

FINAL OFFICIAL STATEMENT DATED NOVEMBER 30, 2011

SERIAL BONDS

**STANDARD & POOR'S: A+/STABLE
INSURED: "AA-/Stable Outlook"**

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, subject to continuing compliance by the Cheektowaga-Maryvale Union Free School District, Erie County, 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 be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT ERIE COUNTY, NEW YORK (the "District")

\$8,770,000

SCHOOL DISTRICT SERIAL BONDS, 2011 (the "Bonds") (Book-Entry Only)

Dated: December 22, 2011

**Principal Due: December 15, 2012/2023, inclusive
Interest Due June 15, 2012, December 15, 2012, and
semi-annually thereafter on June 15 and December 15**

BOND MATURITY SCHEDULE

<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Amount</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2012	\$675,000	2.000%	0.500%	162866GF8	2018	\$760,000	2.000%	1.800%	162866GM3
2013	690,000	2.000%	0.700%	162866GG6	2019	775,000	2.000%	2.000%	162866GN1
2014	700,000	2.000%	0.850%	162866GH4	2020	795,000	2.500%	2.250%	162866GP6
2015	715,000	2.000%	1.110%	162866GJ0	2021	815,000	2.500%	2.350%	162866GQ4
2016	730,000	2.000%	1.350%	162866GK7	2022	835,000	3.000%	2.500%	162866GR2
2017	745,000	2.000%	1.550%	162866GL5	2023	535,000	3.000%	2.700%	162866GS0

BAIRD

Prior Redemption: The Bonds maturing on or before December 15, 2019 will not be subject to redemption, in whole or in part, prior to maturity. The Bonds maturing on or after December 15, 2020 will be subject to redemption prior to maturity, at the option of the District, on December 15, 2019 or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at par (100%) plus accrued interest to the date of redemption, as described herein under the heading "Optional Redemption."

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

The scheduled payment of principal of and interest on the Bonds when due will be guaranteed under an insurance policy to be issued concurrently with the delivery of the Bonds by **ASSURED GUARANTY MUNICIPAL CORP.**



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 "Book-Entry-Only System", herein.

The Bonds bear interest from December 22, 2011, with interest thereon payable on June 15, 2012, December 15, 2012 and semi-annually thereafter of June 15 and December 15 in each year until maturity (or prior redemption). The Bonds mature on December 15 in each year commencing December 15, 2012.

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

Interest on the Bonds will be calculated on a 30 day month and 360 day year basis, payable at maturity.

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. All the taxable real property within the District is subject to the levy of *ad valorem* taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York.

Assured Guaranty Municipal Corp. ("AGM") makes no representation regarding the Bonds or the advisability of investing in the Bonds. In addition, AGM has not independently verified, makes no representation regarding, and does not accept any responsibility for the accuracy or completeness of this Official Statement or any information or disclosure contained herein, or omitted herefrom, other than with respect to the accuracy of the information regarding AGM supplied by AGM and presented under the heading "Appendix D - Bond Insurance" and "Appendix E - Specimen Municipal Bond Insurance Policy".

The Bonds are offered when, as and if issued and received by the respective purchasers thereof and subject to the receipt of unqualified legal opinions as to the validity of the Bonds of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about December 22, 2011.

THIS REVISED COVER SUPPLEMENTS THE OFFICIAL STATEMENT OF THE DISTRICT DATED NOVEMBER 15, 2011 RELATING TO THE OBLIGATIONS THEREOF DESCRIBED THEREIN AND HEREIN BY INCLUDING CERTAIN INFORMATION OMITTED FROM SUCH OFFICIAL STATEMENT IN ACCORDANCE WITH SECURITIES AND EXCHANGE COMMISSION RULE 15c2-12. OTHER THAN AS SET FORTH ON THE REVISED COVER PAGE, THE SECTION "SCHEDULE OF PRINCIPAL PAYMENTS - OUTSTANDING AND PROPOSED BONDS," THE ADDITION OF THE "RATING" AS APPENDIX C, THE "BOND INSURANCE" AS APPENDIX D AND "SPECIMEN MUNICIPAL BOND INSURANCE POLICY" AS APPENDIX E, THERE HAVE BEEN NO REVISIONS TO SAID OFFICIAL STATEMENT.

OFFICIAL STATEMENT DATED NOVEMBER 15, 2011

SERIAL BONDS

STANDARD & POOR'S: APPLIED FOR

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, subject to continuing compliance by the Cheektowaga-Maryvale Union Free School District, Erie County, 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 be designated as "qualified tax-exempt obligations" pursuant to Section 265(b)(3) of the Code.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT ERIE COUNTY, NEW YORK (the "District")

\$8,770,000

SCHOOL DISTRICT SERIAL BONDS, 2011 (the "Bonds") (Book-Entry Only)

Dated: December 22, 2011

**Principal Due: December 15, 2012/2023, inclusive
Interest Due June 15, 2012, December 15, 2012, and
semi-annually thereafter on June 15 and December 15**

BOND MATURITY SCHEDULE

<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>	<u>Year</u>	<u>Amount*</u>	<u>Rate</u>	<u>Yield</u>	<u>CUSIP</u>
2012	\$675,000				2018	\$760,000			
2013	690,000				2019	775,000			
2014	700,000				2020	795,000			
2015	715,000				2021	81,000			
2016	730,000				2022	835,000			
2017	745,000				2023	535,000			

* Subject to adjustment by the District in accordance with the Notice of Bond Sale, to accomplish substantially level or declining annual debt service, as provided by the Local Finance Law.

SEALED ROPOSALS AND ELECTRONIC PROPOSALS SUBMITTED VIA PARITY WILL BE RECEIVED UNTIL 11:30 A.M. ON NOVEMBER 30, 2011. FOR MORE INFORMATION, VIEW THE NOTICE OF BOND SALE POSTED AT WWW.I-DEALPROSPECTUS.COM.

Prior Redemption: The Bonds maturing on or before December 15, 2019 will not be subject to redemption, in whole or in part, prior to maturity. The Bonds maturing on or after December 15, 2020 will be subject to redemption prior to maturity, at the option of the District, on December 15, 2019 or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at par (100%) plus accrued interest to the date of redemption, as described herein under the heading "Optional Redemption."

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

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 "Book-Entry-Only System", herein.

The Bonds bear interest from December 22, 2011, with interest thereon payable on June 15, 2012, December 15, 2012 and semi-annually thereafter of June 15 and December 15 in each year until maturity (or prior redemption). The Bonds mature on December 15 in each year commencing December 15, 2012.

Proposals shall be for not less than \$8,770,000 and accrued interest, if any, on the total principal amount of the Bonds. Proposals shall be accompanied by a good faith deposit in the form of a wire transfer or a certified or cashier's check, payable to the order of the Cheektowaga-Maryvale Union Free School District, in the amount of \$175,400.

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

Interest on the Bonds will be calculated on a 30 day month and 360 day year basis, payable at maturity.

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. All the taxable real property within the District is subject to the levy of *ad valorem* taxes to pay the Bonds and interest thereon, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York.

The Bonds are offered when, as and if issued and received by the respective purchasers thereof and subject to the receipt of unqualified legal opinions as to the validity of the Bonds of Hodgson Russ LLP, Bond Counsel, of Buffalo, New York. It is anticipated that the Bonds will be available for delivery through the facilities of DTC in New York, New York on or about December 22, 2011.

THE DISTRICT DEEMS THIS OFFICIAL STATEMENT TO BE FINAL FOR PURPOSES OF SECURITIES AND EXCHANGE COMMISSION RULE 15C2-12 (THE "RULE"), EXCEPT FOR CERTAIN INFORMATION THAT HAS BEEN OMITTED HEREFROM IN ACCORDANCE WITH THE RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALE OF THE BONDS. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDER(S) AS MORE FULLY DESCRIBED IN THE NOTICE OF BOND SALE WITH RESPECT TO THE BONDS. IN ADDITION, THE DISTRICT WILL ENTER INTO AN UNDERTAKING TO PROVIDE CERTAIN INFORMATION AND NOTICE OF CERTAIN DESIGNATED EVENTS (AS SPECIFIED IN THE RULE) AS REQUIRED BY THE RULE (SEE "DISCLOSURE UNDERTAKING," HEREIN).

**CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT
ERIE COUNTY, NEW YORK**

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Deborah A. Ziolkowski, Superintendent of Schools
Dr. Stephen J. Lunden, Assistant Superintendent for Administrative Services
Joyce B. Monaco, District Clerk
Susan Pahr, District Treasurer

Lumsden and McCormick, LLP, External Auditor
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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.

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OFFICIAL STATEMENT

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT ERIE COUNTY, NEW YORK

\$8,770,000 SCHOOL DISTRICT SERIAL BONDS, 2011 (the "Bonds") (Book-Entry Only)

This Official Statement which includes the cover page and the appendices hereto, presents certain information relating to the Cheektowaga-Maryvale Union Free School District, Erie County, in the State of New York (the "District", "County" and "State," respectively) in connection with the sale of the District's \$8,770,000 School District Serial Bonds, 2011 (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.

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 control of the District. See "Bondholder Risks," herein.

The Bonds comprise an issue in the aggregate principal amount of \$8,770,000, will be dated December 22, 2011, and will mature in annual installments beginning on December 15, 2012, as set forth in the cover page hereof. Interest on the Bonds will be payable on June 15, 2012, December 15, 2012 and semi-annually thereafter on June 15 and December 15 until maturity (or earlier redemption).

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. Purchase of the Bonds will be made in book-entry-only form in denominations of \$5,000 each 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 last business day of the calendar month preceding each interest payment date.

Optional Redemption

The Bonds maturing on or before December 15, 2019 will not be subject to redemption, in whole or in part, prior to maturity. The Bonds maturing on or after December 15, 2020 will be subject to redemption prior to maturity, at the option of the District, on December 15, 2019 or on any date thereafter, in whole or in part, and if in part, in any order of their maturity and in any amount within a maturity (selected by lot within a maturity), at par (100%) plus accrued interest to the date of redemption. Notice of the call for such redemption shall be given by mailing such notice to the registered owners thereof not more than sixty (60) days nor less than thirty (30) days prior to the designated redemption date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such notice of redemption, become due and payable, together with interest to such redemption date. Interest shall cease to be paid

thereon after such redemption date. If less than all of the Bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by lot in any customary manner of selection as determined by the President of the Board of Education of the District.

Authorization and Purpose of Issue

The Bonds are being issued in accordance with the Constitution and statutes of the State of New York, including the Education Law and the Local Finance Law and a bond resolution duly adopted by the Board of Education of the District on November 27, 2006, following the approval of a proposition at a special District meeting and vote of the qualified voters of the District on November 16, 2006 authorizing the reconstruction, in part, and the construction of improvements and additions to various District buildings and sites (the "Project").

The proceeds of the Bonds will be used, along with \$575,000 of available funds of the District to redeem and retire outstanding bond anticipation notes in the amount of \$9,345,000 that were issued to pay costs associated with the Project.

For further information regarding bond authorizations of the District for capital purposes and other matters relating thereto see "Indebtedness of the District".

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 all Bonds, bearing the same rate of interest and CUSIP number, each in the aggregate principal amount of such issue, and will be deposited with DTC.

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

Purchases of Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Bonds are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Bonds, except in the event that use of the book-entry system for the 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 affect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

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

Redemption proceeds, distributions, and dividend 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 securities 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.

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

Source: The Depository Trust Company

THE DISTRICT CANNOT AND DOES NOT GIVE ANY ASSURANCES THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC WILL DISTRIBUTE TO THE BENEFICIAL OWNERS OF THE BONDS (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN 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 ON THE BONDS; (3) THE DELIVERY BY DTC OR ANY DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS OF DTC OF ANY NOTICE TO ANY BENEFICIAL OWNER THAT IS REQUIRED OR PERMITTED TO BE GIVEN TO OWNERS; OR (4) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC AS THE REGISTERED HOLDER OF THE BONDS.

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

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(s) or trust company(ies) 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 15, 2012, December 15, 2012 and semi-annually thereafter on June 15 and December 15 in each year to maturity (or earlier redemption). Such interest will be payable by check drawn on the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. The Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount upon the terms set forth in the Certificates 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 particular Bonds between the applicable record date for such Bonds 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, subject to certain statutory limitations imposed by Chapter 97 of the 2011 Laws of New York.

Under the Constitution of the State, the District is required to pledge its faith and credit for the payment of the principal of and interest on the 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 "TAX INFORMATION – New 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 of New York (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 the District 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.

Under the Bankruptcy Code, a petition may be filed in Federal bankruptcy court by a municipality which is insolvent or unable to meet its debts as they mature. Generally, the filing of such a petition operates as a stay of any proceeding to enforce a claim against the municipality. The Bankruptcy Code also requires the municipality to file a plan for the adjustment of its debts, which may modify or alter the rights of creditors and would authorize the Federal bankruptcy court to permit the municipality to issue certificates of indebtedness, which could have priority over existing creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite majority of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it. The District has the legal capacity to file a petition under the Bankruptcy Code.

It might be asserted that under the Bankruptcy Code interest and principal payments made by the District in respect of its indebtedness within ninety days of the filing of a bankruptcy petition with respect to the District were voidable preferences. If these assertions were made and sustained by the bankruptcy court, the recipients of those preferential payments could be required to refund them, and their claims would then be treated as if the preferential payments had not been made.

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. The District has never defaulted in the payment of the principal of and interest on any indebtedness.

THE DISTRICT

Description

The District is located in the northeast corner of the Town of Cheektowaga in Erie County, New York and is directly east of, and approximately nine miles from the center of the City of Buffalo. The population of the District is approximately 18,609 according to the 2010 U.S. Census Bureau.

