion will state that in the opinion of Bond Counsel (i) the Bonds have been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitute valid and legally binding general obligations of the District, and, unless paid from other sources, are payable as to principal and interest from *ad valorem* taxes levied upon all the taxable real property within the District, without limitation as to rate or amount (subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York); provided, however, that the enforceability (but not the validity) of the Bonds may be limited or otherwise affected by (a) any applicable bankruptcy, insolvency, reorganization, fraudulent conveyance, moratorium or similar statute, rule, regulation or other law affecting the enforcement of creditors' rights and remedies heretofore or hereafter enacted or (b) by the unavailability of equitable remedies or the application thereto of equitable principles, (ii) assuming that the District complies with certain requirements of the Code, interest on the Bonds (a) is excluded from gross income for federal income tax purposes and (b) is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals and corporations and (iii) interest on the Bonds is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof, including the City of New York. Bond Counsel will express no opinion regarding other federal income tax consequences arising with respect to the Bonds.

Such legal opinion also will state that (i) in rendering the opinions expressed therein, Bond Counsel has assumed, without inquiry or other investigation, (a) the legal capacity of each natural person, (b) the full power and authority of each person other than the District to execute and deliver certain documents and to perform certain acts, (c) no modification of any provision of any document, no waiver of any right or remedy and no exercise of any right or remedy other than in a commercially reasonable and conscionable manner and in good faith, (d) the genuineness of each signature, the completeness of each document submitted to Bond Counsel, the authenticity of each document submitted to Bond Counsel as an original, the conformity to the original of each document submitted to Bond Counsel as a copy and the authenticity of the original of each document submitted to Bond Counsel as a copy, (e) the accuracy on the date of such opinion of certain reviewed documents, (f) the truthfulness of each statement as to any factual matter contained in such reviewed documents, and (g) the due and timely filing of certain filed documents; (ii) the scope of Bond Counsel's engagement in relation to the issuance of the Bonds has extended solely to rendering the opinions expressed therein, (iii) the opinions expressed therein are not intended and should not be construed to express or imply any conclusion that the amount of real property subject to taxation within the boundaries of the District, together with other legally available sources of revenue, if any, will be sufficient to enable the District to pay the principal of and interest on the Bonds as the same respectively become due and payable, and (iv) no opinion is expressed by Bond Counsel as to whether the District, in connection with the sale of the Bonds, has made any untrue statement of a material fact, or omitted to state a material fact necessary in order to make any statements made, in the light of the circumstances under which they were made, not misleading.

Certain legal matters will be passed on for the Underwriter by its counsel, Orrick, Herrington & Sutcliffe LLP, of New York, New York.

DISCLOSURE UNDERTAKING

Because at the time of the delivery of the Bonds, the District will be an "obligated person" (as such is defined in Securities and Exchange Commission Rule 15c2-12 (the "Rule"), unless the Bonds are purchased for the purchaser's own account, as principal, for investment and not for resale, the District will agree, for the benefit of the beneficial owners of the Bonds, to provide to the Municipal Securities Rulemaking Board (the "MSRB") Electronic Municipal Market Access ("EMMA") system, or its successor, in an electronic format as prescribed by the MSRB, certain annual financial information and operating data relating to the District (the "annual information") in a form generally consistent with the information contained or cross-referenced in this Official Statement relating to the Bonds under the headings "THE DISTRICT," "DEMOGRAPHIC AND STATISTICAL INFORMATION," "DISTRICT INDEBTEDNESS," "FINANCES OF THE DISTRICT," "REAL PROPERTY TAX INFORMATION," "LITIGATION" and all Appendices (other than any related to bond insurance) for the preceding fiscal year on or prior to the later of either the end of the ninth month of each succeeding fiscal year, or if audited financial statements are prepared, 60 days following receipt by the District of audited financial statements for the preceding fiscal year (at which time such audited financial statements will also be filed), but in no event later than the last business day of each such succeeding fiscal year. In the event the annual information is not provided by the date listed above, the District agrees to provide notice of such failure to the EMMA system in a timely manner.

Unless the Bonds are purchased for the purchaser's own account as principal, for investment and not for resale, the District will also undertake to provide timely notice not in excess of ten (10) business days after the occurrence of any of the following designated events with respect to the Bonds, to the EMMA system or any other entity designated or authorized by the Securities and Exchange Commission to receive reports pursuant to the Rule:

(a) principal and interest payment delinquencies;

(b) non-payment related defaults, if material;

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

(d) unscheduled draws on credit enhancements reflecting financial difficulties;

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

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

(g) modifications to rights of Bondholders, if material;

(h) bond and note calls, if material, and tender offers;

(i) defeasances;

(j) release, substitution, or sale of property securing repayment of the Bonds, if material;

(k) rating changes;

(l) bankruptcy, insolvency, receivership or similar events of the District;

(m) 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

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

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

With respect to event (d) above, the District will not undertake to provide any notice with respect to credit enhancement added after the primary offering of the securities.

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

All documents provided to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

The District will agree to the foregoing undertakings in order to assist participating underwriters of the Bonds and brokers, dealers and municipal securities dealers in complying with the Rule. The District will provide the foregoing information for so long as the Rule is applicable to the Bonds and the District remains an "obligated person" under the Rule with respect to the Bonds.

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

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

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

The District may amend the continuing disclosure undertaking upon a change in circumstances provided that (a) the undertaking, as amended, would have complied with the requirements of the Rule at the time of this offering, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances and (b) in the opinion of nationally recognized bond counsel selected by the District, the amendment does not materially impair the interests of the beneficial owners of the Bonds.

Unless the Bonds are purchased for the purchaser's own account, as principal, for investment and not for resale, a Continuing Disclosure Undertaking to this effect shall be provided to the purchaser at closing.

For the past five years, the District has complied, in all material respects, with its previous continuing disclosure undertakings with the exception of the instances that follow. The District submitted an event based filing on July 24, 2014 to revise the continuing disclosure language included on the 2010 serial bonds dated July 1, 2010 due to a typographical error contained in the Final Official Statement posting to the MSRB EMMA website and to align with the terms contained in the Continuing Disclosure Undertaking Certificate executed on July 1, 2010 as part of the official bond transcripts for the Bonds. The District also failed to timely file event notices for various bond insurer rating changes. The required notices have been filed as of the date of this Official Statement.

RATING

S&P Global Ratings has assigned a rating of "AA-" (Stable Outlook) to the Bonds. Such ratings reflect only the view of such rating agency and any desired explanation of the significance of such ratings should be obtained from such rating agency. Generally, rating agencies base their ratings on rating investigation, studies and assumptions they have made in addition to the information and materials provided by the issuer. There is no assurance that a particular rating will apply for any given period of time or that it will be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of such rating could have an adverse effect on the market price of the Bonds. Such rating should not be taken as a recommendation to buy or hold the Bonds.

