

PRELIMINARY OFFICIAL STATEMENT DATED FEBRUARY 4, 2019

NEW AND RENEWAL ISSUES

BOND RATING: Moody's: "Aa2"

SERIAL BONDS & BOND ANTICIPATION NOTES

See "RATINGS" herein.

In the opinion of Orrick, Herrington & Sutcliffe LLP, Bond Counsel, based upon an analysis of existing laws, regulations, rulings and court decisions, and assuming among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds and Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986. In the further opinion of Bond Counsel, interest on the Bonds and Notes is not a specific preference item for purposes of the federal alternative minimum tax. Bond Counsel is also of the opinion that interest on the Bonds and Notes is exempt from personal income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York). Bond Counsel expresses no opinion regarding any other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds and Notes. See "TAX MATTERS" herein.

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



\$6,917,630
TOWN OF UNION
BROOME COUNTY, NEW YORK
GENERAL OBLIGATIONS

\$2,425,355 Public Improvement (Serial) Bonds, 2019
(referred to herein as the "Bonds")

Dated: February 27, 2019

Due: February 15, 2020-2034

MATURITIES

<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>
2020	\$ 235,355				2028	\$ 165,000 *			
2021	230,000				2029	165,000 *			
2022	220,000				2030	165,000 *			
2023	210,000				2031	160,000 *			
2024	200,000				2032	80,000 *			
2025	200,000				2033	15,000 *			
2026	200,000				2034	15,000 *			
2027	165,000 *								

* The Bonds maturing in the years 2027 to 2034 are subject to redemption prior to maturity as described herein under the heading "THE BONDS - Optional Redemption."

AND

\$4,492,275 Bond Anticipation Notes, 2019
(referred to herein as the "Notes")

Dated: February 27, 2019

Due: February 27, 2020

(collectively referred to herein as the "Bonds and Notes")

The Bonds and Notes are general obligations of the Town of Union, Broome County, New York, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See "NATURE OF THE OBLIGATIONS" and "TAX LEVY LIMITATION LAW" herein.

The Bonds shall be subject to redemption prior to maturity as described herein under "THE BONDS – Optional Redemption. The Notes shall not be subject to redemption prior to maturity.

Proposals for the Bonds shall be for not less than \$2,425,355 and accrued interest, if any, on the total principal amount of the Bonds. A good faith deposit will not be required.

The Bonds will be issued as registered bonds and may be registered, at the option of the purchaser, in the name of the purchaser or in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"), which, if so elected by the purchaser, will act as securities depository for the Bonds. If the Bonds are issued in book-entry form, individual purchases will be in the principal amount of \$5,000 or integral multiples thereof, except for a necessary odd denomination maturing February 15, 2020 which is or includes \$5,355. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on February 15, 2020 and semi-annually thereafter on August 15 and February 15 in each year until maturity. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its participants, for subsequent distribution to the beneficial owners of the Bonds. See "BOOK-ENTRY-ONLY SYSTEM" herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, except for a necessary odd denomination maturing February 15, 2020 which is or includes \$5,355. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

At the option of the purchaser, the Notes will be issued in (i) registered form registered in the name of the successful bidder(s) or (ii) registered book-entry-only form registered to Cede & Co., as the partnership nominee for The Depository Trust Company, New York, New York ("DTC").

If the Notes are issued registered in the name of the purchaser, a single note certificate will be issued for those Notes of an issue bearing the same rate of interest in the aggregate principal amount awarded to such purchaser at such interest rate. Principal of and interest on such Notes will be payable in Federal Funds by the Town.

If the Notes are issued in book-entry-only form, such notes will be delivered to DTC, which will act as securities depository for the Notes. Beneficial owners will not receive certificates representing their interest in the Notes. Individual purchases may be made in denominations of \$5,000 or integral multiples thereof, except for a necessary odd denomination which is or includes \$7,275. A single note certificate will be issued for those Notes bearing the same rate of interest and CUSIP number in the aggregate principal amount awarded to such purchaser(s) at such interest rate. Principal of and interest on said Notes will be paid in Federal Funds by the Town to Cede & Co., as nominee for DTC, which will in turn remit such principal and interest to its participants for subsequent distribution to the beneficial owners of the Notes as described herein. Transfer of principal and interest payments to beneficial owners by participants of DTC will be the responsibility of such participants and other nominees of beneficial owners. The Town will not be responsible or liable for payments by DTC to its participants or by DTC participants to beneficial owners or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants. (See "BOOK-ENTRY-ONLY SYSTEM" herein).

The Bonds and Notes are offered when, as and if issued and received by the purchasers and subject to the receipt of the respective approving legal opinions as to the validity of the Bonds and Notes of Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel. It is anticipated that the Bonds and Notes will be available for delivery in Jersey City, New Jersey, or as may be agreed upon, on or about February 27, 2019.

ELECTRONIC BIDS for the Bonds and Notes must be submitted via Fiscal Advisors Auction website ("Fiscal Advisors Auction") accessible via www.fiscaladvisorsauction.com on February 13, 2019 until 11:00 A.M., Eastern Time, pursuant to the respective Notices of Sale. No other form of electronic bidding services will be accepted. No bid will be received after the time for receiving bids specified above. Bids may also be submitted by facsimile at (315) 930-2354. Once the bids are communicated electronically via Fiscal Advisors Auction or facsimile to the Town, each bid will constitute an irrevocable offer to purchase the Bonds and Notes pursuant to the terms provided in the respective Notices of Sale.

February 4, 2019

THE TOWN 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 SAID RULE AND THAT WILL BE SUPPLIED WHEN THIS OFFICIAL STATEMENT IS UPDATED FOLLOWING THE SALES OF THE OBLIGATIONS HEREIN DESCRIBED. THIS OFFICIAL STATEMENT WILL BE SO UPDATED UPON REQUEST OF THE SUCCESSFUL BIDDERS, AS MORE FULLY DESCRIBED IN THE NOTICES OF SALE WITH RESPECT TO THE OBLIGATIONS HEREIN DESCRIBED. THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE CONTINUING DISCLOSURE AS DEFINED IN THE RULE WITH RESPECT TO THE BONDS. SEE "APPENDIX-C, CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS" HEREIN. THE TOWN WILL COVENANT IN AN UNDERTAKING TO PROVIDE NOTICE OF CERTAIN MATERIAL EVENTS AS DEFINED IN THE RULE WITH RESPECT TO THE NOTES. SEE "APPENDIX-D, MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES" HEREIN.

TOWN OF UNION

BROOME COUNTY, NEW YORK



TOWN OFFICIALS

RICHARD A. MATERESE

Supervisor

THOMAS AUGOSTINI

Deputy Supervisor

TOWN BOARD

RICHARD A. MATERESE

THOMAS R. AUGOSTINI

FRANK J. BERTONI

SANDRA C. BAUMAN

HEATHER R. STALEY

ADMINISTRATION

LEONARD J. PERFETTI

Town Clerk

LAURA J. LINDSLEY

Comptroller

GRETCHEN UHLER

Deputy Comptroller

ALAN J. POPE, ESQ.

Coughlin & Gerhart, LLP

Attorney to the Town



ORRICK

ORRICK, HERRINGTON & SUTCLIFFE LLP

Bond Counsel



FISCAL ADVISORS & MARKETING, INC.