Approximately one-third of the tax base of the District is industrial or commercial and includes the facilities of Calspan Corporation, Sierra Research Corporation, Airport Industrial Park, three shopping centers, several large motels and related facilities and numerous small businesses and stores. The three large shopping plazas located within the District include various retail businesses and banking facilities. Wegman's Food Markets, Inc., a chain of Rochester-based supermarkets, has a large supermarket facility in the District.

The New York State Thruway passes through the District and by means of various interchanges provides automobile access to downtown Buffalo within approximately 15-20 minutes of driving time. In addition, the Kensington expressway near the Buffalo Niagara International Airport is within the center of the District and runs to downtown Buffalo.

Electricity, natural gas and telephone service are provided by New York State Electric and Gas Corporation, National Fuel Gas Distribution Corporation and Verizon, respectively. The Town of Cheektowaga provides police protection and fire fighting services are provided by trained volunteer fire departments including U-Crest Fire District No. 4, Cleveland Hill Fire District No. 6 and Hy View Fire District No. 8. Bus service for residents of the District to the City of Buffalo and adjacent suburban communities is provided by the Niagara Frontier Transportation Authority.

Source: District Officials

District Organization

Subject to the provision of the State Constitution, the District is an independent entity that operates pursuant to the provisions of the State Education Law, the General Municipal 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. Members of the Board of Education are elected on a staggered term basis by qualified voters at the annual election of the District (usually held in May). The term of office for each board member is five years, and the number of terms that may be served is unrestricted. A president and vice president are selected by the Board from its members. The Board of Education 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 of Education 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 of Education 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 and the education system. 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 of Education. Also, certain of the financial functions of the District are the responsibility of the Assistant Superintendent for Administrative Services.

Employees

The District provides services through approximately 288 full-time and part-time employees, some of whom are represented by the following units of organized labor:

<u>Union</u>	<u>Approx. Number of Members</u>	<u>Contract Expiration Date</u>
Maryvale Teachers Association	176	June 30, 2015
Civil Service Employee Association	84	June 30, 2014
Cheektowaga-Maryvale Administrative Association	8	June 30, 2014
Cheektowaga-Maryvale Administrative Support Assoc.	8	June 30, 2012
Cheektowaga-Maryvale Supervisor's Association	3	June 30, 2013

Source: District Officials

Enrollment

<u>School Year</u>	<u>K - 12 Enrollment</u>
2007-08	2,354
2008-09	2,339
2009-10	2,232
2010-11	2,178
2011-12	2,201

Enrollment Projections

<u>School Year</u>	<u>Projected Enrollment</u>
2012-13	2,140
2013-14	2,106
2014-15	2,073
2015-16	2,065
2016-17	2,055

District Facilities

<u>Name</u>	<u>Grades</u>	<u>Date of Construction</u>	<u>Capacity</u>	<u>Date of Last Alteration</u>	<u>Insured Value</u>
Maryvale Primary School	K-2	1959	1,250	2008	\$13,671,087
Maryvale Intermediate School	3-5	1967	1,800	2008	10,219,182
Maryvale Middle School	6-8	1966	1,800	2008	21,715,762
Maryvale Senior High	9-12	1952	2,300	2008	38,780,530

Source: District Officials

DEMOGRAPHIC AND STATISTICAL INFORMATION

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

Population

<u>Year</u>	<u>District</u>	<u>Erie County</u>	<u>New York State</u>	<u>United States</u>
1990	20,882	968,532	17,990,455	249,632,692
2000	18,909	950,265	18,976,457	281,421,906
2010	18,609	919,040	19,541,453	307,006,550

Source: US Census Bureau

Median Household Income

<u>Year</u>	<u>District</u>	<u>Erie County</u>	<u>New York State</u>	<u>United States</u>
1990	\$28,940	\$28,005	\$32,965	\$30,056
2000	35,880	38,567	43,393	41,994

Source: US Census Bureau

Per Capita Income

<u>Year</u>	<u>District</u>	<u>Erie County</u>	<u>New York State</u>	<u>United States</u>
1990	\$12,948	\$13,560	\$16,501	\$14,420
2000	19,333	20,357	23,389	21,587

Source: US Census Bureau

Unemployment Rate Statistics

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

<u>Annual Averages:</u>	<u>Erie County</u>	<u>New York State</u>	<u>United States</u>
2006	5.0%	4.6%	4.6%
2007	4.8	4.5	4.6
2008	5.7	5.3	5.8
2009	8.3	8.4	9.3
2010	8.2	8.6	9.6
<u>2011 Monthly Rates:</u>			
January	8.9%	8.9%	9.8%
February	8.5	8.7	9.5
March	7.9	8.0	9.2
April	7.4	7.6	8.7
May	7.4	7.8	8.7
June	7.7	8.0	9.3
July	7.6	8.0	9.3
August	7.2	7.7	9.1
September	7.3	7.8	8.8

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

INDEBTEDNESS OF THE DISTRICT

Constitutional Requirements

The New York 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.

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. Upon approval thereby, the Board of Education may adopt a bond resolution authorizing the issuance of bonds, and notes in anticipation of the bonds.

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

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

1. (a) Such obligations were authorized or an object or purpose for which the District is not authorized to expend money, or
- (b) If 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 has done so with respect to the bond resolution under which the Bonds are being issued. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

Statutory law in New York 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 renewals do not exceed 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" herein).

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

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 of New York provided the aggregate principal amount thereof shall not exceed ten per centum of the full valuation of the taxable real estate of the District and subject to certain enumerated deductions such as cash or appropriations for current debt service. 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 Office"). The State Legislature is required to prescribe the manner by which such ratio shall be determined.

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 "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.

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

Details of Short-Term Indebtedness Outstanding

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

<u>Type</u>	<u>Maturity</u>	<u>Purpose</u>	<u>Amount</u>
Bond Anticipation Note	12/22/11	Building Reconstruction	\$9,345,000 ¹

Source: District Note Records

Note: ¹ To be redeemed and retired with proceeds of the Bonds and \$575,000 of available funds of the District.

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 anticipate borrowing in the near future.

Status of Outstanding Bond Issues

Year of Issue:	2005	2008
Amount Issued	\$7,570,000	\$24,010,827
Last Maturity:	6/15/2019	6/15/2024
Interest Rate:	3.25% - 4.50%	3.750% - 4.125%
Purpose:	Refunding Serial Bonds	Building
Balance Principal 06/30/11:	\$4,225,000	\$21,460,000

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2012	\$540,000	\$171,078	\$1,350,000	\$853,188
2013	540,000	146,778	1,400,000	802,563
2014	535,000	122,478	1,450,000	750,063
2015	535,000	98,403	1,500,000	692,063
2016	530,000	76,603	1,575,000	632,063
2017	520,000	58,053	1,625,000	569,063
2018	515,000	39,203	1,710,000	504,063
2019	510,000	19,890	1,760,000	435,663
2020			1,825,000	365,263
2021			1,900,000	292,263
2022			1,975,000	216,263
2023			2,060,000	137,263
2024			1,330,000	54,863
Totals:	<u>\$4,225,000</u>	<u>\$732,486</u>	<u>\$21,460,000</u>	<u>\$6,304,638</u>

Total Annual Bond Principal and Interest Due

Fiscal Year Ending June 30:	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>% Paid</u>
2012	\$1,890,000	\$1,024,266	\$2,914,266	7.36%
2013	1,940,000	949,341	2,889,341	14.91%
2014	1,985,000	872,541	2,857,541	22.64%
2015	2,035,000	790,466	2,825,466	30.56%
2016	2,105,000	708,666	2,813,666	38.76%
2017	2,145,000	627,116	2,772,116	47.11%
2018	2,225,000	543,266	2,768,266	55.77%
2019	2,270,000	455,553	2,725,553	64.61%
2020	1,825,000	365,263	2,190,263	71.72%
2021	1,900,000	292,263	2,192,263	79.11%
2022	1,975,000	216,263	2,191,263	86.80%
2023	2,060,000	137,263	2,197,263	94.82%
2024	1,330,000	54,863	1,384,863	100.00%
Totals:	<u>\$25,685,000</u>	<u>\$7,037,124</u>	<u>\$32,722,124</u>	

Source: District Bond Records

Schedule of Principal Payments - Outstanding and Proposed Bonds

Fiscal Year Ending June 30:	Prior Issues	This Issue	Total Maturing Principal	Year End Outstanding Principal
2012	\$1,890,000	\$0	\$1,890,000	\$32,565,000
2013	1,940,000	675,000	2,615,000	29,950,000
2014	1,985,000	690,000	2,675,000	27,275,000
2015	2,035,000	700,000	2,735,000	24,540,000
2016	2,105,000	715,000	2,820,000	21,720,000
2017	2,145,000	730,000	2,875,000	18,845,000
2018	2,225,000	745,000	2,970,000	15,875,000
2019	2,270,000	760,000	3,030,000	12,845,000
2020	1,825,000	775,000	2,600,000	10,245,000
2021	1,900,000	795,000	2,695,000	7,550,000
2022	1,975,000	815,000	2,790,000	4,760,000
2023	2,060,000	835,000	2,895,000	1,865,000
2024	1,330,000	535,000	1,865,000	0
Totals:	<u>\$25,685,000</u>	<u>\$8,770,000</u>	<u>\$34,455,000</u>	

Other Obligations

During the fiscal year ended June 30, 2007, the District entered into a capital lease with Wendel Energy Services. The lease is related to an energy performance contract whereby the District has entered into agreements with contractors who installed equipment necessary for the District to achieve energy efficiencies. The principal amount outstanding as of June 30, 2011 is \$2,175,657. The District leases certain equipment under the terms of various non-cancelable operating leases. Outstanding operating leases amount to \$63,331 for the fiscal year ended June 30, 2011.

Trend of Outstanding Debt

	Fiscal Year Ending June 30:				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Bonds	\$7,895,000	\$6,655,000	\$29,430,827	\$27,530,000	\$25,685,000
Bond Anticipation Notes	0	10,000,000	9,940,000	9,715,000	9,345,000
Total Debt Outstanding	<u>\$7,895,000</u>	<u>\$16,655,000</u>	<u>\$39,370,827</u>	<u>\$37,245,000</u>	<u>\$35,030,000</u>

Source: Audited Financial Reports of the District

Computation of Debt Limit and Calculation of Net Indebtedness

(As of November 8, 2011)

<u>Town</u>	<u>Assessed Valuation</u>	<u>State Equalization Rate</u>	<u>Full Valuation</u>
Cheektowaga	\$616,728,952	62.00%	\$994,724,116
Total (2011-12) ¹	<u>\$616,728,952</u>		<u>\$994,724,116</u>
Debt Limit: 10% of Full Valuation			\$99,472,412
Inclusions:			
Bonds			\$25,685,000
Bond Anticipation Notes			9,345,000
Total Inclusions			<u>\$35,030,000</u>
Exclusions:			
Estimated Building Aid ²			<u>\$0</u>
Total Exclusions			<u>\$0</u>
Total Net Indebtedness ³			<u>\$35,030,000</u>
Net Debt-Contracting Margin			\$64,442,412

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 appointment of state aid for debt service for school district purposes to which the School District may be entitled.

³ Represents 35.22% 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 Building Aid Estimate from the New York State Department of Education. District officials expect to receive the following building aid:

	<u>Principal Balance Outstanding June 30, 2011:</u>	<u>Aid Ratio</u>	<u>Estimated Aid</u>
1999 Serial Bonds \$9,975,000 (Refunded)	\$5,175,000	83.80%	\$4,336,650
2008 Serial Bonds \$24,010,827	21,460,000	83.80%	17,983,480
2010 Bond Anticipation Notes	<u>9,345,000</u>	83.80%	<u>7,831,110</u>
Total:	<u>\$35,980,000</u>		<u>\$30,151,240</u>

Source: District Officials

Notes: As noted above, the School District has received and currently receives New York State debt service building aid for a percentage of its outstanding debt.

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 new provisions legislated, among other things, a new "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.

There can be no assurance that the State appropriation for building aid and other State aid to districts will be continued in future years, either pursuant to existing formulas or in any form whatsoever. State aid, including building aid appropriated and apportioned to the District, can be paid only if the State has such monies available therefor. The State faces the prospect of multi-billion dollar deficits for the next several years, and cuts in State aid to school districts and municipalities have been included in the New York State budget for the fiscal year ending March 31, 2012, which was adopted on March 31, 2011.

Authorized and Unissued Indebtedness

As the date of this Official Statement, the District will have \$767,501 authorized but unissued debt relating to the project authorized by a bond resolution adopted by the District Board of Education on November 27, 2006 and for which the Bonds are being issued. The District does not anticipate borrowing against such authority.

Capital Project Plans and Anticipated Future Borrowings

The District is not planning to undertake any additional capital projects in the foreseeable future after the completion of this current project.

Direct and Overlapping Indebtedness

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

The real property taxpayers of the District are responsible for a proportionate share of outstanding debt obligations of the political subdivisions located within the District's boundaries. Such taxpayer's share of this overlapping debt is based upon the amount of the District's equalized property values taken as a percentage of each separate units 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
County:								
Erie	2010	\$573,732,688	\$236,778,658	\$336,954,030	\$994,724,116	\$46,738,119,990	2.13%	\$7,171,369
Town:								
Cheektowaga	2010	23,867,876	20,001,280	3,866,596	994,724,116	4,182,325,138	23.78%	919,631
Total Net Overlapping Debt:								\$8,091,000
Total Net Direct Debt:								35,030,000
Total Overlapping and Direct Debt:								\$43,121,000

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 November 8, 2011:

	<u>Amount</u>	<u>Debt Per Capita</u> ¹	<u>Debt Full Value</u> ²
Net Direct Debt	\$35,030,000	\$1,882.42	3.52%
Total Direct & Applicable Total Overlapping Debt	43,121,000	2,317.21	4.33%

Notes: ¹ The population of the District is 18,609 according to the US Census Bureau.