UNDERWRITING

The Bonds are being purchased by Roosevelt & Cross Incorporated (the "Underwriter") for reoffering to the public. The purchase contract ("Bond Purchase Agreement") for the Bonds provides that the Underwriter will purchase all of the Bonds, if any, are purchased, at the purchase price equal to $12,316,239.05 (being the par amount of the Bonds plus a premium of $1,426,269.05, less the Underwriter's discount of $30,030.00). The Underwriter is initially offering the Bonds to the public at the public offering yields indicated on the cover page but the Underwriter may offer and sell the Bonds to certain dealers, institutional investors and others (including sales for deposit into investment trusts, certain of which may be sponsored or managed by the Underwriter) at yields higher than the public offering yields stated on the cover page and the public offering yields may be changed from time to time by the Underwriter.

MUNICIPAL ADVISOR

Municipal Solutions, Inc. is an independent municipal advisory firm and is not engaged in the business of underwriting, trading or distributing municipal securities. In preparing the Official Statement, Municipal Solutions, Inc. has relied upon District officials and other sources, whom have access to relevant data to provide accurate information for this Official Statement. Municipal Solutions, Inc. has not been engaged, nor has it undertaken to, independently verify the accuracy, completeness or fairness of such information. Municipal Solutions, Inc. is not a firm of certified public accountants and has not been engaged by the issuer to compile, review, examine or audit any information in this Official Statement in accordance with accounting standards and principles.

ADDITIONAL INFORMATION

Additional information may be obtained upon request from the Akron Central School District, 47 Bloomingdale Ave., Akron, New York 14001, telephone 716-542-5020, or from the office of Municipal Solutions, Inc, 2528 State Route 21, Canandaigua, New York 14424, telephone number 585-394-4090, fax number 585-394-4092, and website at: http://www.municipalsolution.com.

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

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

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

Municipal Solutions, Inc. will place a copy of this Official Statement on its website: http://www.municipalsolution.com. Unless the Official Statement specifically indicated otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Municipal Solutions, 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 Municipal Solutions, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Municipal Solutions, 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. Municipal Solutions, Inc. and the District also assume no liability or responsibility for any errors or omissions or for any updates to dated website information.

Neither Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, nor Orrick, Herrington & Sutcliffe LLP, of New York, New York, counsel to the Underwriter, expresses an opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the District for use in connection with the offer and sale of the Bonds, including but not limited to, the financial or statistical information in this Official Statement (except as may be set forth in any opinion letter delivered in connection with the issuance of the Bonds).

AKRON CENTRAL SCHOOL DISTRICT

March 23, 2017
Akron, New York

By: /s/ David Penn
President of the Board of Education &
Chief Fiscal Officer

* *

Additional copies of the Preliminary Official Statement may be obtained upon request
from the office of Municipal Solutions, Inc., 2528 State Route 21,
Canandaigua, New York 14424, telephone (585) 394-4090.
Website: www.municipalsolution.com

APPENDIX A

FINANCIAL INFORMATION

Statement of Revenues, Expenditures and Fund Balances

General Fund - Akron CSD

	Fiscal Year Ending June 30:				
	2012	2013	2014	2015	2016
Revenues:					
Real Property Taxes	$7,130,815	$7,361,162	$7,738,993	$7,802,194	$7,880,011
Real Property Tax Items	1,659,002	1,696,628	1,650,877	1,656,545	1,673,517
Non-Property Tax Items	1,229,775	1,196,480	1,216,234	1,246,271	1,214,795
Charges for Services	1,341,810	318,106	2,038,848	1,414,413	1,779,975
Use of Money and Property	94,662	74,017	57,579	79,806	87,683
Sale of Property/Comp. for Loss	27,315	3,734	26,437	31,297	62,944
Miscellaneous	371,740	1,364,170	271,570	234,283	250,406
State Sources	13,435,098	13,879,234	14,311,133	13,935,761	15,081,661
Federal Aid	52,242	214,537	148,829	108,612	464,207
Total Revenues:	$25,342,459	$26,108,068	$27,460,500	$26,509,182	$28,495,199
Expenditures:					
General Support	$2,721,145	$2,710,538	$2,828,994	$2,638,612	$2,823,321
Instruction	11,761,107	11,771,746	11,605,997	12,205,613	13,138,265
Pupil Transportation	1,016,244	953,754	951,551	834,231	833,408
Employee Benefits	5,116,123	5,179,342	5,439,458	5,788,813	5,527,089
Debt Service	5,019,943	4,855,985	4,807,427	3,951,644	3,696,254
Total Expenditures:	$25,634,562	$25,471,365	$25,633,427	$25,418,913	$26,018,337
Excess (Deficit) Revenues Over Expenditures	($292,103)	$636,703	$1,827,073	$1,090,269	$2,476,862
Other Sources (Uses):					
Operating Transfer	($22,133)	$117,437	$17,217	($1,224,053)	($205,424)
Proceeds from Adv. Refunding of Serial Bonds	0	7,470,000	0	0	0
Payments to Escrow Agents	0	(8,424,561)	0	0	0
Total Other Sources (Uses):	($22,133)	($837,124)	$17,217	($1,224,053)	($205,424)
Excess (Deficit) Revenues Over Expenditures & Other Sources (Uses)	($314,236)	($200,421)	$1,844,290	($133,784)	$2,271,438
Fund Balances Beg. of Fiscal Year	8,706,212	8,391,976	8,191,555	10,035,845	9,902,061
Fund Balances End of Fiscal Year	$8,391,976	$8,191,555	$10,035,845	$9,902,061	$12,173,499

Source: Audited Annual Financial Reports of the District.

Note: This table is NOT audited.