Municipal Advisor

No person has been authorized by the Town of Union to give any information or to make any representations not contained in this Official Statement, and, if given or made, such information or representations must not be relied upon as having been authorized. This Official Statement does not constitute an offer to sell or solicitation of an offer to buy any of the Bonds and Notes in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information, estimates and expressions of opinion herein are subject to change without notice, and neither the delivery of this Official Statement nor any sale made hereunder shall, under any circumstances, create any implication that there has been no change in the affairs of the Town of Union.

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PREPARED WITH THE ASSISTANCE OF



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OFFICIAL STATEMENT
of the
TOWN OF UNION
BROOME COUNTY, NEW YORK

Relating To
\$2,425,355 Public Improvement (Serial) Bonds, 2019
AND
\$4,492,275 Bond Anticipation Notes, 2019

This Official Statement, which includes the cover page and appendices, has been prepared by the Town of Union, Broome County, New York (the “Town”, “County”, and “State”, respectively), in connection with the sale by the Town of the principal amount of \$2,425,355 Public Improvement (Serial) Bonds, 2019 (referred to herein as the “Bonds”) and \$4,492,275 Bond Anticipation Notes, 2019 (referred to herein as the “Notes”) (collectively referred to herein as the “Bonds and Notes”).

The factors affecting the Town’s financial condition and the Bonds and Notes are described throughout this Official Statement. Inasmuch as many of these factors, including economic and demographic factors, are complex and may influence the Town tax base, revenues, and expenditures, this Official Statement should be read in its entirety, and no one factor should be considered more or less important than any other by reason of its relative position in this Official Statement.

All quotations from and summaries and explanations of provisions of the Constitution and laws of the State and acts and proceedings of the Town 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 Notes and the proceedings of the Town relating thereto are qualified in their entirety by reference to the definitive forms of the Bonds and Notes and such proceedings.

THE BONDS

Description of the Bonds

The Bonds are general obligations of the Town, and will contain a pledge of its faith and credit for the payment of the principal of and interest on the Bonds as required by the Constitution and laws of the State (State Constitution, Art. VIII, Section 2; Local Finance Law, Section 100.00). All the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Bonds and interest thereon, subject to applicable statutory limitations. See “NATURE OF THE OBLIGATIONS” and “TAX LEVY LIMITATION LAW” herein.

The Bonds will be dated February 27, 2019 and will mature in the principal amounts and on the dates as set forth on the cover page. The Bonds are subject to redemption prior to maturity as described herein under “THE BONDS – Optional Redemption. The record date for the Bonds will be the last business day of the calendar month preceding such interest payment. Interest on the Bonds will be calculated on a 30-day month and 360-day year basis.

The Bonds will be issued as registered bonds and, when issued, if issued in book-entry only form, will be registered in the name of Cede & Co., as nominee of DTC, which will act as securities depository for the Bonds. Individual purchases will be made in book-entry form only, in the principal amount of \$5,000 or integral multiples thereof, except for a necessary odd denomination maturing February 15, 2020 which is or includes \$5,355. Purchasers will not receive certificates representing their ownership interest in the Bonds. Interest on the Bonds will be payable on February 15, 2020 and semi-annually thereafter on August 15 and February 15 in each year until maturity. Principal and interest will be paid by the Town to DTC, which will in turn remit such principal and interest to its Participants, for subsequent distribution to the Beneficial Owners of the Bonds, as described herein. If the Bonds are issued in registered certificated form, the Bonds will be issued in denominations of \$5,000 or any integral multiple thereof, except for a necessary odd denomination maturing February 15, 2020 which is or includes \$5,355. Paying agent fees, if any, in such case are to be paid by the purchaser. The Bonds may not be converted into coupon bonds or be registered to bearer.

Optional Redemption

The Bonds maturing on or before February 15, 2026 shall not be subject to redemption prior to maturity. The Bonds maturing on or after February 15, 2027 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed), at the option of the Town on February 15, 2026 or on any date thereafter at par (100%), plus accrued interest to the date of redemption.

If less than all of the bonds of any maturity are to be redeemed, the particular Bonds of such maturity to be redeemed shall be selected by the Town by lot in any customary manner of selection as determined by the Town Supervisor. Notice of such call for redemption shall be given by providing notice to the registered holder not more than sixty (60) days nor less than thirty (30) days prior to such date. Notice of redemption having been given as aforesaid, the Bonds so called for redemption shall, on the date for redemption set forth in such call for redemption, become due and payable, together with interest to such redemption date, and interest shall cease to be paid thereon after such redemption date.

Purposes of Issue – Bonds

The Bonds are issued pursuant to the Constitution and statutes of New York State, including among others, the Town Law and the Local Finance Law, and various bond resolutions, for the following purposes:

<u>Purpose</u>	<u>Authorization Date</u>	<u>Amount Authorized</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>Issue Amount</u>
2015 Projects					
Underdrain Installations	02/18/15	\$ 50,000	\$ 46,250	\$ 1,250	\$ 45,000
Resurface Tennis/Basketball Court	02/18/15	16,000	12,802	1,066	11,736
Relocate HP Basketball Court	02/18/15	22,890	18,312	1,526	16,786
2016 Projects					
Sewer Pump Station pipe & valves	04/06/16	\$ 270,000	\$ 186,288	\$ 14,261	\$ 172,027
Heavy Highway Equip	03/02/16	47,000	40,734	3,133	37,601
Highway Skid Steer	03/02/16	71,688	62,130	4,779	57,351
Full Depth Road Reconstruction	03/02/16	400,000	346,668	26,666	320,002
Mill & Fill Road Paving	03/02/16	260,000	208,000	26,600	181,400
Gradall	03/02/16	312,000	270,400	20,800	249,600
Leaf Machine	03/02/16	35,655	30,901	2,377	28,524
Sander Steel/Tailgate	03/02/16	12,400	7,440	3,980	3,460
10 Wheel dump/plow/wing/sander	03/02/16	213,417	184,963	14,227	170,736
Pickup Truck/plow HW Super	03/02/16	36,000	21,600	7,200	14,400
Gym Floor Refinish	03/02/16	11,000	6,600	2,200	4,400
Metal Roofs Shelters 3,4,6,7	03/02/16	9,000	7,200	900	6,300
Slide in vac/water pump	03/02/16	8,500	5,100	1,700	3,400
Carousel Roof	03/02/16	100,000	86,668	6,666	80,002
Shelter 4 Floor	03/02/16	19,000	15,200	1,900	13,300
Shelter 7 Floor	03/02/16	19,000	15,200	1,900	13,300
Replace water pump - Kot Road	03/02/16	15,000	12,000	1,500	10,500
2017 Projects					
Server/Network/Copier Upgrades	03/01/17	\$ 56,599	\$ 45,280	\$ 11,319	\$ 33,961
Vehicle	03/01/17	25,000	14,109	8,333	5,776
Refuse 30 yard Vehicles (2)	03/01/17	449,380	391,331	51,349	339,982
Full Depth Road Reconstruction	03/01/17	400,000	373,334	26,666	346,668
Mill & Fill Road Paving	03/01/17	200,000	186,667	13,333	173,334
Parks Equipment	03/01/17	50,000	45,000	5,379	39,621
2018 Projects					
Main Building Canopy	02/21/18	\$ 10,000	\$ 10,000	\$ 2,119	\$ 7,881
Board Room Video Conferencing System	02/21/18	10,000	10,000	4,197	5,803
6ft Riding Mower	02/21/18	14,000	14,000	3,500	10,500
6ft Riding Mower	02/21/18	14,000	14,000	3,500	10,500
Page Fence West Endicott Park	02/21/18	14,380	14,380	2,876	11,504
Total:			<u>\$ 2,702,557</u>	<u>\$ 277,202</u>	<u>\$ 2,425,355</u>

The proceeds of the Bonds, together with \$277,202 available funds of the Town will redeem \$2,702,557 bond anticipation notes outstanding and issued for the aforementioned purposes.