² The full valuation of real property located in the District for the 2012 fiscal year is \$994,724,116.

FINANCES OF THE DISTRICT

Independent Audit

The financial statements of the District are audited each year by an independent public accountant. The last such audit covers the fiscal year ended June 30, 2011. A copy of such report is attached hereto as Appendix B. 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 District complies with the Uniform System of Accounts as prescribed for School Districts in New York State by the New York 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 is in compliance with the requirements of GASB Statement 34.

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 of New York; (4) with the approval of the New York State Comptroller, in tax anticipation notes or revenue anticipation notes issued by any municipality, school district, or district corporation, other than those notes issued by the District, itself; (5) certificates of participation issued in connection with installment purchase agreements entered into by political subdivisions of the State pursuant to Section 109-b(10) of the GML; (6) obligations of a New York public benefit corporation which are made lawful investments for municipalities

pursuant to the enabling statute of such public benefit corporation; or (7) in the case of moneys held in certain reserve funds established by the District pursuant to law, in obligations of the District.

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

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

The General Fund is the general operating fund for the District and is used to account for substantially all revenues and expenditures of the District. The District also maintains a Special Revenue Fund, which is 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 as follows: 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 school lunch 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.

Budget Process

Annually, pursuant to the Education Law, the District's Board of Education prepares or causes to be prepared a budget for the ensuing fiscal year. During December and January the tentative budget is developed and refined in consultation with school principals and department supervisors. At the March meeting of the Board of Education 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 in May. Prior to the Annual Meeting a public hearing is held with respect to the proposed budget. . The District's proposed budget for the 2011-12 fiscal year was approved by the voters of the District on May 17, 2011.

Residents of the District who are qualified to vote may participate in the referendum. If, by majority vote, the budget is approved, the Board of Education, 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. Alternatively, the Board may, by resolution, adopt an "austerity" budget for the ensuing fiscal year. Such austerity budget must provide for a tax for ordinary contingent expenses of the District, including debt service, in a like manner as if the same had been voted by the qualified voters. In such an event expenses beyond ordinary contingent expenses may later be added to the budget upon voter approval.

Appropriations established by adoption of the budget constitute a limitation on expenditures (and encumbrances), which may be incurred. Appropriations lapse at the end of the fiscal year unless extended or encumbered. Encumbrances will lapse if not expended in the subsequent year. Appropriations authorized for the current year are increased by the planned use of specific reserves and budget amendments approved by the Board of Education as a result of selected new revenue sources not included in the original budget (when permitted by law). These supplemental appropriations occur subject to legal restriction, if the Board approves them because of a need, which exists, which 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, Payment in Lieu of Taxes agreements and State aid. A summary of such revenues for the five most recently completed fiscal years may be found in Appendix A.

Real Property Taxes

See “Real Property Tax Information”, herein.

State Aid

In addition to the amount of State aid budgeted by the District, since its 1998-1999 fiscal year, the State has made STAR payments representing tax savings provided by school districts to their taxpayers under the STAR program (see “STAR - School Tax Exemption”). The District has received timely STAR aid from the State for its current fiscal year.

The District is dependent in significant part on financial assistance from the State in the form of State aid for both operating and capital purposes. In its budget for the 2011-12 fiscal year, approximately 37.65% of the revenues of the District are estimated to be received in the form of State aid. In some recent years, including the 2009-2010 fiscal year, the District’s receipt of State aid was delayed because the State had been delayed in adopting its budget and appropriating State aid to municipalities and school districts.

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.

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

During the District’s fiscal year ended June 30, 2010, the District’s receipt of State aid was delayed as a result of several initiatives adopted by the Governor in response to the State’s ongoing and worsening fiscal crisis. Despite such delays, the District did receive all of the State aid due to it for the fiscal year ended June 30, 2010.

The State's adopted budget for fiscal year ending March 31, 2012 includes a decrease of \$1.3 billion in State aid to education. The total State aid for the District's 2011-12 fiscal year excluding building aid, is estimated to total \$19,031,308, which is a 4.97% reduction in the amount of State aid received in the District's 2010-11 operating fiscal year.

The District cannot predict at this time whether there will be any further reductions and/or delays in State aid in future fiscal years. The District believes that it will mitigate the impact of any delays or proposed reductions in State aid by reducing expenditures, increasing revenues, appropriating other available funds on hand, reducing in staffing levels, and/or by a combination of the foregoing. (See also "Bondholder Risks" herein).

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

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.

Employee Pension Benefits

Professional employees (teachers and administrators) are members of the New York 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 New York State and Local Employees' Retirement System ("ERS"). 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, contribute 3% 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 10 years of service credit.

Due to unfavorable capital market returns over recent years, the employer contribution rate for the retirement systems has increased significantly.

For the five years ending June 30, 2006 through 2010 and budgeted for Fiscal Year 2010-11, the District's actual and estimated contributions to the ERS and TRS are as follows:

Fiscal Year	<u>ERS</u>	<u>TRS</u>
<u>Ending June 30:</u>		
Budgeted 2012	\$533,700	\$1,361,690
2011	411,356	1,162,179
2010	283,733	877,312
2009	290,322	1,091,490
2008	292,250	1,240,485
2007	326,167	1,231,361

The District's contributions made to the 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 system 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 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 recent past, the State's Retirement System portfolio has experienced negative investment performance and severe downward trends in market earnings, until quite recently. As a result of the foregoing, New York State Comptroller Thomas DiNapoli has announced that the employer contribution rate for the State's Retirement System in 2011 year and subsequent years will be higher than the minimum contribution rate established by Chapter 49. For the year 2011 ERS contributions will be 16.3% and PFRS will be 21.6% of payroll. The Fund posted a 25.9% return for the fiscal year ended March 31, 2010.

The New York State Teacher's Retirement System (NYSTRS), Administrative Bulletin, Issue No. 2011-1, February 2011, reports that, based on preliminary estimates, the Retirement Board anticipates the Employer Contribution Rate (ECR) for the following year to be 11.11% of member payroll, an increase from the 2010-11 rate of 8.62% . This rate will apply to fiscal year 2011-12 NYSTRS member salaries and will be collected in the fall of 2012. The one-year rate of return on System assets for the fiscal year ending June 30, 2010 was 12.1%.

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 creates a new Tier V pension level, the 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 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police and firefighters at 15 percent of non-overtime wages.

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

- Raising the minimum age an individual can retire without penalty from 55 to 57 years.
- Contributing 3.5 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.

In accordance with constitutional requirements, these new pension reforms will apply only to public employees hired after January 1, 2010.

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

Other Post-Employment Benefits

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," and refers to benefits other than pension benefits. OPEB consists primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Before GASB 45, OPEB costs were generally accounted for and managed on a pay-as-you-go basis and had not been reported as a liability on the government's financial statements..

GASB Statement No. 45 (“GASB 45”) of the Governmental Accounting Standards Board (“GASB”), requires state and local governments to account for and report their costs associated with post-retirement 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.

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

School districts and boards of cooperative education services, unlike other municipal units of government in the State, have been prohibited from reducing retiree health benefits or increasing health care contributions received or paid by retirees below the level of benefits or contributions afforded to or required from active employees since the implementation of Chapter 729 of the Laws of 1994. This protection from unilateral reduction of benefits has been extended permanently pursuant to Part B (Section 14) of Chapter 504 of the laws of 2009. Legislative attempts to provide similar protection to retirees of other local units of government in the State have not succeeded as of this date. Nevertheless, many such retirees of all varieties of municipal units in the State do presently receive such benefits

The District participates in a community rated health insurance consortium whereby employees can elect to stay in the plan at their own expense after retirement. The District’s actuary reviewed post-employment benefits and determined that the District has no GASB 45 obligation or liability.

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 assessor and the state Board of Real Property Services which is responsible for certain utility and railroad property. In addition, the State Board of Real Property Services annually establishes State Equalization Rates for all localities in the State, which are determined by statistical sampling of market sales/assessment studies. The equalization rates are used in the calculation and distribution of certain State aids and are used by many localities in the calculation or debt contracting and real property taxing limitations. The District is not subject to constitutional real property taxing limitations.

Tax Collection Record

	Fiscal Year Ended June 30:				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Total Tax Levy ¹	\$14,749,450	\$15,287,281	\$15,387,854	\$17,156,596	\$18,004,893
Taxes Collected Prior to Return to County	14,265,154	14,928,289	15,008,322	16,772,006	N/A
Returned to County	484,296	358,992	379,532	384,590	N/A
% Collected Prior to Return	96.72%	97.65%	97.53%	97.76%	N/A

Source: District Officials
 Notes: ¹ Includes STAR amounts
 N/A = Not Available

Tax Collection Procedure

School tax payments are due September 15 to October 15 without penalty. Penalties for late payment are imposed as follows: 7.5% if paid between October 15 to October 31, 9% during the month of November and 1 ½% per month thereafter.

Uncollected school taxes are turned over to the Erie County Commissioner of Finance and the County reimburses the District in full before the end of the fiscal year in which the taxes were levied. The District is not responsible for the collection of delinquent taxes once the rolls have been turned over to the County.

Tax Levy Limitation Law

On June 24, 2011, the State Senate and the State Assembly both enacted, and Governor Andrew Cuomo signed (as Chapter 97 of the 2011 Laws of the State), significant and complex legislation relating to real property tax levies, rent regulation, exemption from local taxation and mandate relief (the “Legislation”). Part A of the Legislation amends the General Municipal Law and the Education Law in order to impose a limit upon real property tax levies by local governments (excluding the City of New York and the counties contained therein) and almost all school districts in the State, including the District (the “Tax Levy Limit Law”).

The District is subject to the new Legislation, with the Tax Levy Limit Law first applying to the District’s budget for its 2012-2013 fiscal year. The Tax Levy Limit Law will restrict, among other things, the amount of real property taxes that may be levied by or on behalf of the District in a particular year. Under the Legislation, the tax levy of the District may not increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in a designated measure of the consumer price index (“CPI”) over the amount of the District’s prior year’s tax levy. The exceptions for a tax levy above two percent or the CPI increase are (i) funds needed to pay judgments arising out of tort actions that exceed 5% of the total tax levied by the District in the prior fiscal year, (ii) required pension payments (but only that portion of such payments attributable to the average actuarial contribution rate exceeding two percentage points) and (iii) a capital tax levy. “Capital tax levy” is defined to mean the tax levy necessary to support capital local expenditures by a school district. “Capital local expenditures” means 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 Tax Levy Limit Law also allows for growth in the District’s tax levy due to physical and quantitative changes in the District. If the District does not levy an amount up to the cap in any one year, it would be allowed to carry over unused tax levy capacity into future years. However, this carryover levy capacity may not be used to increase its tax levy by more than an additional 1.5 percent above the cap in any single year. If the District’ actual tax levy exceeds its authorized levy due to clerical or technical errors, the erroneous excess levy must be placed in reserve to offset the levy for the next budget year.

The Board of Education of the District may propose a budget that requires a tax levy that exceeds the tax levy limit for a given fiscal year, but such proposed budget must then be adopted by the District’s voters by at least a 60% supermajority. In the event that the original proposed budget is not approved by the voters, the Board of Education has the option of levying a tax no greater than the tax that was levied for the prior school year or re-submitting the same or a revised budget. If a proposed budget is defeated in the second vote, the Board of Education must adopt a final budget that includes a tax levy no greater than the tax that was levied for the prior school year. In such a situation involving two budget defeats, the Tax Levy Limit Law does not provide for the exclusion of a capital tax levy (or for the other allowed exceptions).

It is reasonably certain that the Legislation will come under legal challenge alleging that the Legislation violates several provisions of Article VIII of the New York State Constitution. Although the Constitution recognizes the power of the State Legislature to restrict local government taxation of property, it also expressly states that “the legislature shall not, however, restrict the power to levy taxes on real estate for the payment of interest on or principal of indebtedness theretofore contracted.” Although New York courts (including the State’s highest court—the Court of Appeals) have traditionally been very protective of the rights of the holders of municipal debt obligations, the outcome of any such legal challenge cannot be predicted. In any event, certain special protective procedures and remedies available to holders of school district debt remain in place and are not affected by the Tax Levy Limit Law. See “THE BONDS -- Remedies of Bondholders on Default” herein.

Prospective investors in the Bonds are encouraged to consult with their own legal and tax advisors and review the provisions of the Tax Levy Limit Law in its entirety.

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 \$79,050 or less are eligible for a "full value" exemption for the first \$60,100 of the homeowner's primary residence from school property taxes in the 2011-12 school year. Other homeowners where the owners 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, new legislation caps STAR savings increases at 2% of the prior year's savings. The Districts typically receive 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 at: www.orps.state.ny.us/star.

Assessed and Full Valuations

	Fiscal Year Ending June 30:				
	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Assessed Valuations:	\$566,241,526	\$587,583,077	\$594,541,572	\$597,724,685	\$616,728,952
Equalization Rates:	61.58%	62.00%	62.00%	62.00%	62.00%
Full Valuations:	\$919,521,803	\$947,714,640	\$958,938,019	\$964,072,073	\$994,724,116
Tax Rate / \$1000 Assessed Value:	\$26.05	\$26.02	\$25.88	\$28.70	\$29.19

Source: District Officials

Ten Largest Taxpayers

2011-12 Assessment Roll

<u>Name</u>	<u>Type</u>	<u>Estimated Full Valuation</u>
Pyramid	Regional Shopping Center	\$102,325,161
DDR MDT Union Consumer	Retail	25,206,129
4243 GS Associates LLC	Retail	13,635,000
National Fuel	Utility	13,008,284
Urbandale Development Co.	Retail	12,980,484
NYSEG	Utility	8,596,282
DDR Union Rd. LLC	Retail	8,298,387
Buffalo-Genesee Associates	Hotel	8,058,000
Concourse Center LLC	Distribution Facility	7,329,032
Ciminelli Development Co. Inc.	Real Estate Services	5,715,323
	Total	\$205,152,082 ¹

Note: ¹ Represents 20.62% of the 2010-11 of the full valuation of \$994,724,116 of the District.