Balance Sheet

General Fund - Akron CSD

	Fiscal Year Ended June 30:				
	2012	2013	2014	2015	2016
Assets:					
Cash and Cash Equivalents	$6,983,849	$7,974,469	$7,914,862	$9,707,000	$10,769,432
Due from Other Governments	998,525	861,658	1,045,878	1,000,355	872,917
State and Federal Aid Receivable	1,618,711	2,054,647	3,872,621	2,140,584	2,029,602
Due from Other Funds	556,867	461,715	730,357	825,218	1,727,854
Total Assets:	$10,157,952	$11,352,489	$13,563,718	$13,673,157	$15,399,805
Liabilities:					
Accounts Payable	$151,385	$170,000	$183,074	$187,814	$155,296
Accrued Liabilities	458,565	84,372	439,518	5,983	0
Due to Retirement Systems	1,156,025	1,215,456	1,595,291	1,810,822	1,404,787
Unearned Revenue	0	1,691,105	1,309,990	1,766,477	1,666,223
Total Liabilities:	$1,765,975	$3,160,933	$3,527,873	$3,771,096	$3,226,306
Fund Balances:					
Restricted:					
Employee Benefit Accrued Liability	$1,182,760	$1,185,708	$1,187,922	$1,190,251	$1,192,784
Workers' Compensation	327,851	328,668	329,282	329,928	506,002
Retirement Contribution	778,811	601,496	1,905,046	2,910,741	4,069,382
Unemployment	380,753	341,602	342,240	342,911	343,641
Capital Projects	0	0	1,202,241	0	0
Debt Service	2,300,973	2,000,949	1,704,125	1,644,820	1,558,128
Committed:					
Tax Certiorari	35,599	35,688	100,187	200,579	332,960
Assigned:					
Designated for Subseq. Year's Exp.	2,200,000	2,300,000	1,800,000	1,800,000	1,600,000
Other Purposes	53,716	375,227	342,681	115,219	159,134
Unassigned:	1,131,514	1,022,218	1,122,121	1,367,612	2,411,468
Total Fund Balances:	$8,391,977	$8,191,556	$10,035,845	$9,902,061	$12,173,499
Total Liabilities and Fund Equity	$10,157,952	$11,352,489	$13,563,718	$13,673,157	$15,399,805

Source: Audited Annual Financial Report of the District.

Note: This table is NOT audited.

Budget Summary

General Fund - Akron CSD

Fiscal Year Ending June 30, 2017

Revenues:	
Real Property Taxes & Tax Items	$9,978,387
Non-Property Taxes	1,200,000
Charges for Services	1,470,200
Use of Money & Property	52,850
Sale of Property & Comp. for Loss	25,000
State Aid	16,195,864
Federal Aid	65,000
Miscellaneous	157,066
Use of Reserves	253,495
Use of Fund Balance	1,600,000
Total Revenues:	$30,997,862
Expenditures:	
General Support	$3,465,461
Instruction	15,409,089
Pupil Transportation	1,315,772
Employee Benefits	5,961,883
Debt Service	4,805,657
Interfund Transfer	40,000
Total Expenditures:	$30,997,862

Source: Adopted Budget of the District.

Note: This table is NOT audited.

APPENDIX B

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

AKRON CENTRAL SCHOOL DISTRICT
ERIE, GENESEE, AND NIAGARA COUNTIES, NEW YORK

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 REPORTS IN THIS OFFICIAL STATEMENT HAS NEITHER BEEN REQUESTED NOR OBTAINED.

AKRON CENTRAL SCHOOL DISTRICT

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June 30, 2016

Lumsden McCormick LLP
CERTIFIED PUBLIC ACCOUNTANTS
Cyclorama Building | 369 Franklin Street | Buffalo, NY 14202
p: 716.856.3300 | f: 716.856.2524 | www.LumsdenCPA.com

INDEPENDENT AUDITORS' REPORT

The Board of Education
Akron Central School District

We have audited the accompanying financial statements of the governmental activities, each major fund, and the remaining fund information of Akron 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 September 7, 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

September 7, 2016

Akron Central School District
Management's Discussion and Analysis
June 30, 2016
Unaudited

Introduction

Management's Discussion and Analysis (MD&A) of Akron 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 $	%
Current assets	$ 15,444,000	$ 14,566,000	$ 878,000	6.0%
Capital assets	45,296,000	44,021,000	1,275,000	2.9%
Net pension asset	6,314,000	6,760,000	(446,000)	100.0%
Total assets	67,054,000	65,347,000	1,707,000	2.6%
Deferred outflows of resources	2,866,000	1,932,000	934,000	48.3%
Long-term liabilities outstanding	23,743,000	26,130,000	(2,387,000)	-9.1%
Other liabilities	3,800,000	2,960,000	840,000	28.4%
Net pension liability	1,513,000	309,000	1,204,000	100.0%
Total liabilities	29,056,000	29,399,000	(343,000)	-1.2%
Deferred inflows of resources	2,437,000	4,741,000	(2,304,000)	-48.6%
Net position				
Net investment in capital assets	21,537,000	18,617,000	2,920,000	15.7%
Restricted	14,317,000	13,380,000	937,000	7.0%
Unrestricted	2,573,000	1,142,000	1,431,000	125.3%
Total net position	$ 38,427,000	$ 33,139,000	$ 5,288,000	16.0%

Net position amounted to $38,427,000 and $33,139,000 as of June 30, 2016 and 2015. The largest portion of the District's net position reflects its investment in capital assets consisting of land, buildings and improvements, and furniture and equipment, less 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 for 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 an employee benefit accrued liability reserve which must be used to pay future accumulated vacation and sick time. Other restricted resources include workers' compensation, unemployment insurance, and tax certiorari reserves. Additionally, restricted net position includes the net pension asset held by the New York State Teacher's Retirement System (TRS) for pension benefits and is not available for any other purpose.

Total assets increased by $1,707,000 ($6,987,000 in 2015). Current assets increased by $878,000 and capital assets increased by $1,275,000 (increases of $815,000 for current assets and a $588,000 decrease in capital assets in 2015, respectively). The capital asset increase is the result of building renovations outpacing depreciation expense. The increase in current assets is primarily due to positive operating results sitting in cash balances and timing of cash flows.

Long-term liabilities decreased by $2,387,000 ($2,612,000 decrease in 2015) due to required debt service payments of $2,435,000. The pension liability increased by $1,204,000 primarily due to changes in actuarial assumptions for ERS. Long-term liabilities outstanding include $777,000 and $600,000 as of June 30, 2016 and 2015 for the postemployment obligation required under GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits other than Pensions.* The unfunded actuarial accrued liability measured at July 1, 2014 is estimated to be $3,126,000. The increase in other liabilities is the result of bond anticipation notes (BANs) outstanding of $1,779,000 as compared to $784,000 in 2015, which provided financing for ongoing construction projects.