THE NOTES

Description of the Notes

The Notes are general obligations of the Town, and will contain a pledge of its faith and credit for the payment of the principal thereof and interest thereon as required by the laws of the State of New York. All the taxable real property within the Town is subject to the levy of ad valorem taxes to pay the Notes and interest thereon, subject to applicable statutory limitations. See “TAX LEVY LIMITATION LAW” herein.

Under Article VIII of the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and the State is specifically precluded from restricting the power of the Town to levy taxes on real property for the payment of such indebtedness.

The Notes are dated February 27, 2019 and mature, without option of prior redemption, on February 27, 2020. Interest will be calculated on a 30-day month and 360-day year basis, payable at maturity.

The Notes will be issued in either (i) at the option of the purchaser(s), as registered notes, and, if so issued, registered in the name of Cede & Co. as nominee of The Depository Trust Company (“DTC”), New York, New York, which will act as the securities depository for the Notes. Under this option, payment of the principal of and interest on the Notes to the Beneficial Owner(s) of the Notes will be made by DTC Participants and Indirect Participants in accordance with standing instructions and customary practices. Payment will be the responsibility of the DTC, subject to any statutory and regulatory requirements as may be in effect from time to time. See “BOOK-ENTRY-ONLY SYSTEM” herein; or (ii) registered in the name of the purchaser(s) with principal and interest payable in Federal Funds at the office of the Town Clerk, in Endwell, New York.

Purposes of Issue – Notes

The Notes are issued pursuant to the Constitution and statutes of New York State, including among others, the Town Law and the Local Finance Law, and various bond resolutions, for the following purposes:

<u>Purpose</u>	<u>Authorization Date</u>	<u>Amount Authorized</u>	<u>Amount Outstanding</u>	<u>Principal Paydown</u>	<u>Issue Amount</u>
2013 Projects					
BJCJSTP CMOM	03/06/13	\$ 130,000	\$ 28,161	\$ 28,161	\$ -
Wayne Street SWPPP	03/06/13	8,000	7,000	7,000	-
2015 Projects					
Consultant - Ice Rink	02/18/15	\$ 30,000	\$ 12,000	\$ 12,000	\$ -
2016 Projects					
Underdrain Installations	03/02/16	\$ 50,000	\$ 47,500	\$ 1,250	\$ 46,250
Convert microfilm to electronic format	03/02/16	7,943	3,686	3,686	-
Fairmont Storage Bldg doors/Pave Road	03/02/16	13,500	10,800	10,800	-
2017 Projects					
Security System Upgrades	03/01/17	17,500	14,000	3,500	10,500
Resurface Parking Lots	03/01/17	36,000	32,400	3,600	28,800
Infrastructure Deficiencies	03/15/17	250,000	243,750	6,250	237,500
ADA Transition	03/01/17	50,000	45,000	5,000	40,000
Underdrain Installations	03/01/17	50,000	48,750	1,250	47,500
Curb, Gutter, Sidewalk	03/01/17	225,000	202,500	22,500	180,000
Highway Vehicles & Equipment	03/01/17	395,000	368,667	26,333	342,334
Security System Upgrades	03/01/17	17,500	14,000	3,500	10,500

Purpose	Authorization Date	Amount Authorized	Amount Outstanding	Principal Paydown	Issue Amount
2018 Projects					
Curb, Gutter, Sidewalk	02/21/18	\$ 261,000	\$ 261,000	\$ 26,100	\$ 234,900
Full Depth Road Reconstruction	02/21/18	400,000	400,000	26,666	373,334
Mill & Fill Road Paving	02/21/18	350,000	350,000	23,333	326,667
GPS Vehicle System	02/21/18	50,000	50,000	10,000	40,000
Dump Truck, Plow, Wing, Sander	02/21/18	220,000	220,000	14,666	205,334
Highway Tractor Trailer	02/21/18	149,000	149,000	9,933	139,067
Fuel Station Monitoring System	02/21/18	15,000	15,000	3,000	12,000
Highway Truck, Cab, Chassis, Outfit	02/21/18	58,000	58,000	3,866	54,134
2018 1 Ton Pick up	02/21/18	34,244	34,244	2,282	31,962
2018 1 Ton Dump Truck	02/21/18	59,000	59,000	3,933	55,067
Motor & Install West Endicott Carousel	02/21/18	15,000	15,000	3,000	12,000
Backhoe Attachment Skid Steer	02/21/18	15,764	15,764	5,254	10,510
Resurface & Stripe Glendale Tennis Courts	02/21/18	23,000	23,000	4,600	18,400
Control Panel at Choconut Pump Station	03/07/18	28,000	28,000	700	27,300
2019 Projects					
2019 4 Door Sedan	11/20/18	\$ 28,000	\$ -	\$ -	\$ 28,000
Windows 10 Desktops	11/20/18	17,000	-	-	17,000
HP Network Cisco Switch, Unifi AP	11/20/18	5,000	-	-	5,000
Dell Server/Data Storage	11/20/18	20,000	-	-	20,000
Refuse Packer Truck	11/20/18	213,216	-	-	213,216
42" Plotter Printer	11/20/18	8,000	-	-	8,000
3121 E. Main Street Generator - Install.	11/20/18	25,000	-	-	25,000
Curb, Gutter, Sidewalk	11/20/18	250,000	-	-	250,000
Struble Road Curb & Gutter	11/20/18	20,000	-	-	20,000
Windows 10 Desktops	11/20/18	11,000	-	-	11,000
Mack 10 Wheel Dump Truck	11/20/18	250,000	-	-	250,000
Chevy Crew Cab Truck w/Dump Box	11/20/18	135,000	-	-	135,000
Mack 6 Wheel Dump w/Sander Plow	11/20/18	225,000	-	-	225,000
Road Reconstruction	11/20/18	450,000	-	-	450,000
Contract Paving	11/20/18	200,000	-	-	200,000
Highland Park Pool Deck	11/20/18	102,000	-	-	102,000
Highland and West Endicott Parks Walkway	11/20/18	38,000	-	-	38,000
Windows 10 Desktops	11/20/18	1,000	-	-	1,000
Rotating Pump Assembly	01/16/19	10,000	-	-	10,000
Total:			\$ 2,756,222	\$ 272,163	\$ 4,492,275

The proceeds of the Notes together with \$272,163 available funds of the Town, will renew \$1,540,675 of bond anticipation notes outstanding, and will provide \$2,008,216 in new monies for the aforementioned projects.

NATURE OF THE OBLIGATIONS

Each of the Bonds and Notes when duly issued and paid for will constitute a contract between the Town and the holder thereof.

Holders of any series of notes or bonds of the Town may bring an action or commence a proceeding in accordance with the civil practice law and rules to enforce the rights of the holders of such series of notes or bonds.