LITIGATION

In common with other school districts, the District from time to time receives notices of claim and is party to litigation. In the opinion of the District, after consultation with its attorney, unless otherwise set forth herein and apart from matters provided for by applicable insurance coverage, there are no significant claims or actions pending in which the District has not asserted a substantial and adequate defense, nor which, if determined against the District, would have an adverse material effect on the financial condition of the District.

There is no action, suit, proceedings or investigation, at law or in equity, before or by any court, public board or body pending or, to the best knowledge of the District, threatened against or affecting the District to restrain or enjoin 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 "Remedies Upon Default", herein). If a Bondholder elects to sell his or her investment prior to its scheduled maturity date, market access or price risk may be incurred. The following is a discussion of certain events that could 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 certiorari proceedings could result in a large reduction in the assessed valuation of taxable real property in the District.

The subprime mortgage crisis and various economic events growing out of it created a significant disruption in the U.S. and global credit and securities markets, and the health of those markets was impaired to the point where significant governmental intervention was deemed necessary. These developments have had significant adverse effects on the finances of New York State, on which the District depends for a modest amount of State aid. The exact impact on the District cannot be predicted, but, to date, it has been negative and could persist for a significant period of time. The State faces the prospect of multi-billion dollar deficits for the next several years, and cuts in State aid to municipalities and school districts have been included in the New York State budget for the fiscal year ending March 31, 2012, which was adopted on March 31, 2011 (and are likely in future years).

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.

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. Any such future legislation could have an adverse effect on the market value of the Bonds (See "Tax Exemption" herein).

On September 12, 2011, President Obama sent to Congress a \$447 billion American Jobs Act of 2011 (the "Jobs Act") in an attempt to address persistently high unemployment in the United States. The Jobs Act contained proposals for the raising of revenue to offset the spending proposals contained in the Jobs Act. In pertinent part, the Jobs Act would bar higher-income investors from using tax-exempt bond interest (and certain other tax exclusions, expenditures and deductions) to reduce their income tax rates below 28%. If adopted in its proposed form, the Jobs Act would have a significant adverse impact on the municipal bond market. The restriction would apply to single taxpayers with incomes

of \$200,000 or greater and married couples with incomes of \$250,000 or greater. It would apply to taxable years beginning on or after Jan. 1, 2013. The Jobs Act failed, on a procedural vote, to be taken up by the U.S. Senate. The President has stated that he will now submit the Jobs act to the Congress in piecemeal fashion, forcing votes on particular elements of the overall legislation. It is extremely difficult to predict whether the Jobs Act will be adopted in its present form or in any form. If enacted, the Jobs Act would in all likelihood affect (negatively) the market price for, and the marketability of, the Bonds. Potential purchasers of the Bonds are advised to consult with their own financial and legal advisors with respect to the Jobs Act and its possible implications for an investment in the Bonds.

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 Bondholder to incur a capital loss upon the sale of such Bond (unless such Bond is held to maturity).

TAX EXEMPTION

In the opinion of Hodgson Russ LLP, of Buffalo, New York, Bond Counsel, 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, it should be noted 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. 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 noted 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 and the non-arbitrage certificate (or similar documentation) that will be executed and delivered by the District in connection with the issuance of the Bonds (collectively the "Tax Certificates") establish 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 has covenanted 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.
- (5) In addition, the Bonds will constitute "qualified tax-exempt obligations" within the meaning of the Code, and if the Bonds are held by a financial institution, a portion of the interest expense allocable to the Bonds will be deductible for federal income tax purposes.

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.

Amendments to 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.

Each purchaser of the Bonds should consult his or her tax advisor regarding the impact of the foregoing and other provisions of the Code on his or her individual tax position.

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, 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 the Tax Levy Limit Law); 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) assuming that the District complies with certain requirements of the Code, 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 this letter 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.

DISCLOSURE UNDERTAKING

Because at the time of the delivery of the Bonds, the District will be an “obligated person” (as such is defined in Rule 15c2-12 (the “Rule”), the District has agreed 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”) for the preceding fiscal year on or prior to the later of either the end of the sixth month of each succeeding fiscal year, if audited financial statements are prepared, 60 days following receipt by the District of audited financial statements for the preceding fiscal year, but in no event, later than the last business day of each such succeeding fiscal year.

The District’s undertaking with respect to material events includes timely notice not in excess of ten (10) business days after the occurrence of any of the following 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 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.

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

The District has agreed to the foregoing undertakings in order to assist participating underwriters of the Bonds and brokers, dealers and municipal securities dealers in complying with Securities and Exchange Commission Rule 15c2-12(b)(5) promulgated under the Securities Exchange Act of 1934. 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 aforescribed notices of material 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 material event notices 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 the District agrees 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.

Annual information and notices of material events can be obtained from the Cheektowaga-Maryvale Union Free School District, 1050 Maryvale Drive, Cheektowaga, New York 14225, telephone 716-631-7485.

A Continuing Disclosure Undertaking to this effect shall be provided to the purchaser at closing.

The District is in compliance with all prior undertakings delivered pursuant to the Rule.

RATING

An application has been made to Standard & Poor's, Inc. for a rating assignment on the Bonds. Such rating will be indicated on the revised cover page of the Official Statement. Such rating will reflect only the view of such rating agency and any desired explanation of the significance of such rating 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.

FINANCIAL ADVISOR

Municipal Solutions, Inc. has assisted the District as financial advisor in certain matters with respect to the sale and issuance of the Bonds.

ADDITIONAL INFORMATION

Additional information may be obtained from the business office of the District: Cheektowaga-Maryvale Union Free School District, 1050 Maryvale Drive, Cheektowaga, New York 14225, telephone 716-631-7485, or from Municipal Solutions, Inc., 2528 Route 21, Canandaigua, NY 14424, telephone: 585-394-4090, fax: 585-394-4092 or on our website at: 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, the 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 the repositories. 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.

Hodgson Russ LLP, of Buffalo, New York, Bond Counsel to the District, expresses no 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.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

November 15, 2011
Cheektowaga, New York

By: s/s Margaret J. Bourdette
President of the Board of Education and Chief Fiscal Officer

Additional copies of the 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 - Cheektowaga -Maryvale CSD

	Fiscal Year Ending June 30:				
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenues:					
Real Property Taxes	\$11,281,915	\$11,121,395	\$11,677,476	\$11,711,620	\$13,085,838
Other Tax Items	4,253,929	3,860,200	3,898,015	3,996,892	4,367,877
Non-Property Taxes	1,750,761	2,339,314	2,065,649	2,026,129	2,048,222
Charges for Services	246,170	198,491	178,432	162,749	137,041
Use of Money and Property	892,125	751,969	589,061	508,260	689,195
Sale of Property & Comp. for Loss	33,894	2,300	500	17,971	739,924
Miscellaneous	222,556	410,838	241,058	329,549	263,151
State Sources	12,427,777	13,366,588	14,433,643	15,726,863	13,104,025
Federal Aid	242,379	69,515	189,108	1,540,560	967,909
Total Revenues	<u>\$31,351,506</u>	<u>\$32,120,610</u>	<u>\$33,272,942</u>	<u>\$36,020,593</u>	<u>\$35,403,182</u>
Expenditures:					
General Support	\$4,660,621	\$4,387,763	\$4,584,976	\$4,288,868	\$4,091,078
Instruction	17,443,160	18,493,448	18,141,924	17,874,442	16,334,622
Pupil Transportation	1,638,238	1,777,414	2,000,504	1,913,536	1,849,915
Community Service	25,577	26,592	27,327	0	0
Employee Benefits	5,300,838	5,562,080	5,977,524	5,907,594	6,301,927
Debt Service	1,656,803	1,587,590	2,887,161	3,815,916	3,709,573
Total Expenditures	<u>\$30,725,237</u>	<u>\$31,834,887</u>	<u>\$33,619,416</u>	<u>\$33,800,356</u>	<u>\$32,287,115</u>
Excess (Deficit) Revenues Over Expenditures	\$626,269	\$285,723	(\$346,474)	\$2,220,237	\$3,116,067
Other Sources and Uses:					
Transfers	(\$23,279)	(\$29,766)	\$376,796	\$71,923	(\$38,802)
Total Other Sources and Uses	<u>(\$23,279)</u>	<u>(\$29,766)</u>	<u>\$376,796</u>	<u>\$71,923</u>	<u>(\$38,802)</u>
Excess (Deficit) Revenues & Other Sources Over Expenditures & Other Uses	\$602,990	\$255,957	\$30,322	\$2,292,160	\$3,077,265
Net Adjustments to Fund Balances	0	0	0	0	0
Fund Balances Beg. of Fiscal Year	<u>3,601,016</u>	<u>4,204,006</u>	<u>4,459,963</u>	<u>4,490,285</u>	<u>6,782,445</u>
Fund Balances End of Fiscal Year	<u>\$4,204,006</u>	<u>\$4,459,963</u>	<u>\$4,490,285</u>	<u>\$6,782,445</u>	<u>\$9,859,710</u>

Source: Audited Annual Financial Reports of the District.

Note: This table NOT audited

Balance Sheet
General Fund - Cheektowaga-Maryvale CSD
Fiscal Year Ended June 30, 2011

Assets:

Cash	\$8,261,495
Accounts Receivable	1,630,865
Due from Other Governments	282,754
State and Federal Aid Receivable	492,450
Due from Other Funds, Net	904,830
Total Assets	<u>\$11,572,394</u>

Liabilities:

Accounts Payable	\$273,325
Due to Retirement System	1,439,359
Total Liabilities	<u>\$1,712,684</u>

Fund Balances

Reserved:

Encumbrances	\$1,998,505
Debt Service	533,934
Employee Benefit Accrued Liability	2,283,804
Retirement Contribution	1,344,022
Tax Certiorari	1,077,413

Unreserved:

Designated	1,200,382
Undesignated	1,421,650
Total Fund Balances	<u>\$9,859,710</u>

Total Liabilities and Fund Balances \$11,572,394

Source: Audited Annual Financial Reports of the District

Note: This table NOT audited

Budget Summary
General Fund - Cheektowaga-Maryvale CSD
Fiscal Year Ending June 30, 2012

Revenues:	
Real Property Taxes	\$13,721,529
Other Tax Items	4,523,964
Non-Property Taxes	1,947,830
Charges for Services	126,700
Use of Money & Property	456,650
State Aid	13,381,441
Federal Aid	45,000
Miscellaneous Items	188,000
Appropriated Fund Balance	<u>1,150,000</u>
Total Revenues	<u><u>\$35,541,114</u></u>
Expenditures:	
General Support	\$4,909,134
Instruction	17,131,810
Pupil Transportation	1,968,980
Employee Benefits	7,283,704
Debt Service	4,051,610
Interfund Transfers	<u>195,876</u>
Total Expenditures	<u><u>\$35,541,114</u></u>

Source: Adopted Budget of the District from Form SBM-1

Note: This table NOT audited

APPENDIX B

**AUDITED FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED JUNE 30, 2011**

**CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT
ERIE COUNTY, 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.

**CHEEKTOWAGA-MARYVALE UNION FREE
SCHOOL DISTRICT**

FINANCIAL STATEMENTS

JUNE 30, 2011

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

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INDEPENDENT AUDITORS' REPORT

The Board of Education
Cheektowaga-Maryvale Union Free School District

We have audited the accompanying financial statements of the governmental activities, each major fund and the remaining fund information of Cheektowaga-Maryvale Union Free School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's financial statements as listed in the table of contents. These financial statements are the responsibility of the District's management. 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2011, and the respective changes in financial position and the budgetary comparison for the general fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

As described in Note 2 to the financial statements, the District adopted GASB Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* in 2011.

In accordance with *Government Auditing Standards*, we have also issued our report dated September 26, 2011 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* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 3 through 7 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements as a whole. The accompanying supplementary information as listed in the table of contents is presented for purposes of additional analysis and is not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is also not a required part of the financial statements. The accompanying supplementary information and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The 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 information is fairly stated in all material respects in relation to the financial statements as a whole.

Jumden # McCormick, LLP

September 26, 2011

Cheektowaga-Maryvale Union Free School District
Management's Discussion and Analysis
June 30, 2011
Unaudited

Introduction

Management's Discussion and Analysis (MD&A) of Cheektowaga-Maryvale Union Free School District (the District) provides an overview of the District's financial performance and activities for the year ended June 30, 2011. The information contained in the MD&A should be considered in conjunction with the information presented in 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; and (5) notes to the financial statements.

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 assets presents information on all of the District's assets and liabilities and the difference between the two is reported as net assets. The statement of activities and changes in net assets presents information showing how the District's net assets change during each year. All changes in net assets 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 fiscal 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. As required by GASB Statement 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, the District classifies fund balances into five categories to better display resources available for future appropriation: nonspendable, restricted, committed, assigned, and unassigned. The 2010 comparative columns were reclassified to be consistent with the 2011 presentation. 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 information provided in the government-wide and governmental fund financial statements.