The District's employees participate in New York State Teachers' Retirement System (TRS) and ERS. Amounts reported as net pension asset, net pension liability, deferred inflows of resources, and deferred outflows 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	$ 1,997,000	$ 2,217,000	$ (220,000)	-9.9%
Operating grants and contributions	2,081,000	1,952,000	129,000	6.6%
Capital grants and contributions	144,000	-	144,000	100.0%
General revenues				
Real property taxes	9,553,000	9,459,000	94,000	1.0%
Sales taxes	1,215,000	1,246,000	(31,000)	-2.5%
Other	335,000	267,000	68,000	25.5%
State aid	15,082,000	13,936,000	1,146,000	8.2%
Total revenue	30,407,000	29,077,000	1,330,000	4.6%
Expenses				
Instruction	18,646,000	17,493,000	1,153,000	6.6%
Support services				
General support	3,283,000	3,131,000	152,000	4.9%
Pupil transportation	1,752,000	1,730,000	22,000	1.3%
Food service	645,000	661,000	(16,000)	-2.4%
Interest	793,000	874,000	(81,000)	-9.3%
Total expenses	25,119,000	23,889,000	1,230,000	5.1%
Increase in net position	5,288,000	5,188,000	100,000	1.9%
Net position - beginning	33,139,000	27,951,000	5,188,000	18.6%
Net position - ending	$ 38,427,000	$ 33,139,000	$ 5,288,000	16.0%

District revenues increased by 4.6% or $1,330,000 in 2016 (0.6% or $161,000 in 2015). The increase in revenues is primarily attributed to an increase of $1,146,000 in state aid. The District's GAP elimination adjustment decreased $827,000. Other increases in state aid included increases of $173,000 for excess cost aid and $173,000 for additional Native American building aid not received last year. Capital grants of $144,000 through the Smart Schools Bond Act (SSBA) provided funding for initial technology infrastructure enhancements.

Total expenses increased by $1,230,000 compared to a decrease in 2015 of $837,000 or 3.4%. Overall, payroll and employee benefits increased $719,000. Payroll increased 2% while benefits, which include actuarial determined pension expense, health insurance, other postemployment benefits, and employee sick and vacation time, increased 12%. Additionally, spending for students with special needs increased by over $500,000 from 2015.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased from $9,900,000 to $10,040,000 as described below:

- On an overall basis, revenues and other financing sources of $30,784,000 exceeded expenditures of $30,644,000 resulting in an increase of $140,000 in fund balances.
- The general fund experienced a net surplus of $2,271,000 ($134,000 deficit in 2015) for the following reasons:
  - Increase in revenue for state aid of $1,146,000 or 8.2% ($281,000 or 1.9% decrease in 2015) as previously discussed.
  - Increase in charges for service of $366,000 or 25.9% ($624,000 or 30.6% decrease in 2015) due to the timing of Native American Tuition aid received.
  - Federal revenue increased $356,000 or 327% ($175,000 or 15.1% in 2015) primarily due to the District's ability to secure a new Impact Aid grant amounting to $359,000. Impact Aid funds are provided to school districts when a significant portion of property within the district is tax-exempt.
- Spending across all government funds increased by $2,286,000 or 8.1% ($693,000 or 2.5% increase in 2015), due to the District's spending of $2,532,000 on capital improvement projects.

General Fund Budgetary Highlights

The final general fund revenue budget was $26,941,000 with actual revenues amounting to $28,495,000, a favorable difference of $1,554,000 or 5.8%. This was primarily caused by more state and federal aid and Native American tuition payments than expected.

Actual expenditures and carryover encumbrances were less than the final amended budget by $2,835,000 or 9.8%. This difference is attributable to many factors and many unknown items when the budget is prepared. Due to the combination of the property tax cap and tax freeze requirements, the District adjusted accordingly and was able to generate savings in central services, instruction, pupil transportation and employee benefits.

Capital Assets

	2016	2015
Land and land improvements	$ 2,881,000	$ 2,815,000
Buildings and improvements	56,765,000	54,435,000
Furniture, equipment, and vehicles	5,615,000	5,610,000
	65,261,000	62,860,000
Accumulated depreciation	(19,965,000)	(18,839,000)
	$ 45,296,000	$ 44,021,000

Current year additions of $2,775,000 were offset by depreciation expense and other changes of $1,500,000.

Debt

At June 30, 2016, the District had $20,715,000 in bonds outstanding, with $2,530,000 due within one year ($23,150,000 outstanding at June 30, 2015). Outstanding compensated absences payable were $1,041,000 with $332,000 expected to be paid within one year ($979,000 outstanding at June 30, 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 make every attempt to mitigate uncertainty of state funding on the overall budget, including using reserve funds as permitted by law to lessen the budget impact of rising costs. The property tax levy cap further emphasizes the importance of using reserves judiciously. These issues and concerns require management to plan carefully and prudently to provide the educational resources necessary to meet student needs.

Contacting the School 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 Mr. Kevin Shanley, Superintendent of Schools (716-542-5010) or Cynthia M. Tretter, School Business Administrator (716-542-5020).

Statement of Net Position

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

	2016	2015
Assets		
Cash	$ 11,482,001	$ 10,929,915
Due from other governments	872,917	1,000,355
State, federal aid and other receivables	2,399,611	2,524,042
Due from fiduciary funds	630,373	60,376
Inventory	58,895	51,046
Net pension asset	6,314,192	6,760,503
Capital assets (Note 5)	65,261,231	62,860,237
Accumulated depreciation	(19,965,221)	(18,838,992)
Total assets	67,053,999	65,347,482
Deferred Outflows of Resources		
Defeasance loss	22,260	26,433
Deferred outflows of resources from pensions	2,843,937	1,905,178
Total deferred outflows of resources	2,866,197	1,931,611
Liabilities		
Accounts payable	552,997	235,380
Accrued liabilities	63,000	66,983
Due to retirement systems	1,404,787	1,811,073
Unearned revenue	-	62,500
Bond anticipation notes payable	1,779,441	784,357
Long-term liabilities		
Due within one year		
Bonds	2,530,000	2,435,000
Compensated absences	332,229	329,135
Due beyond one year		
Bonds	19,394,220	22,116,033
Compensated absences	708,605	649,916
Other postemployment benefits	777,372	600,302
Net pension liability	1,513,432	308,402
Total liabilities	29,056,083	29,399,081
Deferred Inflows of Resources		
Defeasance gain	77,724	94,997
Deferred inflows of resources from pensions	2,359,466	4,646,060
Total deferred inflows of resources	2,437,190	4,741,057
Net Position		
Net investment in capital assets	21,536,885	18,617,291
Restricted	14,317,089	13,379,733
Unrestricted	2,572,949	1,141,931
Total net position	$ 38,426,923	$ 33,138,955

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
Government activities						
General support	$ 3,282,592	$ 54,764	$ -	$ -	$ (3,227,828)	$ (3,054,323)
Instruction	18,646,338	1,679,721	1,681,893	144,018	(15,140,706)	(14,062,765)
Pupil transportation	1,752,315	-	-	-	(1,752,315)	(1,729,539)
Interest expense	793,051	-	-	-	(793,051)	(874,366)
School food service	644,779	262,699	398,807	-	16,727	1,210
	$ 25,119,075	$ 1,997,184	$ 2,080,700	$ 144,018	(20,897,173)	(19,719,783)
General revenues						
Real property taxes					9,553,528	9,458,739
Sales taxes					1,214,795	1,246,271
Other					335,157	267,128
State aid					15,081,661	13,935,761
Total general revenues					26,185,141	24,907,899
Change in net position					5,287,968	5,188,116
Net position - beginning					33,138,955	27,950,839
Net position - ending					$ 38,426,923	$ 33,138,955

See accompanying notes.