The Bonds and Notes will be general obligations of the Town and will contain a pledge of the faith and credit of the Town for the payment of the principal thereof and the interest thereon as required by the Constitution and laws of the State. For the payment of such principal and interest, the Town has power and statutory authorization to levy ad valorem taxes on all real property within the Town subject to such taxation by the Town, subject to applicable statutory limitations.

Although the State Legislature is restricted by Article VIII, Section 12 of the State Constitution from imposing limitations on the power to raise taxes to pay "interest on or principal of indebtedness theretofore contracted" prior to the effective date of any such legislation, the New York State Legislature may from time to time impose additional limitations or requirements on

the ability to increase a real property tax levy or on the methodology, exclusions or other restrictions of various aspects of real property taxation (as well as on the ability to issue new indebtedness). On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the “Tax Levy Limitation Law”). The Tax Levy Limitation Law applies to local governments and school districts in the State (with certain exceptions) and imposes additional procedural requirements on the ability of municipalities and school districts to levy certain year-to-year increases in real property taxes.

Under the Constitution of the State, the Town is required to pledge its faith and credit for the payment of the principal of and interest on the Notes and is required to raise real estate taxes, and without specification, other revenues, if such levy is necessary to repay such indebtedness. While the Tax Levy Limitation Law imposes a statutory limitation on the Town’s power to increase its annual tax levy with the amount of such increase limited by the formulas set forth in the Tax Levy Limitation Law, it also provides the procedural method to surmount that limitation. See “Tax Information - Tax Levy Limitation Law,” herein.

The Constitutionally-mandated general obligation pledge of municipalities and school districts in New York State has been interpreted by the Court of Appeals, the State’s highest court, in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), as follows:

“A pledge of the city’s faith and credit is both a commitment to pay and a commitment of the city’s revenue generating powers to produce the funds to pay. Hence, an obligation containing a pledge of the City’s “faith and credit” is secured by a promise both to pay and to use in good faith the city’s general revenue powers to produce sufficient funds to pay the principal and interest of the obligation as it becomes due. That is why both words, “faith” and “credit” are used and they are not tautological. That is what the words say and this is what the courts have held they mean... So, too, although the Legislature is given the duty to restrict municipalities in order to prevent abuses in taxation, assessment, and in contracting of indebtedness, it may not constrict the City’s power to levy taxes on real estate for the payment of interest on or principal of indebtedness previously contracted... While phrased in permissive language, these provisions, when read together with the requirement of the pledge and faith and credit, express a constitutional imperative: debt obligations must be paid, even if tax limits be exceeded”.

In addition, the Court of Appeals in the Flushing National Bank (1976) case has held that the payment of debt service on outstanding general obligation bonds and notes takes precedence over fiscal emergencies and the police power of political subdivisions in New York State.

The pledge has generally been understood as a promise to levy property taxes without limitation as to rate or amount to the extent necessary to cover debt service due to language in Article VIII Section 10 of the Constitution which provides an exclusion for debt service from Constitutional limitations on the amount of a real property tax levy, insuring the availability of the levy of property tax revenues to pay debt service. As the Flushing National Bank (1976) Court noted, the term “faith and credit” in its context is “not qualified in any way”. Indeed, in Flushing National Bank v. Municipal Assistance Corp., 40 N.Y.2d 1088 (1977) the Court of Appeals described the pledge as a direct constitutional mandate. In Quirk v. Municipal Assistance Corp., 41 N.Y.2d 644 (1977), the Court of Appeals stated that, while holders of general obligation debt did not have a right to particular revenues such as sales tax, “with respect to traditional real estate tax levies, the bondholders are constitutionally protected against an attempt by the State to deprive the city of those revenues to meet its obligations.” According to the Court in Quirk, the State Constitution “requires the city to raise real estate taxes, and without specification other revenues, if such a levy be necessary to repay indebtedness.”

In addition, the Constitution of the State requires that every county, city, town, village, and school district in the State provide annually by appropriation for the payment of all interest and principal on its serial bonds and certain other obligations, and that, if at any time the respective appropriating authorities shall fail to make such appropriation, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. In the event that an appropriating authority were to make an appropriation for debt service and then decline to expend it for that purpose, this provision would not apply. However, the Constitution of the State does also provide that the fiscal officer of any county, city, town, village, or school district may be required to set apart and apply such first revenues at the suit of any holder of any such obligations.

In Quirk v. Municipal Assistance Corp., the Court of Appeals described this as a “first lien” on revenues, but one that does not give holders a right to any particular revenues. It should thus be noted that the pledge of the faith and credit of a political subdivision in New York State is a pledge of an issuer of a general obligation bond or note to use its general revenue powers, including, but not limited to, its property tax levy to pay debt service on such obligations, but that such pledge may not be interpreted by a court of competent jurisdiction to include a constitutional or statutory lien upon any particular revenues.

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

BOOK-ENTRY-ONLY SYSTEM

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the Bonds and if so selected by the Purchaser, the Notes. As such, the Bonds and Notes will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered bond certificate will be issued for each maturity of the Bonds and one fully registered note certificate will be issued for the Notes bearing the same rate of interest and CUSIP.

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, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Government Securities Clearing Corporation, MBS Clearing Corporation, and Emerging Markets Clearing Corporation, (NSCC, GSCC, MBSCC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com.

Purchases of Bonds and Notes under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds and Notes 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 and Notes 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 and Notes, except in the event that use of the book-entry system for the Bonds and Notes is discontinued.

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

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

Redemption notices shall be sent to DTC. If less than all of the Bonds and Notes within an issue are being redeemed, DTC’s practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Principal and interest payments on the Bonds and Notes will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC’s practice is to credit Direct Participants’ accounts in accordance with their respective holdings shown on DTC’s records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in “street name,” and will be the responsibility of such Participant and not of DTC or the Town, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of principal and interest to DTC is the responsibility of the Town, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

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

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

Source: The Depository Trust Company.

THE TOWN 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 AND NOTES (1) PAYMENTS OF PRINCIPAL OF OR INTEREST OR REDEMPTION PREMIUM ON THE BONDS AND NOTES (2) CONFIRMATIONS OF THEIR OWNERSHIP INTERESTS IN THE BONDS AND NOTES OR (3) OTHER NOTICES SENT TO DTC OR CEDE & CO., ITS PARTNERSHIP NOMINEE, AS THE REGISTERED OWNER OF THE BONDS AND NOTES, OR THAT THEY WILL DO SO ON A TIMELY BASIS, OR THAT DTC, DIRECT PARTICIPANTS OR INDIRECT PARTICIPANTS WILL SERVE AND ACT IN THE MANNER DESCRIBED IN THIS OFFICIAL STATEMENT.

THE TOWN 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 AND NOTES; (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 AND NOTES.

THE INFORMATION CONTAINED HEREIN CONCERNING DTC AND ITS BOOK-ENTRY SYSTEM HAS BEEN OBTAINED FROM DTC AND THE TOWN 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 reasonable notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town 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, except for one necessary odd denomination with respect to the February 15, 2020 maturity which is or includes \$5,355. Principal of the Bonds when due will be payable upon presentation at the office of a bank or trust company located and authorized to do business in the State as a fiscal agent bank to be named by the Town upon termination of the book-entry-only system. Interest on the Bonds will remain payable February 15, 2020 and semi-annually thereafter on August 15 and February 15 in each year to maturity. Such interest will be payable by check drawn by the fiscal agent and mailed to the registered owner on each interest payment date at the address as shown on the registration books of the fiscal agent as of the last business day of the calendar month preceding each such interest payment date. Bonds may be transferred or exchanged at no cost to the registered owner at any time prior to maturity at the office of the fiscal agent for Bonds of the same or any other authorized denomination or denominations in the same aggregate principal amount in accordance with the Local Finance Law. The fiscal agent shall not be obligated to make any such transfer or exchange of Bonds between the last business day of the calendar month preceding an interest payment date and such interest payment date.