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

Condensed Statement of Net Assets	2010	
	2011	(As Restated)
Current and other assets	\$ 12,058,000	\$ 10,268,000
Capital assets	45,130,000	46,353,000
Total assets	57,188,000	56,621,000
Long-term liabilities outstanding	31,519,000	33,489,000
Other liabilities	11,284,000	12,835,000
Total liabilities	42,803,000	46,324,000
Net assets:		
Invested in capital assets, net of related debt	8,219,000	7,234,000
Restricted	6,160,000	3,402,000
Unrestricted	6,000	(339,000)
Total net assets	\$ 14,385,000	\$ 10,297,000

Assets exceeded liabilities by \$14,385,000 (\$10,297,000 in 2010) at the close of the year, an increase of \$4,088,000 over 2010 (\$3,797,000 in 2010). The largest portion of the District's net assets reflects its investment in capital assets (e.g., land, buildings and improvements, and furniture and equipment), less any related debt (general obligation bonds and bond anticipation notes (BANs)) used to acquire those assets still outstanding. The District uses these capital assets to provide services to students; consequently, these assets are not available for future spending. Although the District's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The investment in capital assets is governed by its long term capital plan which seeks to maintain the facilities in a safe and efficient manner.

An additional portion of the District's net assets represents resources that are subject to external restrictions on how they may be used. These assets include various reserve accounts set aside for specific purposes governed by statutory law and commissioner's regulations. These reserves include the debt service reserve which is set aside for the repayment of bonds issued to finance capital projects; the capital projects reserve which is dedicated for future renovation as approved by the District's voters; the employee benefit accrued liability reserve which can only be used to pay accumulated sick and vacation time earned by employees and payable upon their leaving the District; and retirement contribution reserve to be used to fund required District contributions to the New York State and Local Employees' Retirement System.

Current assets and other liabilities are principally affected by the timing of cash flows and positive results of operations. Current and other assets increased by \$1,790,000 or 17.4% in 2011 (\$2,924,000 or 22.2% decrease in 2010) primarily due to an increase in cash of \$2,770,000 or 47.1% (a decrease of \$4,380,000 or 42.7% in 2010). The cash increase is principally due to the aforementioned positive operating results primarily in the general fund; the sale of a District building for \$740,000; and the more timely receipt of state and federal aid payments in comparison to 2010.

The decrease of \$1,551,000 or 12.1% in other liabilities reflects a \$370,000 principal payment on the BAN and a decrease in accounts payable of \$1,362,000 or 74.1% (increase of \$320,000 or 21.8% in 2010) due to the completion of the District's capital project. The reduction in long-term liabilities of \$1,970,000 or 5.9% (\$1,960,000 or 5.5% in 2010) reflects required principal payments on the District's outstanding debt. This reduction is short-lived though as the BAN will be converted to long-term financing in the near term.

Condensed Statement of Activities	2011	2010
Revenues		
Program revenues		
Charges for services and sales	\$ 892,000	\$ 873,000
Operating grants and contributions	4,282,000	4,907,000
Capital grants and contributions	-	514,000
General revenues		
Taxes and related items	19,502,000	17,735,000
State aid	13,104,000	15,727,000
Interest and other	566,000	92,000
Total revenue	<u>38,346,000</u>	<u>39,848,000</u>
Program expenses		
Instruction	24,966,000	26,073,000
Support services		
General support	5,334,000	5,667,000
Pupil transportation	1,924,000	1,982,000
Food service	653,000	670,000
Interest	1,381,000	1,659,000
Total expenses	<u>34,258,000</u>	<u>36,051,000</u>
Increase in net assets	4,088,000	3,797,000
Net assets - beginning	10,297,000	6,500,000
Net assets - ending	<u>\$ 14,385,000</u>	<u>\$ 10,297,000</u>

District revenues decreased by 3.8% or \$1,502,000 over 2010 (7.4% or \$2,756,000 increase from 2009). The decline in revenues was primarily a result of a decrease in state aid of \$2,623,000 or 16.7% (an increase of \$1,293,000 or 9.0% in 2010) coupled with a decrease in the funds the District received through the American Recovery and Reinvestment Act (ARRA). The District received \$1,252,000 in ARRA funding in 2011, compared to \$1,903,000 in 2010. These decreases were offset by an increase of \$1,767,000 or 10.0% (\$94,000 or 0.5% in 2010) in taxes and related items due to an increase in the tax rate and increases in PILOT (payment in lieu of taxes) payments.

Program expenses decreased approximately \$1,793,000 or 5.0% (increase of \$61,000 or 0.2% in 2010). The District spent a considerable amount of time and effort controlling and minimizing expenditures during 2011 to keep the District in as strong a financial position as possible during a time of economic uncertainty. Due to anticipated reductions in federal and state aid, the District reduced payroll expense through the elimination of positions and reducing some full-time positions to part-time. This resulted in a reduction in payroll expense of \$968,000 or 5.4%. All other controllable expenses were held as close to 2010 as possible.

Financial Analysis of the District's Funds

Total fund balances for the governmental funds increased to \$881,000 from a deficit of \$2,473,000 as described below:

- The general fund increase of \$3,077,000 is attributable to reductions in salaries and controlled spending, combined with a smaller than anticipated decrease in revenue. The District offset reductions in state and federal aid with property tax increases.
- Employee benefits increased by \$396,000 or 6.7% as a result of an increase in the New York State Teacher and Local Employees' retirement systems contribution rates for the year and an increase in unemployment benefits paid as a result of reductions in staff. These increases were offset by a reduction in social security and medicare expense.
- The capital projects fund increased by \$231,000 (a decrease of \$5,100,000 in 2010) due to a decrease in capital project expenditures in the current year.
- The school lunch fund maintained a healthy \$270,000 fund balance and is consistent from year to year.

General Fund Budgetary Highlights

The original and final revenue budget for 2011 was \$34,404,000 while actual revenues were \$35,403,000. The District received greater revenue than anticipated for sales taxes, charges for services and sale of property. Decreases in state and federal aid were offset by these increases.

Actual expenditures and carryover encumbrances were less than the final amended budget by \$2,919,000 or 8.2% with the largest savings found in employee benefits, programs for children with handicapping conditions and central services.

The District spent a considerable amount of time and effort controlling and minimizing expenditures during 2011 to keep the District in as strong a financial position as possible during a time of economic uncertainty.

Capital Assets

	<u>2011</u>	<u>2010</u>
Land and land improvements	\$ 1,172,000	\$ 1,403,000
Buildings and improvements	74,172,000	44,364,000
Furniture and equipment	971,000	896,000
Vehicles	184,000	189,000
Construction in progress	-	34,652,000
	<u>76,499,000</u>	<u>81,504,000</u>
Accumulated depreciation	(31,369,000)	(35,151,000)
	<u>\$ 45,130,000</u>	<u>\$ 46,353,000</u>

The investment in capital assets of \$244,000 during the year was offset by current year depreciation of \$862,000 and net asset disposals of \$605,000 due to the sale of a District building.

The District has financed portions of these projects through BANs on a short-term basis. Some of these BANs have already been converted to bonds. The existing BAN of \$9,345,000 is expected to be converted to a bond when it is in the District's best financial interest or when renewing short-term financing is no longer an option.

Debt

At June 30, 2011 the District had \$27,861,000 in bonds and energy performance contracts outstanding, with \$2,036,000 due within one year (\$29,846,000 at June 30, 2010). Outstanding compensated absences and retirees' health insurance payable at June 30, 2011 and 2010 were \$3,788,000 with \$1,179,000 estimated to be due within one year.

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

Current Financial Issues and Concerns

At the time these financial statements were prepared, effective June 30, 2011, the District was aware of the following existing circumstances that could significantly affect its financial health in the future.

- The District will continue to face uncertain changes to the amount of aid received from New York State as the cost of education continues to rise.
- The recently passed 2% real property tax levy cap which will be implemented in fiscal 2013 will further stretch resources requiring the use of reserves and creative cost cutting measures.

Contacting the School District's Financial Management

This financial report is designed to provide our citizens, taxpayers, and creditors with a general overview of the District's finances and to demonstrate the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the Business Office, Cheektowaga-Maryvale Union Free School District, 1050 Maryvale Drive, Cheektowaga, New York 14225.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

Statement of Net Assets

June 30, 2011 (with comparative totals as of June 30, 2010)	2011	2010 (As Restated)
Assets		
Cash	\$ 8,654,761	\$ 5,884,821
Due from other governments	1,630,865	1,599,789
Accounts receivable	282,754	284,742
State and federal aid receivable	1,419,261	2,416,376
Due from fiduciary funds	-	3,556
Inventory	17,145	17,531
Bond issuance costs, net	53,729	60,445
Capital assets (Note 6)	76,498,843	81,504,548
Accumulated depreciation	(31,369,310)	(35,151,081)
Total assets	57,188,048	56,620,727
Liabilities		
Accounts payable and accrued liabilities	475,804	1,838,281
Due to retirement systems	1,439,359	1,281,667
Due to fiduciary funds	23,662	-
Deferred revenue	-	380
Bond anticipation notes	9,345,000	9,715,000
Long-term liabilities		
Due within one year:		
Bonds	1,890,000	1,845,000
Compensated absences and retiree health insurance	1,179,000	1,384,000
Energy performance contract	145,629	228,271
Due beyond one year:		
Bonds	23,665,871	25,539,730
Compensated absences and retiree health insurance	2,609,000	2,404,165
Energy performance contract	2,030,028	2,087,549
Total liabilities	42,803,353	46,324,043
Net Assets		
Invested in capital assets, net of related debt	8,218,544	7,233,606
Restricted	6,160,265	3,402,091
Unrestricted	5,886	(339,013)
Total net assets	\$ 14,384,695	\$ 10,296,684

See accompanying notes.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

Statement of Activities and Changes in Net Assets

For the year ended June 30, 2011

(with summarized comparative totals for June 30, 2010)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue	
		Charges for Services	Operating Grants and Contributions	2011	2010
Governmental activities					
General support	\$ 5,333,535	\$ 520,454	\$ -	\$ (4,813,081)	\$ (5,197,349)
Instruction	24,966,269	137,041	3,902,404	(20,926,824)	(20,866,728)
Pupil transportation	1,923,954	-	-	(1,923,954)	(1,981,775)
Interest expense	1,381,267	-	-	(1,381,267)	(1,658,744)
School food service	653,436	234,264	379,709	(39,463)	(52,362)
	<u>\$ 34,258,461</u>	<u>\$ 891,759</u>	<u>\$ 4,282,113</u>	<u>(29,084,589)</u>	<u>(29,756,958)</u>
General revenues					
				17,453,715	15,708,512
				2,048,222	2,026,129
				47,748	148,876
				134,160	-
				384,730	(56,645)
				13,104,025	15,726,863
				<u>33,172,600</u>	<u>33,553,735</u>
				Change in net assets	3,796,777
				Net assets - beginning	6,499,907
				<u>\$ 14,384,695</u>	<u>\$ 10,296,684</u>

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

Balance Sheet - Governmental Funds

June 30, 2011

(with summarized comparative totals as of June 30, 2010)

	General	Capital Projects	Special Aid	School Lunch	Total Governmental Funds	
					2011	2010 (As Restated)
Assets						
Cash	\$ 8,261,495	\$ 135,975	\$ 50	\$ 257,241	\$ 8,654,761	\$ 5,884,821
Due from other governments	1,630,865	-	-	-	1,630,865	1,599,789
Accounts receivable	282,754	-	-	-	282,754	284,742
State and federal aid receivable	492,450	-	925,454	1,357	1,419,261	2,416,376
Due from other funds, net	904,830	-	-	-	904,830	1,095,061
Inventory	-	-	-	17,145	17,145	17,531
Total assets	\$ 11,572,394	\$ 135,975	\$ 925,504	\$ 275,743	\$ 12,909,616	\$ 11,298,320
Liabilities and Fund Balances						
Accounts payable and accrued liabilities	\$ 273,325	\$ 24,165	\$ 17,901	\$ 513	\$ 315,904	\$ 1,682,381
Due to retirement systems	1,439,359	-	-	-	1,439,359	1,281,667
Due to other funds, net	-	79,350	843,805	5,337	928,492	1,091,505
Deferred revenue	-	-	-	-	-	380
Bond anticipation notes	-	9,345,000	-	-	9,345,000	9,715,000
Total liabilities	1,712,684	9,448,515	861,706	5,850	12,028,755	13,770,933
Fund Balances						
Nonspendable:						
Inventory	-	-	-	17,145	17,145	17,531
Restricted:						
Capital projects	1,998,505	-	-	-	1,998,505	-
Debt service	533,934	-	-	-	533,934	566,587
Employee benefit accrued liability	2,283,804	-	-	-	2,283,804	1,905,348
Retirement contribution	1,344,022	-	-	-	1,344,022	930,156
Committed:						
Tax certiorari	1,077,413	-	-	-	1,077,413	956,026
Assigned:						
Designated for subsequent year's expenditures	1,000,000	-	-	-	1,000,000	750,000
Other purposes	200,382	-	63,798	252,748	516,928	579,668
Unassigned	1,421,650	(9,312,540)	-	-	(7,890,890)	(8,177,929)
Total fund balances (deficit)	9,859,710	(9,312,540)	63,798	269,893	880,861	(2,472,613)
Total liabilities and fund balances	\$ 11,572,394	\$ 135,975	\$ 925,504	\$ 275,743	\$ 12,909,616	\$ 11,298,320

See accompanying notes.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

**Reconciliation of the Governmental Funds
Balance Sheet to the Statement of Net Assets**

June 30, 2011

Total fund balances - governmental funds	\$	880,861
Amounts reported for governmental activities in the statement of net assets are different because:		
Capital assets used in governmental activities are not financial resources and are not reported as assets in governmental funds.		45,129,533
Certain liabilities are not due and payable currently and therefore are not reported as liabilities of the governmental funds. These liabilities are:		
Bonds	(25,555,871)	
Accrued interest	(159,900)	
Compensated absences and retiree health insurance	(3,788,000)	
Energy performance contract	<u>(2,175,657)</u>	(31,679,428)
Costs associated with the issuance of bonds are capitalized in the statement of net assets and are expensed in the governmental funds in the year the bonds are issued.		<u>53,729</u>
Net assets - governmental activities	\$	<u>14,384,695</u>