Balance Sheet - Governmental Funds

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

	General	Capital Projects	Special Aid	School Lunch	Total Governmental Funds 2016	2015
Assets						
Cash	$ 10,769,432	$ 34,309	$ 559,494	$ 118,766	$ 11,482,001	$ 10,929,915
Due from other governments	872,917	-	-	-	872,917	1,000,355
State, federal aid and other receivables	2,029,602	144,018	223,699	2,292	2,399,611	2,524,042
Due from other funds, net	1,727,854	-	-	-	1,727,854	825,218
Inventory	-	-	-	58,895	58,895	51,046
Total assets	$ 15,399,805	$ 178,327	$ 783,193	$ 179,953	$ 16,541,278	$ 15,330,576
Liabilities and Fund Balances						
Accounts payable	$ 155,296	$ 392,703	$ 1,246	$ 3,752	$ 552,997	$ 235,380
Accrued liabilities	-	-	-	-	-	5,983
Due to retirement systems	1,404,787	-	-	-	1,404,787	1,811,073
Due to other funds, net	-	302,134	781,947	13,400	1,097,481	764,842
Unearned revenue	1,666,223	-	-	-	1,666,223	1,828,977
Bond anticipation notes payable	-	1,779,441	-	-	1,779,441	784,357
Total liabilities	3,226,306	2,474,278	783,193	17,152	6,500,929	5,430,612
Fund Balances						
Nonspendable:						
Inventory	-	-	-	58,895	58,895	51,046
Restricted:						
Employee benefit accrued liability	1,192,784	-	-	-	1,192,784	1,190,251
Workers' compensation	506,002	-	-	-	506,002	329,928
Retirement contribution	4,069,382	-	-	-	4,069,382	2,910,741
Unemployment insurance	343,641	-	-	-	343,641	342,911
Debt service	1,558,128	-	-	-	1,558,128	1,644,820
Tax certiorari	332,960	-	-	-	332,960	200,579
Assigned:						
Designated for subsequent year's expenditures	1,600,000	-	-	-	1,600,000	1,800,000
Other purposes	159,134	-	-	103,906	263,040	184,712
Unassigned	2,411,468	(2,295,951)	-	-	115,517	1,244,976
Total fund balances (deficit)	12,173,499	(2,295,951)	-	162,801	10,040,349	9,899,964
Total liabilities and fund balances	$ 15,399,805	$ 178,327	$ 783,193	$ 179,953	$ 16,541,278	$ 15,330,576

See accompanying notes.

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

June 30, 2016

Total fund balances - governmental funds		$ 10,040,349
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.		45,296,010
Tuition assistance received after the period of availability to pay current year expenditures is not recognized in the governmental funds until received.		1,666,223
The District's proportionate share of net pension assets and liabilities as well as pension-related deferred outflows and deferred inflows of resources are recognized on the government-wide statements and include:		
Net pension asset	6,314,192	
Deferred outflows of resources from pensions	2,843,937	
Net pension liability	(1,513,432)	
Deferred inflows of resources from pensions	(2,359,466)	5,285,231
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Bonds	21,924,220	
Accrued interest	63,000	
Compensated absences	1,040,834	
Other postemployment benefits	777,372	(23,805,426)
The net amount of defeasance losses and gains associated with bond refundings are recognized as deferred outflows and deferred inflows of resources in the government-wide statements.		(55,464)
Net position - governmental activities		$ 38,426,923

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	Capital Projects	Special Aid	School Lunch	Total Governmental Funds 2016	Total Governmental Funds 2015
Revenues						
Real property taxes	$ 7,880,011	$ -	$ -	$ -	$ 7,880,011	$ 7,802,194
Real property tax items	1,673,517	-	-	-	1,673,517	1,656,545
Nonproperty tax items	1,214,795	-	-	-	1,214,795	1,246,271
Charges for services	1,779,975	-	-	-	1,779,975	1,414,413
Use of money and property	87,683	-	-	353	88,036	80,356
Sale of property and compensation for loss	62,944	-	-	-	62,944	31,297
Miscellaneous	250,406	-	-	8,765	259,171	246,054
State sources	15,081,661	144,018	468,644	74,634	15,768,957	14,556,953
Federal sources	464,207	-	749,042	324,173	1,537,422	1,330,729
Sales	-	-	-	253,934	253,934	257,449
Total revenues	28,495,199	144,018	1,217,686	661,859	30,518,762	28,622,261
Expenditures						
General support	2,823,321	-	10,274	260,488	3,094,083	2,906,243
Instruction	13,138,265	-	1,239,964	-	14,378,229	13,657,515
Pupil transportation	833,408	223,174	-	-	1,056,582	1,094,078
Employee benefits	5,527,089	-	-	112,265	5,639,354	5,911,202
Debt service						
Principal	2,700,290	-	-	-	2,700,290	2,865,365
Interest	995,964	-	-	-	995,964	1,086,279
Cost of sales	-	-	-	242,670	242,670	266,260
Capital outlay	-	2,532,321	-	4,174	2,536,495	570,624
Total expenditures	26,018,337	2,755,495	1,250,238	619,597	30,643,667	28,357,566
Excess revenues (expenditures)	2,476,862	(2,611,477)	(32,552)	42,262	(124,905)	264,695
Other financing sources (uses)						
Operating transfers	(205,424)	172,872	32,552	-	-	-
BANs redeemed from appropriations	-	265,290	-	-	265,290	280,365
Total other financing sources (uses)	(205,424)	438,162	32,552	-	265,290	280,365
Net change in fund balances	2,271,438	(2,173,315)	-	42,262	140,385	545,060
Fund balances (deficit) - beginning	9,902,061	(122,636)	-	120,539	9,899,964	9,354,904
Fund balances (deficit) - ending	$ 12,173,499	$ (2,295,951)	$ -	$ 162,801	$ 10,040,349	$ 9,899,964

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		$ 140,385
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 those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays exceed depreciation expense and disposals.		1,274,765
Tuition assistance collected several months after the District's year end is not considered available and is recognized in the governmental funds when received.		(100,254)
Pension expense is recognized when paid on the fund statement of revenues, expenditures, and changes in fund balances and actuarially determined on the statement of activities. These differences are:		
2016 TRS and ERS contributions	1,769,577	
2016 ERS accrued contribution	141,329	
2015 ERS accrued contribution	(152,888)	
2016 TRS net pension revenue	399,764	
2016 ERS net pension expense	(583,770)	1,574,012
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.		2,435,000
In the statement of activities, certain expenses are measured by the amounts earned during the year. In the governmental funds these expenditures are reported when paid. These differences are:		
Compensated absences	(61,783)	
Other postemployment benefits	(177,070)	
Net amortization of defeasance gains/losses	13,100	
Amortization of bond premium	191,813	
Interest	(2,000)	(35,940)
Change in net position - governmental activities		$ 5,287,968

See accompanying notes.