Certificated Notes

DTC may discontinue providing its services with respect to the Notes at any time by giving notice to the Town and discharging its responsibilities with respect thereto under applicable law, or the Town may terminate its participation in the system of book-entry-only system transfers through DTC at any time. In the event that such book-entry-only system is initially utilized and then discontinued, the following provisions will apply:

The Notes will be issued in bearer form in denominations of \$5,000 or integral multiples thereof, except for one necessary odd denomination which is or includes \$7,275. Principal of and interest on the Notes will be payable at a principal corporate trust office of a bank or trust company authorized to do business in the State as a fiscal agent to be named by the Town.

THE TOWN

General Information

The Town of Union was established in 1791 and is classified as a Suburban Town. There are two incorporated Villages located within the Town both of whom have an independent form of government. There are three independent school districts all of whom have properties in neighboring towns as well as the Town of Union. These school districts utilize the Town's assessment roll as the basis for taxation of the apportioned levy in the Town.

The Town is located in Upstate New York in the geographical location known as the Southern Tier. Located in Broome County, adjacent to and west of the City of Binghamton, the Town encompasses 35.1 square miles. It makes up approximately one-third of the County of Broome, based on real property valuations. The Villages of Endicott and Johnson City are located within the Town. Their 2010 populations are 13,392 and 15,174 respectively.

Major expressways in and around the Town include State highway #17, and Interstate highways #86, #88, and #81, which extends from Canada to Tennessee and connects to the national Interstate System at various locations. The major highways provide easy access to Scranton, PA. Albany, NY, Rochester, NY, Syracuse, NY, New York City and Buffalo, NY.

Air transportation through the Binghamton Regional Airport is provided by Delta Airlines. The Town is also served by the Tri-Cities Airport, located in nearby Endicott. Railroads providing freight service to the Town include Conrail, the Canadian Pacific Railroad, New York Susquehanna Railroad and Western Railroad.

The following basic services are provided: public safety, transportation (streets and highway), culture and recreation, home and community services, public improvements, and general administration. Town parks are operated and maintained in a separate tax district known as the Town of Union Park District, which encompasses that area of the Town outside the villages. The Town has two full-town districts for ambulance and library services. The Ambulance District funds a relatively small amount of the operating budgets for the Union Volunteer Emergency Squad. The Library District funds the operating budgets for the George F. Johnson and Your Home libraries located in the Villages of Endicott and Johnson City, respectively. Water and sewer service in the area of the Town outside the villages is provided as a part-town function.

Recent Economic Developments

Regan Development Corporation completed The Century Sunrise Redevelopment project consisting of 104 mixed-income residential units and mixed-use space. The facility is fully operational and being occupied by residents. The site is located in close proximity to UHS Hospital, one of the area's largest employers, and the site of the Binghamton University Health Sciences Campus.

The Town is within the borders of the Southern Tier Regional Economic Development Council (the "Southern Tier REDC"), which was awarded in 2015 an Upstate Revitalization Initiative investment of \$500 million over the next five years from the State. As part of the \$500 million Upstate Revitalization Initiative fund, \$20 million is set aside for the Greater Binghamton Fund for investment in public and private sector projects in designated Innovation Districts (iDistricts). In 2018, the Town (i.e. Villages of Endicott & Johnson City) was awarded over \$15,223,000 in Greater Binghamton grant funding for a number of both public and private sector projects, ranging from street scape & gateway improvements, to redevelopment of exterior and interior space of mixed use commercial buildings, new proposed construction of mixed use market rate housing project, and affordable housing projects, in the designated iDistricts. Private sector projects are highlighted by a \$8.0 million new 76 room boutique hotel being constructed on Washington Avenue in the heart of Endicott's iDistrict. The public and private sector projects in the Town will be leveraging more than \$50,571,742 in additional private and other public sector funding.

Binghamton University's new School of Pharmacy and Pharmaceutical Sciences has been completed. The facility is operational with staff occupying offices and students taking classes at the Johnson City campus. The new building across the street accommodating the Decker School of Nursing is expected to be completed in 2020. Binghamton University announced in April 2017 the addition of a third building, which will be a research and development facility, on the 11-acre health sciences campus.

Visions Federal Credit Union corporate headquarters new construction is complete and the renovations to the adjoining structure has started. It is expected with the \$20 million expansion that between 150 and 250 employees will be added over the next 10 years in retail services, the contact center, information technology, training services and a wide array in lending.

The Victory Building project developed by 59 Lester Empire, LLC is still slated to start renovations in 2019. The project is expected to garner more than \$40 million in private sector funding.

National Pipe and Plastics, Inc. announces that 1 North Page Avenue will be the site of the new corporate headquarters. The completed demolition of the 250,000 square foot old Endicott Johnson factory building will be replaced with the 20,000 square foot office building that is expected to house approximately 75 office personnel upon its completion in 2021.

Housing Visions of Syracuse plans to transform the former Henry B. Endicott school building into a 71-unit residential apartment complex at the estimated total cost of the project between \$17million and \$20 million.

Request for Proposals on the redevelopment of the 20+ acre site formally occupied by BAE Systems in the Town of Union will be issued in 2019.

New York State Department of Transportation is undertaking a resurface and restriping project in 2019 to improve the ridability and appearance of Main Street, Endwell, NY.

Negative economic activities include the June 2018 closing of Toys R Us store and Gannett Co. ceasing printing operations leaving only distribution at its Johnson City plant

Source: Town officials.

Banking Facilities

The following banks are located in the Town:

M&T Bank	KeyBank, N.A.
NBT Bank, N.A.	Tioga State Bank
Bank of America, N.A.	RBS Citizens, N.A.
Chemung Canal Trust Company	Visions Federal Credit Union
UHS Employees Federal Credit Union	

Population Trends

	<u>Town of Union</u>	<u>Broome County</u>	<u>New York State</u>
1970	64,490	221,815	18,236,882
1980	61,179	213,648	17,558,072
1990	59,786	212,160	17,990,455
2000	56,298	200,536	18,976,457
2010	56,346	200,600	19,378,102
2017 (estimated)	54,033	193,639	19,849,399

Source: U.S. Census Bureau; 2013-2017 American Community Survey 5-Year Estimates

Selected Wealth and Income Indicators

Per capita income statistics are available for the Town, County and State. Listed below are select figures from the 2000 census and the 2006-2010 and 2012-2016 American Community Survey reports.