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

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

For the year ended June 30, 2011
(with summarized comparative totals for June 30, 2010)

	General	Capital Projects	Special Aid	School Lunch	Total Governmental Funds	
					2011	2010
Revenues						
Real property taxes	\$ 13,085,838	\$ -	\$ -	\$ -	\$ 13,085,838	\$ 11,711,620
Real property tax items	4,367,877	-	-	-	4,367,877	3,996,892
Nonproperty taxes	2,048,222	-	-	-	2,048,222	2,026,129
Charges for services	137,041	-	-	-	137,041	162,749
Use of money and property	689,195	-	-	586	689,781	618,710
Sale of property and compensation for loss	739,924	-	-	-	739,924	17,971
Miscellaneous	263,151	-	-	6,888	270,039	329,549
State sources	13,104,025	-	1,141,667	17,686	14,263,378	17,180,438
Federal sources	967,909	-	1,368,375	362,023	2,698,307	3,393,634
Local sources	-	-	424,453	-	424,453	573,677
Sales	-	-	-	227,376	227,376	240,833
Total revenues	35,403,182	-	2,934,495	614,559	38,952,236	40,252,202
Expenditures						
General support	4,091,078	-	-	43,983	4,135,061	4,333,884
Instruction	16,334,622	-	2,925,336	-	19,259,958	20,849,666
Pupil transportation	1,849,915	-	50,181	-	1,900,096	1,963,456
Employee benefits	6,301,927	-	-	8,702	6,310,629	5,914,808
Debt service						
Principal	2,355,163	-	-	-	2,355,163	2,260,729
Interest	1,354,410	-	-	-	1,354,410	1,555,187
Cost of sales	-	-	-	54,197	54,197	55,754
Other expenses	-	-	-	459,331	459,331	472,090
Capital outlay	-	138,917	-	1,000	139,917	5,815,158
Total expenditures	32,287,115	138,917	2,975,517	567,213	35,968,762	43,220,732
Excess revenues (expenditures)	3,116,067	(138,917)	(41,022)	47,346	2,983,474	(2,968,530)
Other financing sources (uses)						
Operating transfers, net	(38,802)	-	38,802	-	-	-
BANs redeemed from appropriations	-	370,000	-	-	370,000	225,000
Total other financing sources (uses)	(38,802)	370,000	38,802	-	370,000	225,000
Net change in fund balances	3,077,265	231,083	(2,220)	47,346	3,353,474	(2,743,530)
Fund balances (deficit) - beginning	6,782,445	(9,543,623)	66,018	222,547	(2,472,613)	270,917
Fund balances (deficit) - ending	\$ 9,859,710	\$ (9,312,540)	\$ 63,798	\$ 269,893	\$ 880,861	\$ (2,472,613)

See accompanying notes.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

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

For the year ended June 30, 2011

Total net change in fund balances - governmental funds \$ 3,353,474

Amounts reported for governmental activities in the statement of activities are different because:

Capital outlays are reported in governmental funds as expenditures. In the statement of activities, the cost of the assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation expense and disposals exceed capital outlays. (1,223,934)

Payments of long-term liabilities are reported as expenditures in governmental funds and as reductions of debt in the statement of net assets. 1,985,163

In the statement of activities, certain expenses are measured by the amounts earned during the year.

In the governmental funds these expenditures are reported as paid. These differences are:

Compensated absences and retiree health insurance	165	
Amortization of bond issuance costs	(6,716)	
Amortization of defeasance loss and bond premiums	(16,141)	
Accrued interest	(4,000)	(26,692)

Change in net assets - governmental activities \$ 4,088,011

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

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

For the year ended June 30, 2011

	Budgeted Amounts		Actual (Budgetary Basis)	Encumbrances	Variance with Final Budget Over/(Under)
	Original	Final			
Revenues					
Local sources					
Real property taxes	\$ 13,062,470	\$ 13,074,586	\$ 13,085,838		\$ 11,252
Real property tax items	4,324,778	4,312,662	4,367,877		55,215
Nonproperty taxes	1,876,250	1,876,250	2,048,222		171,972
Charges for services	111,300	111,300	137,041		25,741
Use of money and property	428,070	428,070	689,195		261,125
Sale of property and compensation for loss	-	-	739,924		739,924
Miscellaneous	188,000	188,000	263,151		75,151
State sources	14,368,280	13,412,115	13,104,025		(308,090)
Federal sources	45,000	1,001,165	967,909		(33,256)
Total revenues	34,404,148	34,404,148	35,403,182		999,034
Expenditures					
General Support					
Board of education	23,475	28,221	27,927	125	(169)
Central administration	205,666	216,168	215,041	395	(732)
Finance	407,066	411,391	375,473	2,402	(33,516)
Staff	235,165	219,527	166,764	-	(52,763)
Central services	3,617,113	3,600,716	2,883,184	161,438	(556,094)
Special items	522,464	522,079	422,689	-	(99,390)
Instruction					
Instruction, administration and improvement	1,275,804	1,389,582	1,302,466	153	(86,963)
Teaching - regular school	9,465,993	9,375,906	9,198,210	18,224	(159,472)
Programs for children with handicapping conditions	3,439,117	3,409,744	2,743,852	-	(665,892)
Occupational education	560,538	560,538	560,538	-	-
Teaching - special schools	14,113	14,316	5,793	-	(8,523)
Instructional media	809,150	827,625	801,636	15,459	(10,530)
Pupil services	1,753,269	1,751,954	1,722,127	2,186	(27,641)
Pupil transportation	2,098,593	2,099,759	1,849,915	-	(249,844)
Employee benefits	7,269,527	7,269,527	6,301,927	-	(967,600)
Debt service					
Principal	2,355,163	2,355,163	2,355,163	-	-
Interest	1,354,412	1,354,412	1,354,410	-	(2)
Total expenditures	35,406,628	35,406,628	32,287,115	200,382	(2,919,131)
Excess revenues (expenditures)	(1,002,480)	(1,002,480)	3,116,067	(200,382)	3,918,165
Other financing sources (uses)					
Operating transfers out	(211,613)	(211,613)	(38,802)		(172,811)
Appropriated fund balance and carryover encumbrances	1,058,634	1,058,634	-		(1,058,634)
Appropriated reserves	155,459	155,459	-		(155,459)
Total other financing sources (uses)	1,002,480	1,002,480	(38,802)		(1,041,282)
Excess revenues (expenditures) and other financing sources (uses)	\$ -	\$ -	\$ 3,077,265	\$ (200,382)	\$ 2,876,883

See accompanying notes.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

Statement of Fiduciary Net Assets

June 30, 2011

	Private-Purpose Trusts	Agency
Assets		
Cash	\$ 28,801	\$ 524,011
Due from governmental funds	-	23,662
	<u>28,801</u>	<u>547,673</u>
Liabilities		
Accounts payable	-	\$ 459,500
Extraclassroom activities balances	-	88,173
Total liabilities	<u>-</u>	<u>\$ 547,673</u>
Net Assets		
Reserved for scholarships	<u>\$ 28,801</u>	

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CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

Statement of Changes in Fiduciary Net Assets

For the year ended June 30, 2011

	Private-Purpose Trusts
Additions	
Interest income	\$ 211
Deductions	
Scholarship awards	<u>300</u>
Change in net assets	(89)
Net assets - beginning	<u>28,890</u>
Net assets - ending	<u>\$ 28,801</u>

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

Notes to Financial Statements

1. Summary of Significant Accounting Policies

Reporting Entity

Cheektowaga-Maryvale Union Free 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. In addition, the District's reporting entity does not contain any component units as defined in Governmental Accounting Standards Board Statement No. 14 as amended by Statement No. 39.

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 20 participating school districts in the Erie 1 Board of Cooperative Educational Services (BOCES). Formed under §1950 of Education Law, BOCES is a voluntary cooperative association of school districts in a geographic area that share 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. As of year end there was no such debt issued by the District.

During the year ended June 30, 2011, the District was billed \$2,361,000 for BOCES administrative and program costs and recognized \$157,000 in revenue as a refund from prior year expenditures paid to BOCES and \$72,000 in rental and other services income. Audited financial statements are available from BOCES' administrative offices.

Public Entity Risk Pools

The District participates in the NY44 Health Benefits Plan Trust, which is a public entity risk pool. This plan is designed to provide health insurance coverage for participating entities. These activities are further discussed in Note 11.

Basis of Presentation

Government-wide Statements: The statement of net assets and the statement of activities and changes in net assets 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 and changes in net assets 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 and (b) grants and contributions that are restricted to meeting the operational requirements of a particular program. 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.

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

- *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.
- *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 restricted 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 benefits various third party scholarships arrangements.
- *Agency fund.* This fund accounts for assets held by the District as agent for various student groups and clubs, payroll, and other employee withholdings. The agency fund is custodial in nature and does not involve the 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, 2010, 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. On an accrual basis, 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 deferred 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, 2011 the tax lien was issued on July 26, 2010 for collection from September 15, 2010 through November 30, 2010. Thereafter, uncollected amounts became the responsibility of Erie County. 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, 2010 was approved by a majority of the voters in a general election held on May 18, 2010.

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.

Capital project funds are subject to individual project expenditures determined primarily by the cost of the project together with the requirements for external borrowings used to fund a particular project rather than annual appropriations. These budgets do not lapse at year end and are carried over to the completion of the project.

Encumbrance accounting is used to assure effective budgetary control. Encumbrances represent commitments related to unperformed (executory) contracts for goods or services. Amounts outstanding at year end represent the estimated amount of the expenditures ultimately to result if unperformed contracts in process at year end are completed. Encumbrances are reflected as a budgetary expenditure in the year of incurrence of the commitment for the purchase and 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 and is recorded at cost on a first-in, first-out basis. Donated commodities are stated at values which approximate market.

Capital Assets

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

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

	Capitalization Policy	Estimated Useful Life
Land improvements	\$ 50,000	20
Buildings and improvements	\$ 50,000	15-40
Furniture and equipment	\$ 5,000	5-15
Vehicles	\$ 5,000	8-10

Other Assets

Bond issuance costs are recognized in the period bonds are issued in the governmental funds. Within the government-wide financial statements, bond issuance costs are capitalized and amortized on a straight-line basis over the life of the debt issue as a component of interest expense.

Bond Defeasances and Refundings

In the government-wide financial statements, gains or losses represent the difference between the price required to repay previously issued debt and the net carrying amount of the retired debt, and are deferred as an addition to or are deducted from the new bonded liability. In subsequent years, they 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.

Compensated Absences

The liability for compensated absences reported in the government-wide financial statements consists of unpaid accumulated annual 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 other employees expected to become eligible in the future 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 at various amounts at retirement.

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. These amounts are expensed as paid.

Equity Classifications

Government-wide statements

- *Invested in capital assets, net of related debt* - consists of net capital assets reduced by outstanding balances of any related debt obligations attributable to the acquisition, construction, or improvement of those assets.
- *Restricted net assets* – net assets are considered restricted if their use is constrained to a particular purpose. Restrictions are imposed by external organizations such as federal or state laws or buyers of the District's bonds.
- *Unrestricted net assets* – consists of all other net assets that do not meet the definition of the above two components and 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 and net assets 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 balance represents resources that cannot be spent as they are not expected to be converted to cash and includes inventory.

Fund balance and net asset restrictions consist of the following reserves:

- *Capital projects* – is used to accumulate funds to finance all or a portion of future capital projects for which bonds may be issued. Voter authorization is required for both the establishment of the reserve and payments from the reserve. During 2011, voters approved the creation of a capital reserve of \$3,000,000. To date, \$1,995,000 of this reserve has been funded.

- *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.
- *Employee benefit accrued liability* – is used to account for the payment of accumulated vacation and sick time due upon termination of the 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.
- *Retirement contribution* – is used to finance retirement contributions payable to the New York State and Local Employees’ Retirement System.

Fund balance commitments represent amounts the District has included in a tax certiorari reserve 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 Transfers

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

In the government-wide statements, the amounts reported on the statement of net assets 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.

2. Change in Accounting Principle

For the fiscal year ended June 30, 2011, the District adopted GASB 54 – *Fund Balance Reporting and Governmental Fund Type Definitions*. This pronouncement requires the District to classify fund balance into five distinctive categories: nonspendable, restricted, committed, assigned and unassigned based on the relative strength of the constraints that control how specific amounts can be spent including policy disclosure on how amounts in these categories are considered spent. Prior year amounts of restricted net assets and fund balance classifications within each fund have been restated to conform with the requirements of GASB 54.

3. Stewardship and Compliance

The District accounts for the financial activities of the Community Education program in the special aid fund rather than the general fund as specified by the New York State Uniform System of Accounts for School Districts. If this program had been included within the general fund as required, revenues would increase by \$423,453, expenditures by \$425,673, and fund balance would increase by \$63,798 as of June 30, 2011.

The capital projects deficit fund balance of \$9,312,540 will be funded when bond anticipation notes are converted to permanent financing.

4. Cash and Investments

Investment policies are 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. The Treasurer is authorized to use demand accounts and certificates of deposit. Permissible investments include 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 deposit may not be returned to it. At June 30, 2011, the District’s bank deposits were fully collateralized by FDIC coverage and collateral held by the pledging institution’s trust department in the District’s name.