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		Variance with Final Budget
	Original	Final	Basis)	Encumbrances	Over/(Under)
Revenues					
Local sources					
Real property taxes	$ 7,905,750	$ 7,905,750	$ 7,880,011		$ (25,739)
Real property tax items	1,647,115	1,647,115	1,673,517		26,402
Nonproperty tax items	1,200,000	1,200,000	1,214,795		14,795
Charges for services	1,376,000	1,376,000	1,779,975		403,975
Use of money and property	67,850	67,850	87,683		19,833
Sale of property and compensation for loss	10,000	10,000	62,944		52,944
Miscellaneous	197,748	197,748	250,406		52,658
State sources	14,486,956	14,486,956	15,081,661		594,705
Federal sources	50,000	50,000	464,207		414,207
Total revenues	26,941,419	26,941,419	28,495,199		1,553,780
Expenditures					
General support					
Board of education	21,449	21,699	12,745	-	(8,954)
Central administration	227,067	226,917	219,667	-	(7,250)
Finance	368,024	413,744	383,381	11,981	(18,382)
Staff	192,863	195,960	156,193	29,500	(10,267)
Central services	2,366,713	2,421,682	1,825,368	30,838	(565,476)
Special items	285,600	300,600	225,967	-	(74,633)
Instruction					
Instruction, administration and improvement	929,883	1,017,761	960,299	3	(57,459)
Teaching - regular school	7,590,206	7,399,349	6,783,312	29,086	(586,951)
Programs for children with handicapping conditions	3,180,295	3,380,295	3,139,724	770	(239,801)
Occupational education	463,232	467,232	467,112	-	(120)
Teaching - special schools	43,500	46,238	23,878	-	(22,360)
Instructional media	1,043,051	1,141,377	784,800	11,477	(345,100)
Pupil services	1,147,865	1,162,328	979,140	25,188	(158,000)
Pupil transportation	1,255,157	1,158,457	833,408	-	(325,049)
Employee benefits	6,357,113	5,945,507	5,527,089	20,291	(398,127)
Debt service					
Principal	2,707,263	2,707,263	2,700,290	-	(6,973)
Interest	1,006,557	1,006,557	995,964	-	(10,593)
Total expenditures	29,185,838	29,012,966	26,018,337	159,134	(2,835,495)
Excess revenues (expenditures)	(2,244,419)	(2,071,547)	2,476,862	(159,134)	4,389,275
Other financing sources (uses)					
Operating transfers in	45,000	45,000	-		(45,000)
Operating transfers out	(30,800)	(203,672)	(205,424)		1,752
Appropriated use of reserves	315,000	315,000	-		(315,000)
Appropriated fund balance and carryover encumbrances	1,915,219	1,915,219	-		(1,915,219)
Total other financing sources (uses)	2,244,419	2,071,547	(205,424)		(2,276,971)
Excess revenues (expenditures) and other financing sources (uses)	$ -	$ -	$ 2,271,438	$ (159,134)	$ 2,112,304

See accompanying notes.

AKRON CENTRAL SCHOOL DISTRICT

Statement of Fiduciary Net Position

June 30, 2016

		Private-Purpose Trusts		Agency
Assets				
Cash	$	55,905	$	983,017
Accounts receivable		1,000		-
		56,905	$	983,017
Liabilities				
Agency liabilities		-	$	295,112
Extraclassroom activity balances		-		57,632
Due to governmental funds		100		630,273
Total liabilities		100	$	983,017
Net Position				
Restricted for scholarships	$	56,805		

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AKRON CENTRAL SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Position

For the year ended June 30, 2016

		Private-Purpose Trusts
Additions		
Gifts and contributions	$	42,153
Deductions		
Scholarship awards and other expenses		53,693
Change in net position		(11,540)
Net position - beginning		68,345
Net position - ending	$	56,805

See accompanying notes.

1. Summary of Significant Accounting Policies

Reporting Entity

Akron 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 $2,436,000 for BOCES administrative and program costs and recognized $80,000 in revenue as a refund from prior year expenditures paid to BOCES and $55,000 in building/classroom rental. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the New York State Public Schools Statewide Workers' Compensation Self-Insurance Trust and the NY44 Health Benefits Plan Trust, which are public entity risk pools. These plans are designed to provide workers' compensation and health insurance coverage for participating entities. These activities are further discussed in Note 10.

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.
- *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.
- *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 a major fund:

- *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.

The District has elected not to use a debt service fund as debt activity is currently reflected in the general fund. Amounts accumulated for the payment of future principal and interest payments restricted for such purposes are included in the general 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 19, 2015 for collection from September 15 through November 16, 2015 for Niagara and Genesee Counties and December 1, 2015 for Erie County. Thereafter, uncollected amounts became the responsibility of the respective counties. Such amounts 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 the 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 and 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 appraisals. Contributed assets are recorded at the lower of first-in, first-out cost or net realizable value. 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
Land improvements	$5,000	30
Buildings and improvements	$10,000	50
Vehicles	$1,000	8
Furniture and equipment	$1,000	20

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 and Local Employees' Retirement System (ERS) and New York State Teachers' Retirement System (TRS) (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 administrators and employee groups which provide for the payment of accumulated sick time or the option of converting this amount to provide for payment of health insurance at retirement 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:

- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of an employee's services. It is established by a majority vote of the Board and is funded by budgetary appropriations and such other reserves and funds that may be legally appropriated.
- *Workers' compensation* – is used to pay for compensation benefits and other expenses authorized by Article 2 of the Workers' Compensation Law, and for payment of expenses of administering this program.
- *Retirement contribution* – is used to finance retirement contributions payable to ERS.
- *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.
- *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 under §165 of Finance Law. This reserve must be used to pay the debt service obligations for which the original money was generated.