	<u>Per Capita Income</u>			<u>Median Family Income</u>		
	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>	<u>2000</u>	<u>2006-2010</u>	<u>2013-2017</u>
Town of:						
Union	\$ 20,077	\$ 25,732	\$ 28,166	\$ 46,170	\$ 57,913	\$ 66,234
County of:						
Broome	19,168	24,314	26,790	45,422	57,545	65,022
State of:						
New York	23,389	30,948	31,177	51,691	67,405	70,850

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

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

Unemployment Rate Statistics

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

	<u>Annual Average</u>						
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Broome County	8.7%	7.8%	6.6%	6.0%	5.4%	5.6%	N/A
Binghamton, NY MSA	8.5%	7.6%	6.5%	5.9%	5.4%	5.5%	N/A
New York State	8.5%	7.7%	6.3%	5.3%	4.8%	4.7%	N/A

	<u>2018-19 Monthly Figures</u>											<u>2019</u>
	<u>2018</u>											
	<u>Feb</u>	<u>Mar</u>	<u>Apr</u>	<u>May</u>	<u>Jun</u>	<u>Jul</u>	<u>Aug</u>	<u>Sep</u>	<u>Oct</u>	<u>Nov</u>	<u>Dec</u>	<u>Jan</u>
Broome County	7.0%	6.3%	5.5%	4.5%	5.0%	5.0%	4.7%	4.1%	3.9%	3.8%	4.3%	N/A
Binghamton, NY MSA	6.9%	6.2%	5.4%	4.4%	4.8%	4.8%	4.6%	4.0%	3.8%	3.7%	4.3%	N/A
New York State	5.1%	4.8%	4.3%	3.7%	4.2%	4.2%	4.1%	3.8%	3.6%	3.5%	3.8%	N/A

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

Larger Employers

Many residents of the Town find employment with major employers located within Broome County and surrounding areas.

Some of the major employers located within the Binghamton, NY Metropolitan Statistical Area (MSA):

Binghamton University	Vestal	5,943	Education
United Health Services	Binghamton	5,428	Healthcare
Lockheed Martin	Owego	2,700	Systems Integration
Broome County Government	Binghamton	2,500	Government
Lourdes Hospital	Binghamton	2,311	Healthcare
New York State	Binghamton	2,034	Government
Raymond Corp.	Greene	1,500	Electric Products
Amphenol Aerospace	Sidney	1,000	Electronic Devices
BAE Systems	Endicott	1,300	Mission Systems
Chobani	Norwich	1,300	Food Products
IBM Corp.	Endicott	1,000	Technology
Maines Paper & Food Service	Conklin	1,100	Food Distribution
Broome-Tioga BOCES	Binghamton	1,049	Education
NBT Bank	Binghamton	1,039	Financial Institution
Weis Markets	Binghamton	1,000	Food Products
I3 Electronics	Endicott	1,100	Electronics
MeadWestvaco	Sidney	900	Office Products
Felchar Manufacturing Corp.	Binghamton	800	Electronics
NYSEG	Binghamton	800	Electricity & Natural Gas
Nationwide Credit Inc.	Vestal	500	Asset Recovery
United Methodist Homes	Binghamton	621	Senior Living
Matrix Integrated Facility Management	Johnson City	600	Facility Management
Frito-Lay	Kirkwood	540	Food Distribution
Spectrum	Vestal	500	Communications
Wegmans	Johnson City	774	Food Products
SUNY Broome	Binghamton	454	Education
Visions Federal Credit Union	Endwell	250	Credit Union
Dicks Sporting Goods Distribution	Conklin	200	Retail Distribution

Source: Town officials and Broome County Industrial Development Agency. (www.bcida.com) Reference to this website implies no warranty of accuracy of information therein.

Post-Secondary Education

Binghamton University. Binghamton University began as a Triple Cities College in 1946, joining the State University System in 1950 as Harpur College. In 1965, the campus was formally designated the State University of New York at Binghamton. Today, the University consists of the Harpur College of Arts & Sciences, the School of Education & Human Development, the School of Management, the Decker School of Nursing, the College of Community and Public Affairs and the Thomas J. Watson School of Engineering & Applied Science. Binghamton University had an enrollment of 13,986 undergraduates and 3,741 graduate students for the 2018 Fall semester.

Nationally recognized as a world-class institution, and one of the most elite research institutions in the nation, Binghamton University offers students a broad, interdisciplinary education with an international perspective. For 16 straight years, U.S. News & World Report has ranked Binghamton as one of the nation's top 50 public universities. Kiplinger's Personal Finance Magazine rated Binghamton University sixth among the Nations Public Universities for out-of-state students and eighteenth overall in its 2017-2018 ranking of the 100 Best Values in Public Colleges.

Binghamton University created a new School of Pharmacy and Pharmaceutical Sciences located in a newly constructed building on the 11-acre health sciences campus in the Town. The new pharmacy building welcomed students in fall 2018. The 84,000 square-foot, four-story building includes state-of-the-art research labs, offices for faculty and staff, a lecture hall, classrooms and teaching labs. It houses 36 new faculty and staff and 240 students. The health sciences campus will also house the University's Decker School of Nursing, which will open in 2020, and other healthcare-based organizations and high-tech businesses. A third building on the health sciences campus, which will be a research and development facility, was announced in April 2017.

Broome Community College. Broome County Community College, renamed SUNY Broome, is a comprehensive academic institution supervised by the State University of New York, sponsored by Broome County, and accredited by both professional and educational organizations. The college was chartered as the New York State Institute of Applied Arts and Sciences at Binghamton in 1946. It became Broome Community College in 1971 and, in September 2013, it underwent its final name change to SUNY Broome Community College to highlight its long history as a State University of New York Institution.

SUNY Broome had an enrollment of 4,224 full-time and 2,700 part-time students for the Fall 2018 semester. The college offers 50 degree programs and various certificate programs designed to prepare graduates for immediate employment or transfer to four-year colleges and universities.

Form of Town Government

The Town is governed by the provisions of the Town Law.

The chief executive officer of the Town is the Supervisor who is elected for a term of two years and is eligible to succeed him/herself. The Supervisor is also a member of the Town Board. In addition to the Supervisor, there are four members of the Town Board who are elected for four-year terms. Each term is staggered so that every two years the Supervisor and two councilmembers run. There is no limitation as to the number of terms which may be served by members of the Town Board. Both the Supervisor and councilmembers are elected at large.

The Town Board appoints its Assessor to a six year term. The Town Board appoints the Comptroller and the Town Attorney whose terms are fixed by Town Law. The Town Clerk is elected to four-year terms. The Town Board appoints a Zoning Board, Planning Board, Parks and Recreation Commission, an Environmental Advisory Commission.

Financial Organization

Pursuant to Local Law No. 2 of 1972, certain of the financial functions of the Town are the responsibility of the Comptroller. The Supervisor is, however, the chief fiscal officer of the Town.

The Comptroller, who is responsible to the Town Board, also is head of the Department of Audit and Control. Besides controlling all appropriation expenses, countersigning checks and auditing all claims against the Town, the Comptroller assists the Supervisor in the preparation of the annual budget and is the Accounting officer of the Town.

The duties of the Comptroller include administrative control of the following divisions: Accounting, Accounts Payable, Accounts Receivable, Audit and Control, Data Processing, Insurance, IT and personnel.

Budgetary Procedures and Recent Budget Votes

The Supervisor, with the assistance of the Comptroller, prepares a tentative budget each year. Pursuant to various laws of the State of New York, the Town Board receives, amends, and holds a public hearing on a preliminary budget. Subsequent to the public hearing revisions, if any, are made and the budget is then adopted by the Town Board as its final budget for the coming fiscal year. The budget is not subject to referendum.