5. Interfund Transactions – fund financial statements

Fund	Receivable	Payable	Transfers	
			In	Out
General	\$ 1,948,386	\$ 1,043,556	\$ -	\$ 38,802
Capital projects	45,733	125,083	-	-
Special aid	1,315,832	2,159,637	38,802	-
School lunch	-	5,337	-	-
Fiduciary	47,474	23,812	-	-
	<u>\$ 3,357,425</u>	<u>\$ 3,357,425</u>	<u>\$ 38,802</u>	<u>\$ 38,802</u>

The District provides funds from the general to the special aid fund for cash flow throughout the year. These amounts are repaid in the subsequent year after funds are received from the State after final expenditure reports have been submitted and approved. Amounts owed to the general from the fiduciary fund represent payroll withholdings made in the general fund. The school lunch and capital project funds owe the general fund for expenditures paid by the general fund. These amounts are repaid subsequent to year end. Transfers from the general to the special aid fund are to cover the District's share of summer school programs for handicapped children and are considered permanent transfers.

6. Capital Assets

	Balance July 1, 2010	Increases	Retirements/ Reclassifications	Balance June 30, 2011
Capital assets not being depreciated:				
Land	\$ 112,646	\$ -	\$ -	\$ 112,646
Construction in progress	34,652,155	138,917	(34,791,072)	-
Total non-depreciated assets	<u>34,764,801</u>	<u>138,917</u>	<u>(34,791,072)</u>	<u>112,646</u>
Capital assets being depreciated:				
Land improvements	1,290,688	-	(231,323)	1,059,365
Buildings and improvements	44,363,599	55,145	29,753,194	74,171,938
Furniture and equipment	896,080	25,705	49,030	970,815
Vehicles	189,380	24,290	(29,591)	184,079
Total depreciated assets	<u>46,739,747</u>	<u>105,140</u>	<u>29,541,310</u>	<u>76,386,197</u>
Less accumulated depreciation:				
Land improvements	1,165,176	18,724	(217,322)	966,578
Buildings and improvements	33,217,349	784,797	(4,385,707)	29,616,439
Furniture and equipment	629,482	46,899	(11,378)	665,003
Vehicles	139,074	11,807	(29,591)	121,290
Total accumulated depreciation	<u>35,151,081</u>	<u>862,227</u>	<u>(4,643,998)</u>	<u>31,369,310</u>
Total depreciated assets, net	<u>11,588,666</u>	<u>(757,087)</u>	<u>34,185,308</u>	<u>45,016,887</u>
	<u>\$ 46,353,467</u>	<u>\$ (618,170)</u>	<u>\$ (605,764)</u>	<u>\$ 45,129,533</u>

Depreciation expense has been allocated to the following functions: general support \$258,667, instruction \$517,337 and school food service \$86,223.

As of June 30, 2011 invested in capital assets, net of related debt consists of the following:

Capital assets, net of accumulated depreciation	\$ 45,129,533
Bond issuance costs	53,729
Bonds and energy performance contract	(27,731,528)
Cash reserved for capital projects, net of payables	111,810
Bonds anticipation notes	<u>(9,345,000)</u>
	<u>\$ 8,218,544</u>

7. Short-Term Debt

Bond anticipation notes (BANs) outstanding at June 30, 2011 amounted to \$9,345,000 (\$9,715,000 at June 30, 2010), carry interest at 2.00% (1.75% at June 30, 2010) and mature in December 2011. In 2011, \$370,000 of the outstanding BAN was redeemed and a BAN of \$9,345,000 was issued. The District intends to renew the BAN until such time that permanent financing is issued.

8. Long-Term Liabilities

	July 1, 2010	Increases	Decreases	June 30, 2011	Due Within One Year
Bonds	\$ 27,530,000	\$ -	\$ 1,845,000	\$ 25,685,000	\$ 1,890,000
Unamortized loss on defeasance and bond premiums	(145,270)	-	16,141	(129,129)	-
Energy performance contract	2,315,820	-	140,163	2,175,657	145,629
Compensated absences	2,309,000	-	184,000	2,125,000	906,000
Retiree health insurance	1,479,165	183,835	-	1,663,000	273,000
	<u>\$ 33,488,715</u>	<u>\$ 183,835</u>	<u>\$ 2,185,304</u>	<u>\$ 31,519,528</u>	<u>\$ 3,214,629</u>

Existing obligations:

Description	Maturity	Rate	Balance
Refunding bonds - September 2006	June 2019	3.25% - 4.5%	\$ 4,225,000
Energy Performance Contract	June 2023	3.86%	2,175,657
Serial bonds - July 2008	June 2024	3.75% - 4.13%	21,460,000
			<u>\$ 27,860,657</u>

Debt service requirements:

Year ending June 30,	Bonds		Energy Performance Contract	
	Principal	Interest	Principal	Interest
2012	\$ 1,890,000	\$ 1,024,265	\$ 145,629	\$ 82,642
2013	1,940,000	949,340	151,308	76,963
2014	1,985,000	872,540	157,209	71,062
2015	2,035,000	790,465	163,340	64,931
2016	2,105,000	708,665	169,710	58,561
2017-2021	10,365,000	2,283,458	953,138	188,216
2022-2024	5,365,000	408,387	435,323	21,219
	<u>\$ 25,685,000</u>	<u>\$ 7,037,120</u>	<u>\$ 2,175,657</u>	<u>\$ 563,594</u>

Advanced Refunding of Debt:

The District previously defeased certain 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, 2011, remaining principal of the defeased debt was \$4,200,000.

9. Contributions to Pension Plans

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

- New York State Teachers' Retirement System:**
 TRS is administered by the New York State Teachers' Retirement Board and provides benefits to plan members and beneficiaries as authorized by 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 for the System. The report may be obtained by writing to the New York State Teachers' Retirement System, 10 Corporate Woods Drive, Albany, New York 12211-2395.
- New York State and Local Employees' Retirement System:**
 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 by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244-0001.
- Funding Policies:**
 The Systems require employee contributions of 3% of salary for the first 10 years of service for those employees who joined the Systems between July 1976 and December 2009. Participants hired after January 1, 2010 are required to contribute 3% (ERS) or 3.5% (TRS) of compensation throughout their active membership in the Systems. No employee contribution is required for those hired prior to July 1976. For ERS, the Comptroller annually certifies the rates, expressed as a percentage of the wages of participants, used to compute the contributions required to be made by the District to the pension accumulation fund. Pursuant to Article 11 of Education Law, an actuarially determined contribution rate is established annually by the New York State Teachers' Retirement Board.

The required contributions and rates over the past three years were:

	ERS		TRS	
	Amount	Rate	Amount	Rate
2011	\$ 411,356	11.4%-15.3%	\$ 1,162,179	8.62%
2010	283,733	7.1%-9.3%	877,312	6.19%
2009	290,322	8.1%-10.8%	1,091,490	7.63%

The District's contributions made to the Systems were equal to 100% of the amount required for each year.

10. Sick Time Conversion

The District provides for the continuation of health insurance coverage to retired employees in accordance with the provisions of various employment contracts. These benefits are provided in lieu of a lump sum payment of compensated absences. The contracts provide the option of converting accumulated sick pay to purchase health care and require various years of service and age limits. The District accrues for future compensated absences in the government-wide financial statements under the requirements of GASB Statement 16, *Accounting for Compensated Absences*.

The District's actuary reviewed postemployment benefits and determined that the District has no required accrual for postemployment benefits on the government-wide statements in accordance with GASB Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*.

11. Risk Management

General Liability

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

Health Insurance

The District participates in the NY44 Health Benefits Plan Trust (the Plan). The Plan has been established to administer a health insurance program to lower the costs of such coverage to the 27 participating members as of June 30, 2010 (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 equivalent. 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, 2010, which can be obtained from Erie 1 BOCES, 355 Harlem Road, West Seneca, New York, 14224.

12. Commitments and Contingencies

Litigation

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

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. In addition, State aid payments are based upon estimated expenditures and pupil statistics, are complex, and subject to adjustment. Any disallowed claims resulting from such audits could become a liability of the District. Based on prior experience, management expects such amounts to be immaterial.

Encumbrances

Significant outstanding encumbrances as of June 30, 2011 in the general fund include \$97,000 for architectural and engineering design work.

Operating Lease

The District leases certain equipment under the terms of various operating leases. Rental expense for all operating leases amount to \$63,331 for the year ended June 30, 2011. Future minimum rental to be paid for all noncancelable operating leases are:

<u>Year ending June 30,</u>	
2012	\$ 63,331
2013	<u>21,320</u>
	<u>\$ 84,651</u>

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

**Supplementary Information
 Schedule of Change from Original to Final Budget
 And Use of Unrestricted Fund Balance - General Fund**

For the year ended June 30, 2011

Original expenditure budget	\$ 35,309,607
Encumbrances carried over from prior year	<u>308,634</u>
Revised expenditure budget	<u>\$ 35,618,241</u>

* * *

Use of Unrestricted Fund Balance as of July 1, 2010

Committed*	\$ -
Assigned	1,058,634
Unassigned	<u>1,365,694</u>
	2,424,328
Encumbrances included in committed and assigned fund balance	(308,634)
Appropriated fund balance used for tax levy	<u>(750,000)</u>
Amount subject to 4% limit pursuant to Real Property Tax Law §1318	<u>\$ 1,365,694</u>

**As defined by the Office of the Comptroller of the State of New York*

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

**Supplementary Information
Schedule of Capital Project Expenditures**

For the year ended June 30, 2011

Project Title	Original Budget	Expenditures			Unexpended Balance
		Prior Years	Current Year	Total	
2006 Improvements	\$ 34,778,328	\$ 34,652,155	\$ 138,917	\$ 34,791,072	\$ (12,744)

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

**Supplementary Information
Schedule of Certain Revenues and Expenditures
Compared to ST-3 Data**

For the year ended June 30, 2011

	Account Code	ST-3		General Fund Financial Statement Amounts
		Account Code	Amounts (Unaudited)	
Revenues				
Real property taxes	A-1001	\$	13,085,838	\$ 13,085,838
Nonproperty taxes	AT-1199	\$	2,048,222	\$ 2,048,222
State aid	AT-3999	\$	13,104,025	\$ 13,104,025
Federal aid	AT-4999	\$	967,909	\$ 967,909
Total revenues and other financing sources	AT-5999	\$	35,403,182	\$ 35,403,182
Expenditures				
General support	AT-1999	\$	4,091,078	\$ 4,091,078
Pupil transportation	AT-5599	\$	1,849,915	\$ 1,849,915
Debt service - principal	AT-9798.6	\$	2,355,163	\$ 2,355,163
Debt service - interest	AT-9798.7	\$	1,354,410	\$ 1,354,410
Total expenditures and other financing uses	AT-9999	\$	32,325,917	\$ 32,325,917

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

**Supplementary Information
Schedule of Expenditures of Federal Awards**

For the year ended June 30, 2011

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>CFDA Number</u>	<u>Grantor Number</u>	<u>Expenditures</u>
U.S. Department of Education:			
Passed Through New York State Department of Education			
Title I, Part A Cluster:			
Title I Grants to Local Educational Agencies	84.010	0021-11-0750	\$ 353,597
ARRA - Title I Grants to Local Educational Agencies, Recovery Act	84.389	5021-11-0750	2,120
Total Title I, Part A Cluster			<u>355,717</u>
Special Education Cluster:			
Special Education_Grants to States	84.027	0032-11-0215	479,116
Special Education_Preschool Grants	84.173	0033-11-0215	18,480
ARRA - Special Education Grants to States, Recovery Act	84.391	5032-11-0215	276,084
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	5033-11-0215	13,362
Total Special Education Cluster			<u>787,042</u>
Adult Education - Basic Grants to States	84.002	0138-11-0009	22,563
Adult Education - Basic Grants to States	84.002	2338-11-1100	98,060
Safe and Drug-Free Schools and Communities_State Grants	84.186	0180-11-0750	3,600
Improving Teacher Quality State Grants	84.367	0147-11-0750	97,306
ARRA - State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	5000-11-0750	956,165
ARRA - State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	5500-11-0750	4,087
Total U.S. Department of Education			<u>2,324,540</u>
U.S. Department of Agriculture:			
Passed Through New York State Department of Education			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	32,111
National School Lunch Program	10.555	N/A	276,101
Total Child Nutrition Cluster			<u>308,212</u>
Passed Through New York State Office of General Services			
Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	53,811
Total U.S. Department of Agriculture			<u>362,023</u>
Total Expenditures of Federal Awards			<u>\$ 2,686,563</u>

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

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 Cheektowaga-Maryvale Union Free 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 program 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.

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, 2011, the District used \$53,811 worth of commodities under the Child Nutrition Discretionary Grants Limited Availability program (CFDA Number 10.579).

**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
Cheektowaga-Maryvale Union Free School District

We have audited the financial statements of the governmental activities, each major fund and the remaining fund information of Cheektowaga-Maryvale Union Free School District (the District) as of and for the year ended June 30, 2011, which collectively comprise the District's basic financial statements and have issued our report thereon dated September 26, 2011. 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.

Internal Control over Financial Reporting

In planning and performing our audit, we considered the District's internal control over financial reporting as a basis for designing our auditing procedures 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 over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over financial reporting.

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.

Our consideration of internal control over financial reporting 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 financial reporting that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above. However, we identified a deficiency in internal control over financial reporting, described in the accompanying schedule of findings and questioned costs [2007-01] that we consider to be a significant deficiency in internal control over financial reporting. 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.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the District's financial statements are free of 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*.

The District's response to the finding identified in our audit is described in the accompanying schedule of findings and questioned costs. We did not audit the District's response and, accordingly, we express no opinion on it.

This report is intended solely for the information and use of management, the Audit Committee, Board of Education, New York State Department of Education, federal awarding agencies and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties.

Jumden # McCormick, LLP

September 26, 2011

Independent Auditors' Report on Compliance with Requirements That Could Have a Direct and Material Effect on Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

The Board of Education
Cheektowaga-Maryvale Union Free School District

Compliance

We have audited Cheektowaga-Maryvale Union Free School District's (the District) compliance with the types of compliance requirements described in the *OMB Circular A-133 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, 2011. The District's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of the District's management. Our responsibility is to express an opinion on the District's compliance based on our audit.