- *Tax certiorari* – is used to pay judgments and claims resulting from certiorari proceedings. Funds not used by July 1 of the fourth fiscal year following their deposit must be returned to unassigned fund balance.

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 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. Stewardship and Compliance

The capital projects deficit fund balance of $2,295,951 will be funded when bond anticipation notes are redeemed from subsequent budget appropriations or converted to permanent financing.

The District's unassigned fund balance in the general fund exceeds the 4% limit of the 2017 budget, which is a limitation imposed by New York State Real Property Tax Law §1318.

3. 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 institution's agent in the District's name.

4. Interfund Transactions – Fund Financial Statements

Fund	Receivable	Payable	Transfers In	Transfers Out
General	$ 2,084,231	$ 356,377	$ -	$ 205,424
Capital projects	173,705	475,839	172,872	-
Special aid	163,940	945,887	32,552	-
School lunch	18,732	32,132	-	-
Fiduciary	-	630,373	-	-
	$2,440,608	**$2,440,608**	**$ 205,424**	**$ 205,424**

The District's general fund provides cash flow to the various other funds; these amounts are repaid in the subsequent year when funds are received from the State after final expenditure reports have been submitted and approved or when permanent financing is obtained. 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 capital projects fund to finance a capital project.

5. Capital Assets

	Balance July 1, 2015	Increases	Retirements/ Reclassifications	Balance June 30, 2016
Non-depreciable capital assets:				
Land	$ 217,389	$ -	$ -	$ 217,389
Depreciable capital assets:				
Land improvements	2,598,006	65,517	-	2,663,523
Buildings and improvements	54,435,179	2,330,067	-	56,765,246
Vehicles	3,262,742	223,174	(254,236)	3,231,680
Furniture and equipment	2,346,921	156,143	(119,671)	2,383,393
Total depreciable assets	62,642,848	2,774,901	(373,907)	65,043,842
Less accumulated depreciation:				
Land improvements	1,362,606	80,336	-	1,442,942
Buildings and improvements	13,420,131	1,063,822	-	14,483,953
Vehicles	2,261,312	280,172	(254,236)	2,287,248
Furniture and equipment	1,794,943	74,615	(118,480)	1,751,078
Total accumulated depreciation	18,838,992	1,498,945	(372,716)	19,965,221
Total depreciable assets, net	43,803,856	1,275,956	(1,191)	45,078,621
	$ 44,021,245	**$ 1,275,956**	**$ (1,191)**	**$ 45,296,010**

Depreciation expense has been allocated to the following functions: general support $148,396, instruction $1,149,990, pupil transportation $175,377 and food service $25,182.

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

Capital assets, net of accumulated depreciation	$ 45,296,010
Bonds and related premiums	(21,924,220)
Bond anticipation notes payable	(1,779,441)
Defeasance gain, net	(55,464)
	$ 21,536,885

6. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2016 amounted to $1,779,441 ($784,357 as of June 30, 2015) and carry interest between 0.87% and 0.92% (0.82% as of June 30, 2015). In 2016, BANs of $265,290 were redeemed and $1,260,374 were issued. The BANs matured in varying amounts in July and August 2016. The District issued BANs of $7,423,907 in July 2016 to refinance $995,000 of BANs and provide additional funding for capital projects. The District also issued $778,063 in August 2016 to refinance BANs used for bus purchases after the payment of one year's principal with further annual reductions until they are paid in full within seven years of issuance.

7. Long-Term Liabilities

	July 1, 2015	Increases	Decreases	June 30, 2016	Due in One Year
Serial bonds	$ 23,150,000	$ -	$ 2,435,000	$ 20,715,000	$ 2,530,000
Bond premium	1,401,033	-	191,813	1,209,220	-
Compensated absences	979,051	61,783	-	1,040,834	332,229
Other postemployment benefits	600,302	330,057	152,987	777,372	-
	$ 26,130,386	**$ 391,840**	**$ 2,779,800**	**$ 23,742,426**	**$ 2,862,229**

Existing Obligations

Description	Maturity	Rate	Balance
Advance refunding 2009	June 2021	4.25%-4.75%	$ 1,725,000
DASNY refunding 2012	June 2021	2.0%-5.0%	4,505,000
Serial bonds 2011	June 2025	3.0%-4.0%	14,485,000
			$ 20,715,000

Debt Service Requirements

Years ending June 30,	Principal	Interest
2017	$ 2,530,000	$ 881,000
2018	2,625,000	768,200
2019	2,720,000	651,200
2020	2,830,000	529,950
2021	2,930,000	386,600
2022-2025	7,080,000	739,650
	$ 20,715,000	**$ 3,956,600**

Advance Refunding of Debt

The District previously defeased certain serial bonds by placing the proceeds of the new issuance in an irrevocable trust to provide for all future debt service payments on the original bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the District's financial statements. At June 30, 2016, remaining principal of the defeased debt was $6,971,000.

8. Pension Plans

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% - 23.2%.

The amount outstanding and payable to TRS for the year ended June 30, 2016 was $1,238,342. A liability to ERS of $141,329 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 $6,314,192 for its proportionate share of the TRS net pension asset and a liability of $1,513,432 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 0.060790%, an increase of 0.0001% 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 0.0094293%, an increase of 0.0003% from its proportion measured as of March 31, 2015.

For the year ended June 30, 2016, the District recognized net pension expense of $184,006 on the government-wide statements (income from TRS of $399,764 and expense from ERS of $583,770). 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	$ -	$ 174,993	$ 7,648	$ 179,392
Change of assumptions	-	-	403,587	
Net difference between projected and actual earnings on pension plan investments	-	1,995,950	897,851	-
Changes in proportion and differences between District contributions and proportionate share of contributions	-	9,131	155,180	-
District contributions subsequent to the measurement date	1,238,342	-	141,329	-
	$ 1,238,342	**$ 2,180,074**	**$ 1,605,595**	**$ 179,392**

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	$ (806,323)	$ 329,101
2018	(806,323)	329,101
2019	(806,323)	329,101
2020	330,656	297,571
2021	(23,091)	-
Thereafter	(68,670)	-
	$ (2,180,074)	**$ 1,284,874**

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:

Asset Class	TRS Target Allocation	TRS Long-Term Expected Real Rate of Return	ERS Target Allocation	ERS 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)	$ (430,709)	$ 6,314,192	$ 12,066,176
District's proportionate share of the ERS net pension asset (liability)	$ (3,412,679)	$ (1,513,432)	$ 91,351

9. Postemployment Healthcare Benefits

The District maintains a single-employer defined benefit healthcare plan (the Plan) providing for continuation of medical insurance benefits for certain 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 $152,987 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 for the year ended June 30, 2016:

Annual required contribution	
Normal cost	$ 153,201
Amortization of unfunded actuarial accrued liability	187,560
Interest	24,012
ARC adjustment	(34,716)
	330,057
Contributions made	(152,987)
Increase in net OPEB obligation	177,070
Net OPEB obligation - beginning of year	600,302
Net OPEB obligation - end of year	$ 777,372

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	$ 330,057	46.4%	$ 777,372
2015	320,384	47.4%	600,302
2014	131,539	82.1%	431,924

As of July 1, 2014, the actuarial accrued liability for future benefits was $3,125,991, all of which is unfunded. The payroll for employees eligible to be covered by the Plan was $12,602,193, and the ratio of the UAAL to covered payroll was 24.8%.