Recent Budget Results

The Town's adopted 2018 budget included a 1.37% increase in tax the levy, which was under the maximum allowable statutory tax cap.

The Town's adopted 2019 budget included a 0% increase in tax the levy, which was under the maximum allowable statutory tax cap.

Investment Policy

Pursuant to the statutes of the State of New York, the Town is permitted to invest only in the following investments: (1) special time deposits or certificates of deposits in a bank or trust company located and authorized to do business in the State of New York; (2) obligations of the United States of America; (3) obligations guaranteed by agencies of the United States of America where the payment of principal and interest is guaranteed by the United States of America; (4) obligations of the State of New York; (5) with the approval of the New York State Comptroller, tax anticipation notes and revenue anticipation notes issued by any New York municipality or district corporation, other than the Town; (6) obligations of a New York public corporation which are made lawful investments by the Town pursuant to another provision of law; (7) certain certificates of participation issued on behalf of political subdivisions of the State of New York; and, (8) in the case of Town moneys held in certain reserve funds established pursuant to law, obligations issued by the Town. These statutes further require that all bank deposits, in excess of the amount insured under the Federal Deposit Insurance Act, be secured by either a pledge of eligible securities, an eligible surety bond or an eligible letter of credit, as those terms are defined in the law.

In addition, the Town has its own written investment policy. The Town's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities. Collateral is required for demand and time deposits and certificates of deposit equal to all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least equal to the cost of the repurchase agreement.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these notes. GASB Statement Number 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

State Aid

The Town receives financial assistance from the State. In its budget for the 2019 fiscal year, approximately 3.4% of the Part-Town General Fund revenues of the Town are estimated to be received in the form of State aid.

If the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay in the receipt of State aid until sufficient State taxes have been received by the State to make State aid payments. Additionally, if the State should not adopt its budget in a timely manner, municipalities and school districts in the State, including the Town, may be affected by a delay in the payment of State aid.

The State is not constitutionally obligated to maintain or continue State aid to the Town. No assurance can be given that present State aid levels will be maintained in the future. In view of the State's continuing budget problems, future State aid reductions are likely. State budgetary restrictions which eliminate or substantially reduce State aid could have a material adverse effect upon the Town during its current fiscal year as well as in the future, requiring either a counterbalancing increase in revenues from other sources to the extent available, or a curtailment of expenditures. (See also "MARKET AND RISK FACTORS" herein)

Employees

The Town currently employs approximately 118 full-time and 49 part-time employees.

The following are the bargaining units representing employees at the time of this Official Statement:

<u>Unit</u>	<u># of Members</u>	<u>Expiration Date</u>
CSEA (40-hour)	71	December 31, 2020
CSEA (35-hour)	20	December 31, 2021

Status and Financing of Employee Pension Benefits

Substantially all employees of the Town are members of the New York State and Local Employees' Retirement System ("ERS"). The ERS is generally also known as the "Common Retirement Fund". The ERS is a cost-sharing multiple public employer retirement system. The obligation of employers and employees to contribute and the benefit to employees are governed by the New York State Retirement System and Social Security Law (the "Retirement System Law"). The ERS offers 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 benefits and optional methods of benefit payments. All benefits generally vest after five years of credited service. The Retirement System Law generally provides that all participating employers in each retirement system are jointly and severally liable for any unfunded amounts. Such amounts are collected through annual billings to all participating employers. Generally, all employees, except certain part-time employees, participate in the ERS.

The ERS is non-contributory with respect to members hired prior to July 27, 1976 (Tier 1 & 2); members hired from July 27, 1976 through December 31, 2009 (Tier 3 & 4) contribute 3% for the first 10 years of service and then become non-contributory; members hired from January 1, 2010 through March 31, 2012 (Tier 5) must contribute 3% for their entire careers; members hired April 1, 2012 (Tier 6) or after will contribute between 3 and 6 percent for their entire careers based on their annual wage.

For ERS, Tier 5 provides for:

- Raising the minimum age at which most civilians can retire without penalty from 55 to 62 and imposing a penalty of up to 38% for any civilian who retires prior to age 62
- Requiring employees to continue contributing 3% of their salaries toward pension costs so long as they accumulate additional pension credits.
- Increasing the minimum years of service required to draw pension from 5 years to 10 years.
- Capping the amount of overtime that can be considered in the calculation of pension benefits for civilians at \$15,000 per year, and for police & firefighters at 15% of non-overtime wages.

For ERS, Tier 6 provides for:

- Increase contribution rates of between 3% and 6% base on annual wage
- Increase in the retirement age from 62 years to 63 years
- A readjustment of the pension multiplier
- A change in the period for final average salary calculation from 3 years to 5 years

The Town's contributions to ERS for the past five years and the budgeted amount for the 2019 fiscal year are as follows:

<u>Year</u>	<u>ERS</u>
2014	\$ 786,307
2015	775,756
2016	646,603
2017	636,626
2018	613,013
2019 (Budgeted)	675,126

Source: Town officials.

Pursuant to various laws enacted between 1991 and 2002, the State Legislature authorized local governments to make available certain early retirement incentive programs to its employees. The Town does not have any early retirement incentives outstanding.

Historical Trends and Contribution Rates: Historically there has been a State mandate requiring full (100%) funding of the annual actuarially required local governmental contribution out of current budgetary appropriations. With the strong performance of the ERS in the 1990s, the locally required annual contribution declined to near zero. However, with the subsequent decline in the equity markets in the early 2000s, the pension system became underfunded. As a result, required contributions for ERS increased substantially from 1.5% in 2003 to 12.9% in 2005. Wide swings in the contribution rates can result in budgetary planning problems for many participating local governments.

A chart of average ERS rates (2014 to 2019) is shown below:

<u>Year</u>	<u>ERS</u>
2014	20.9%
2015	20.1
2016	18.2
2017	15.5
2018	15.3
2019	14.9
2020	14.6

Chapter 49 of the Laws of 2003 amended the Retirement and Social Security Law and Local Finance Law. The amendments empowered the State Comptroller to implement a comprehensive structural reform program that establishes a minimum contribution for any employer equal to 4.5% of pensionable salaries for required contributions due December 15, 2003 and for all years thereafter where the actual rate would otherwise be 4.5% or less. In addition, it instituted a billing system that will advise employers over one year in advance concerning actual pension contribution rates.

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

Stable Rate Pension Contribution Option: The 2013-14 Adopted State Budget included a provision that authorized local governments, including the Town, with the option to "lock-in" long-term, stable rate pension contributions for a period of years determined by the State Comptroller and ERS. For 2016 the ERS rate is 12.5% and for 2017 the ERS rate is 13.0%. The pension contribution rates under this program would reduce near-term payments for employers, but require higher than normal contributions in later years. The Town is not participating in this program at this time nor does it intend to do so in the foreseeable future.

The Town is not amortizing or smoothing any pension payments nor does it intend to do so in the foreseeable future.

The investment of monies and assumptions underlying same, of the ERS covering the Town's employees is not subject to the direction of the Town. Thus, it is not possible to predict, control or prepare for future unfunded accrued actuarial liabilities of the ERS ("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 Town which could affect other budgetary matters. Concerned investors should contact the ERS administrative staff for further information on the latest actuarial valuations of the ERS.