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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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. Our audit does not provide a legal determination on the District's compliance with those requirements.

In our opinion, the District complied, in all material respects, with the 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, 2011.

Internal Control over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the District's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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.

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 deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

This report is intended solely for the information and use of management, the Audit Committee, Board of Education, New York State Department of Education, federal awarding agencies and pass-through entities. It is not intended to be and should not be used by anyone other than these specified parties.

Jumden # McCormick, LLP

September 26, 2011

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs

For the year ended June 30, 2011

Section I. Summary of Auditors' Results

Financial Statements

Type of auditors' report issued: *Unqualified*

Internal control over financial reporting:

- Material weakness(es) identified? No
- Significant deficiency(ies) identified? Yes [2007-01]

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: *Unqualified*

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? No

Identification of major programs:

<u>Name of Federal Program or Cluster</u>	<u>CFDA #</u>	<u>Amount</u>
Special Education Cluster:		
Special Education_Grants to States	84.027	\$ 479,116
Special Education_Preschool Grants	84.173	18,480
ARRA - Special Education Grants to States, Recovery Act	84.391	276,084
ARRA - Special Education - Preschool Grants, Recovery Act	84.392	13,362
		<u>787,042</u>
ARRA - State Fiscal Stabilization Fund (SFSF) - Education		
State Grants, Recovery Act	84.394	956,165
		<u>\$ 1,743,207</u>

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? Yes

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

Schedule of Findings and Questioned Costs (continued)

For the year ended June 30, 2011

Section II. Financial Statement Findings

2007-01	Condition:	Historically, management has requested that the its external auditors provide feedback and assistance with adjustments required by GASB 34 and in drafting the annual financial statements and related footnote disclosures.
	Criteria:	Controls should be in place to ensure proper financial reporting and complete and accurate disclosures, exclusive of the efforts of the external auditor.
	Effect:	The District's financial statements may not be properly presented in accordance with generally accepted accounting principles.
	Recommendation:	While possibly impractical, management may wish to consider additional training or other resources to ensure completeness of its reporting process and control system.
	Management's Response:	In order to eliminate this condition, the District would need to devote considerable resources either internally or externally to ensure complete mastery of existing and future accounting principles and disclosure requirements. Management would have to compile the financial statements, including footnotes, and employ separate and distinct personnel for all standard implementation issues, in lieu of the services presently provided by our auditing firm. Based on an evaluation of resources and cost/benefit scenarios, we do not believe this option is practical for the District.

Section III. Federal Award Findings and Questioned Costs

No matters were reported.

CHEEKTOWAGA-MARYVALE UNION FREE SCHOOL DISTRICT

Summary Schedule of Prior Audit Findings

June 30, 2011

<u>Reference Number</u>	<u>Discussion</u>	<u>Cost</u>	<u>Status of Finding</u>
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No findings were reported and as such, no corrective action plan is needed.

RATING

Standard & Poor's has assigned the District an underlying rating of A+/Stable and is expected to assign the Bonds the rating of "AA-/Stable," based upon issuance by AGM of its standard form of Municipal Bond Insurance Policy, as indicated on the revised cover page of the Official Statement. Such rating will reflect only the view of such rating agency and any desired explanation of the significance of such rating should be obtained from such rating agency as follows: Standard & Poor's Credit Market Services, 55 Water Street, 38th Floor, New York, New York, 10041, (212) 438-2118. 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 not be lowered or withdrawn entirely if, in the judgment of the agency originally establishing the rating, circumstances so warrant. Any downward revision or withdrawal of 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.

BOND INSURANCE

BOND INSURANCE POLICY

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

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

ASSURED GUARANTY MUNICIPAL CORP.

AGM is a New York domiciled financial guaranty insurance company and a wholly owned subsidiary of Assured Guaranty Municipal Holdings Inc. ("Holdings"). Holdings is an indirect subsidiary of Assured Guaranty Ltd. ("AGL"), a Bermuda-based holding company whose shares are publicly traded and are listed on the New York Stock Exchange under the symbol "AGO". AGL, through its operating subsidiaries, provides credit enhancement products to the U.S. and global public finance, infrastructure and structured finance markets. No shareholder of AGL, Holdings or AGM is liable for the obligations of AGM.

AGM's financial strength is rated "AA-" (stable outlook) by Standard and Poor's Ratings Services, a Standard & Poor's Financial Services LLC business ("S&P") and "Aa3" (negative outlook) by Moody's Investors Service, Inc. ("Moody's"). An explanation of the significance of the above ratings may be obtained from the applicable rating agency. The above ratings are not recommendations to buy, sell or hold any security, and such ratings are subject to revision or withdrawal at any time by the rating agencies, including withdrawal initiated at the request of AGM in its sole discretion. In addition, the rating agencies may at any time change AGM's long-term rating outlooks or place such ratings on a watch list for possible downgrade in the near term. Any downward revision or withdrawal of any of the above ratings, the assignment of a negative outlook to such ratings or the placement of such ratings on a negative watch list may have an adverse effect on the market price of any security guaranteed by AGM. AGM only guarantees scheduled principal and scheduled interest payments payable by the issuer of bonds insured by AGM on the date(s) when such amounts were initially scheduled to become due and payable (subject to and in accordance with the terms of the relevant insurance policy), and does not guarantee the market price or liquidity of the securities it insures, nor does it guarantee that the ratings on such securities will not be revised or withdrawn.

Current Financial Strength Ratings

On November 30, 2011, S&P published a Research Update in which it downgraded AGM's financial strength rating from "AA+" to "AA-". At the same time, S&P removed the financial strength rating from CreditWatch negative and changed the outlook to stable. AGM can give no assurance as to any further ratings action that S&P may take. Reference is made to the Research Update, a copy of which is available at www.standardandpoors.com, for the complete text of S&P's comments.

The most recent rating action by Moody's on AGM took place on December 18, 2009, when Moody's issued a press release stating that it had affirmed the "Aa3" insurance financial

strength rating of AGM, with a negative outlook. Reference is made to the press release, a copy of which is available at www.moodys.com, for the complete text of Moody's comments. Moody's is in the process of reviewing AGL and its subsidiaries and there can be no assurance as to any ratings action that Moody's may take with respect to AGM.

For more information regarding AGM's financial strength ratings and the risks relating thereto, see AGL's Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as amended by its Form 10-K/A; its Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2011 and June 30, 2011, each as amended by its Form 10-Q/A; and its Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011.

Capitalization of AGM

At September 30, 2011, AGM's consolidated policyholders' surplus and contingency reserves were approximately \$3,105,604,840 and its total net unearned premium reserve was approximately \$2,207,101,966, in each case, in accordance with statutory accounting principles.

AGM's statutory financial statements for the fiscal year ended December 31, 2010 and for the quarterly periods ended March 31, 2011, June 30, 2011 and September 30, 2011, which have been filed with the New York State Department of Financial Services and posted on AGL's website at <http://www.assuredguaranty.com>, are incorporated by reference into this Official Statement and shall be deemed to be a part hereof.

Incorporation of Certain Documents by Reference

Portions of the following documents filed by AGL with the Securities and Exchange Commission (the "SEC") that relate to AGM are incorporated by reference into this Official Statement and shall be deemed to be a part hereof:

- (i) the Annual Report on Form 10-K for the fiscal year ended December 31, 2010, as amended by Amendment No. 1 on Form 10-K/A (filed by AGL with the SEC on March 1, 2011 and October 31, 2011, respectively);
- (ii) the Quarterly Report on Form 10-Q for the quarterly period ended March 31, 2011, as amended by Amendment No. 1 on Form 10-Q/A (filed by AGL with the SEC on May 10, 2011 and November 14, 2011, respectively);
- (iii) the Quarterly Report on Form 10-Q for the quarterly period ended June 30, 2011, as amended by Amendment No. 1 on Form 10-Q/A (filed by AGL with the SEC on August 9, 2011 and November 14, 2011, respectively); and
- (iv) the Quarterly Report on Form 10-Q for the quarterly period ended September 30, 2011 (filed by AGL with the SEC on November 14, 2011).

All information relating to AGM included in, or as exhibits to, documents filed by AGL pursuant to Section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended, after the filing of the last document referred to above and before the termination of the offering of the Bonds shall be deemed incorporated by reference into this Official Statement and to be a part hereof from the respective dates of filing such documents. Copies of materials incorporated by

reference are available over the internet at the SEC's website at <http://www.sec.gov>, at AGL's website at <http://www.assuredguaranty.com>, or will be provided upon request to Assured Guaranty Municipal Corp.: 31 West 52nd Street, New York, New York 10019, Attention: Communications Department (telephone (212) 826-0100).

Any information regarding AGM included herein under the caption "APPENDIX D - BOND INSURANCE – Assured Guaranty Municipal Corp." or included in a document incorporated by reference herein (collectively, the "AGM Information") shall be modified or superseded to the extent that any subsequently included AGM Information (either directly or through incorporation by reference) modifies or supersedes such previously included AGM Information. Any AGM Information so modified or superseded shall not constitute a part of this Official Statement, except as so modified or superseded.

Miscellaneous Matters

AGM or one of its affiliates may purchase a portion of the Bonds or any uninsured bonds offered under this Official Statement and may hold such Bonds or uninsured bonds for investment or may sell or otherwise dispose of such Bonds or uninsured bonds at any time or from time to time.

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



MUNICIPAL BOND INSURANCE POLICY

ISSUER:

Policy No: -N

BONDS: \$ in aggregate principal amount of

Effective Date:

Premium: \$

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

On the later of the day on which such principal and interest becomes Due for Payment or the Business Day next following the Business Day on which AGM shall have received Notice of Nonpayment, AGM will disburse to or for the benefit of each Owner of a Bond the face amount of principal of and interest on the Bond that is then Due for Payment but is then unpaid by reason of Nonpayment by the Issuer, but only upon receipt by AGM, in a form reasonably satisfactory to it, of (a) evidence of the Owner's right to receive payment of the principal or interest then Due for Payment and (b) evidence, including any appropriate instruments of assignment, that all of the Owner's rights with respect to payment of such principal or interest that is Due for Payment shall thereupon vest in AGM. A Notice of Nonpayment will be deemed received on a given Business Day if it is received prior to 1:00 p.m. (New York time) on such Business Day; otherwise, it will be deemed received on the next Business Day. If any Notice of Nonpayment received by AGM is incomplete, it shall be deemed not to have been received by AGM for purposes of the preceding sentence and AGM shall promptly so advise the Trustee, Paying Agent or Owner, as appropriate, who may submit an amended Notice of Nonpayment. Upon disbursement in respect of a Bond, AGM shall become the owner of the Bond, any appurtenant coupon to the Bond or right to receipt of payment of principal of or interest on the Bond and shall be fully subrogated to the rights of the Owner, including the Owner's right to receive payments under the Bond, to the extent of any payment by AGM hereunder. Payment by AGM to the Trustee or Paying Agent for the benefit of the Owners shall, to the extent thereof, discharge the obligation of AGM under this Policy.

Except to the extent expressly modified by an endorsement hereto, the following terms shall have the meanings specified for all purposes of this Policy. "Business Day" means any day other than (a) a Saturday or Sunday or (b) a day on which banking institutions in the State of New York or the Insurer's Fiscal Agent are authorized or required by law or executive order to remain closed. "Due for Payment" means (a) when referring to the principal of a Bond, payable on the stated maturity date thereof or the date on which the same shall have been duly called for mandatory sinking fund redemption and does not refer to any earlier date on which payment is due by reason of call for redemption (other than by mandatory sinking fund redemption), acceleration or other advancement of maturity unless AGM shall elect, in its sole discretion, to pay such principal due upon such acceleration together with any accrued interest to the date of acceleration and (b) when referring to interest on a Bond, payable on the stated date for payment of interest. "Nonpayment" means, in respect of a Bond, the failure of the Issuer to have provided sufficient funds to the Trustee or, if there is no Trustee, to the Paying Agent for payment in full of all principal and interest that is Due for Payment on such Bond. "Nonpayment" shall also include, in respect of a Bond, any payment of principal or interest that is Due for Payment made to an Owner by or on behalf of the Issuer which has been recovered from such Owner pursuant to the

United States Bankruptcy Code by a trustee in bankruptcy in accordance with a final, nonappealable order of a court having competent jurisdiction. "Notice" means telephonic or telecopied notice, subsequently confirmed in a signed writing, or written notice by registered or certified mail, from an Owner, the Trustee or the Paying Agent to AGM which notice shall specify (a) the person or entity making the claim, (b) the Policy Number, (c) the claimed amount and (d) the date such claimed amount became Due for Payment. "Owner" means, in respect of a Bond, the person or entity who, at the time of Nonpayment, is entitled under the terms of such Bond to payment thereof, except that "Owner" shall not include the Issuer or any person or entity whose direct or indirect obligation constitutes the underlying security for the Bonds.

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

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

This Policy sets forth in full the undertaking of AGM, and shall not be modified, altered or affected by any other agreement or instrument, including any modification or amendment thereto. Except to the extent expressly modified by an endorsement hereto, (a) any premium paid in respect of this Policy is nonrefundable for any reason whatsoever, including payment, or provision being made for payment, of the Bonds prior to maturity and (b) this Policy may not be canceled or revoked. THIS POLICY IS NOT COVERED BY THE PROPERTY/CASUALTY INSURANCE SECURITY FUND SPECIFIED IN ARTICLE 76 OF THE NEW YORK INSURANCE LAW.

In witness whereof, ASSURED GUARANTY MUNICIPAL CORP. has caused this Policy to be executed on its behalf by its Authorized Officer.

ASSURED GUARANTY MUNICIPAL CORP.

By _____
Authorized Officer