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 – based on experience of the Systems, begin retiring at age 55 through age 76
Marital status – 80% married, with male spouses assumed to be three years older than female spouses
Mortality – RP 2014 Mortality Table with projected mortality improvements using scale MP-2014 on a generational basis
Turnover – based on experience of the Systems, begin at age 25 through age 70
Healthcare cost trend rate – 6.0%-7.75% (8.5% prescription drug), reduced to 3.9% for 2075 and later
Actuarial cost method – Projected Unit Credit
Discount rate – 4%
Amortization methods – 30 years open, level dollar amount

10. 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 coverage in any of the past three years.

Workers' Compensation

The District participates in the New York State Public Schools Statewide Workers' Compensation Self-Insurance Trust (the Trust). 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 20 schools as of June 30, 2014 (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, 2014, which can be obtained from New York State Public Schools Statewide Workers' Compensation Self-Insurance Trust, 333 Earle Ovington Blvd., Suite 505, Uniondale, New York 11553-3624.

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.

11. 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.

Construction Commitments

The District has received voter approval and has plans to expend up to $11,033,000 to make various renovations. To date, the District has spent $2,978,141. Amounts outstanding under signed contracts totaled $6,021,000 at June 30, 2016.

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, 2010	$ -	$ 1,709,600	$ (1,709,600)	-	$ 12,736,500	13.4%
July 1, 2012	$ -	$ 1,440,771	$ (1,440,771)	-	$ 12,644,462	11.4%
July 1, 2014	$ -	$ 3,125,991	$ (3,125,991)	-	$ 12,602,193	24.8%

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	0.060790%	0.060690%	0.059539%
District's proportionate share of the net pension asset	$ 6,314,192	$ 6,760,503	$ 391,918
District's covered payroll	$ 9,240,795	$ 8,968,316	$ 8,884,259
District's proportionate share of the net pension asset as a percentage of its covered payroll	68.33%	75.38%	4.41%
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	$ 1,238,342	$ 1,619,911	$ 1,456,793	$ 1,051,896
Contribution in relation to the contractually required contribution	(1,238,342)	(1,619,911)	(1,456,793)	(1,051,896)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 9,338,929	$ 9,240,795	$ 8,968,316	$ 8,884,259
Contributions as a percentage of covered payroll	13.26%	17.53%	16.24%	11.84%

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	0.0094293%	0.009129%
District's proportionate share of the net pension liability	$ 1,513,432	$ 308,402
District's covered payroll	2,778,918	2,711,898
District's proportionate share of the net pension liability as a percentage of its covered payroll	54.46%	11.37%
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 in 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	$ 531,235	$ 532,850	$ 484,896	$ 543,973
Contribution in relation to the contractually required contribution	(531,235)	(532,850)	(484,896)	(543,973)
Contribution deficiency (excess)	$ -	$ -	$ -	$ -
District's covered payroll	$ 2,778,918	$ 2,896,330	$ 2,657,303	$ 2,800,065
Contributions as a percentage of covered payroll	19.12%	18.40%	18.25%	19.43%

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	$ 29,101,419
Encumbrances carried over from prior year	115,219
Revised expenditure budget	$ 29,216,638

* * *

Unrestricted Fund Balance	
Assigned	$ 1,759,134
Unassigned	2,411,468
	4,170,602
Encumbrances included in assigned fund balance	(159,134)
Less appropriated fund balance used for tax levy	(1,600,000)
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	$ 2,411,468
§1318 of Real Property Tax Law - unrestricted fund balance limit calculation	
2017 expenditure budget (unaudited)	$ 30,997,862
4% of budget	1,239,914
Actual percentage of 2017 expenditure budget	7.78%

Supplementary Information
Schedule of Capital Project Expenditures

June 30, 2016

		Expenditures			
Project Title	Budget	Prior Years	Current Year	Total	Unexpended Balance
2015-2016 Capital Improvements	$ 9,777,550	$ 445,820	$ 2,388,303	$ 2,834,123	$ 6,943,427
Smart Schools Bond Act	1,255,318	-	144,018	144,018	1,111,300
	$ 11,032,868	$ 445,820	$ 2,532,321	$ 2,978,141	$ 8,054,727

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:			
Indian Education_Grants to Local Educational Agencies	84.060	N/A	$ 90,274
Impact Aid	84.041	S041B-2016-7207	358,517
Passed Through New York State Department of Education			
Special Education Cluster:			
Special Education_Grants to States	84.027	0032-16-0236	326,423
Special Education_Preschool Grants	84.173	0033-16-0236	6,419
Total Special Education Cluster			332,842
Title I Grants to Local Educational Agencies	84.010	0021-16-0830	270,500
Title I Grants to Local Educational Agencies	84.010	0011-16-2504	5,022
Improving Teacher Quality State Grants	84.367	0147-16-0830	50,404
Total U.S. Department of Education			1,107,559
U.S. Department of Agriculture:			
Passed Through New York State Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	45,915
National School Lunch Program	10.555	N/A	228,684
Total Child Nutrition Cluster			274,599
Passed Through New York State Office of General Services			
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	49,574
Total U.S. Department of Agriculture			324,173
Total Expenditures of Federal Awards			$ 1,431,732

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 Akron 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 generally apply indirect costs to federal funds.

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 $49,574 worth of commodities under the Child Nutrition Discretionary Grants Limited Availability program (CFDA Number 10.579).

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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
Akron 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 Akron 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 September 7, 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

September 7, 2016

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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
Akron Central School District

Report on Compliance for Each Major Federal Program

We have audited Akron 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.

Jamsden & McCormick, LLP

September 7, 2016

AKRON CENTRAL SCHOOL DISTRICT

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
Special Education Cluster:		
Special Education_Grants to States	84.027	$ 326,423
Special Education_Preschool Grants	84.173	6,419
		$ 332,842

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.