Other Post-Employment Benefits

It should also be noted that the Town provides post-retirement healthcare benefits to various categories of former employees. These costs may be expected to rise substantially in the future. There is now an accounting rule that will require governmental entities, such as the Town, to account for post-retirement healthcare benefits as it accounts for vested pension benefits. GASB Statement No. 45 ("GASB 45") of the Governmental Accounting Standards Board ("GASB"), described below, requires such accounting.

GASB 45 and OPEB. OPEB refers to "other post-employment benefits," meaning other than pension benefits, disability benefits and OPEB consist primarily of health care benefits, and may include other benefits such as disability benefits and life insurance. Until now, these benefits have generally been administered on a pay-as-you-go basis and have not been reported as a liability on governmental financial statements.

GASB 45 requires municipalities and school districts to account for OPEB liabilities much like they already account for pension liabilities, generally adopting the actuarial methodologies used for pensions, with adjustments for the different characteristics of OPEB and the fact that most municipalities and school districts have not set aside any funds against this liability. Unlike GASB 27, which covers accounting for pensions, GASB 45 does not require municipalities or school districts to report a net OPEB obligation at the start.

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

GASB 45 does not require that the unfunded liability actually be amortized nor that it be advance funded, only that the municipality or school district account for its unfunded accrued liability and compliance in meeting its ARC. The Town is not certain that municipalities will be mandated to implement GASB 45 since the potential liability will have to be determined by an actuarial and will be astronomical with the potential of bankrupting municipalities.

The Town contracted with an actuarial firm to calculate its OPEB in accordance with GASB 45. Based on the most recent actuarial valuation dated January 1, 2017, the following tables show the components of the Town's annual OPEB cost, the amount actuarially contributed to the plan, changes in the Town's net OPEB obligation and funding status for the fiscal years ending December 31, 2016 and December 31, 2017 (most recent available):

<i>Annual OPEB Cost and Net OPEB Obligation:</i>	<u>2016</u>	<u>2017</u>
Annual required contribution (ARC)	\$ 3,120,345	\$ 2,761,478
Interest on net OPEB obligation	457,975	523,202
Adjustment to ARC	<u>(604,634)</u>	<u>(724,384)</u>
Annual OPEB cost (expense)	\$ 2,973,686	\$ 2,560,296
Contributions made	<u>(1,343,000)</u>	<u>(1,346,558)</u>
Increase in net OPEB obligation	\$ 1,630,686	\$ 1,213,738
Net OPEB obligation - beginning of year	<u>\$ 11,449,381</u>	<u>\$ 13,080,067</u>
Net OPEB obligation - end of year	<u>\$ 13,080,067</u>	<u>\$ 14,293,805</u>
Percentage of annual OPEB cost contributed	45.2%	52.6%

Funding Status:

Actuarial Accrued Liability (AAL)	\$ 39,186,964	\$ 36,806,223
Actuarial Value of Assets	<u>0</u>	<u>0</u>
Unfunded Actuarial Accrued Liability (UAAL)	<u>\$ 39,186,964</u>	<u>\$ 36,806,223</u>
Funded Ratio (Assets as a Percentage of AAL)	0.0%	0.0%

<u>Fiscal Year Ended</u>	<u>Annual OPEB Cost</u>	<u>Percentage of Annual OPEB Cost Contributed</u>	<u>Ending Net OPEB Obligation</u>
2017	\$ 2,560,296	52.6%	\$ 14,293,805
2016	2,973,686	45.2	13,080,067
2015	2,861,255	41.7	11,449,381

Source: Actuarial valuation reports of the Town. The above tables are not audited.

The aforementioned liability and ARC are recognized and will be disclosed in accordance with GASB 45 standards in the Town's audited financial statements.

The Town's unfunded actuarial accrued OPEB liability could have a material adverse impact upon the Town's finances and could force the Town to reduce services, raise taxes or both.

There is no authority in current State law to establish a trust account or reserve fund for this liability.

In April 2015, the State Comptroller announced legislation to create an optional investment pool to help the State and local governments fund retiree health insurance and other post-employment benefits. The proposed legislation would allow the following:

- Authorize the creation of irrevocable OPEB trusts, not part of the New York State Common Retirement Fund, so that New York state and its local governments can, at their option, help fund their OPEB liabilities;
- Establish an OPEB investment fund in the sole custody of the State Comptroller for the investment of OPEB assets of the state and participating eligible local governments;
- Designate the president of the Civil Service Commission as the trustee of the state's OPEB trust and the governing boards as trustee for local governments; and
- Allow school districts to transfer certain excess reserve balances to an OPEB trust once it is established.

Under the State Comptroller's proposal, there were no restrictions on the amount a government can deposit into the trust. The proposal for an optional investment pool for OPEB liability was not adopted in the last State legislative session.

Financial Statements

The Town retains independent auditors Insero & Co. CPAs, LLP to audit its financial statements. The audited financial report for fiscal year ended December 31, 2017 is available and is attached hereto as "APPENDIX - E". Certain summary financial information can also be found in "APPENDIX - A, A1, A2 & A3" attached hereto.

The Town complies with the Uniform System of Accounts as prescribed for towns in New York State by the State Comptroller. 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).

Beginning with the fiscal year ending December 31, 2003, the Town is required to issue its financial statements in accordance with GASB Statement No. 34. This statement includes reporting of all assets including infrastructure and depreciation in the Government Wide Statement of Activities, as well as the Management's Discussion and Analysis. The Town is in compliance with Statement No. 34.

Projected (Unaudited) Results of Operations for Fiscal Year Ending December 31, 2018

Summary unaudited projected information for the General Fund for the period ending December 31, 2018 is as follows:

Projected Revenues:	\$ 13,000,000
Projected Expenditures:	12,300,000
Projected Other Sources and Uses:	<u>0</u>
Projected Excess Revenues over Expenditures:	<u>\$ 700,000</u>
Projected Total General Fund Balance:	\$ 6,184,000

These projections are based upon certain current assumptions and estimates and the audited results may vary therefrom.

New York State Comptroller Reports of Examination

The State Comptroller's office, i.e., the Department of Audit and Control, periodically performs a compliance review to ascertain whether the Town has complied with the requirements of various State and Federal statutes. These audits can be searched on the official website of the Office of the New York State Comptroller.

The most recent audit conducted by the State Comptroller was released on August 12, 2016. The purpose of the audit was to evaluate the Town's financial condition for the period January 1, 2014 through December 31, 2015. A summary of key findings and State Comptroller recommendations are outlined below:

Key Findings:

- 157 of 187 water meters the Town is billed for are older than five years, and Village officials found that the old meters they tested failed to record 50-70 percent of water flows.
- By not replacing the old inaccurate meters, users with accurate meters have to pay higher rates for water to help subsidize residents with meters that only register half of their use. Additionally, rates are too low to allow the fund to break even, which results in taxpayer inequity, as the water fund is subsidized by the part-town general fund.
- At the end of 2015, the water and sewer funds owed a combined \$730,000 to the part-town general fund.

Key Recommendations:

- Create a schedule for replacing old or inaccurate meters or both.
- Ensure that the Town bills for all water and sewer services based on accurate meter flows and set rates sufficient to cover operating expenditures.
- Develop a plan to repay amounts borrowed from the part-town general fund.

A copy of the complete report can be found by visiting the Audits of Local Governments section of the Office of the State Comptroller website.

The State Comptroller's office has just completed an ethics oversight audit. An exit interview with the Town was conducted on January 18, 2019 with a published report still pending release at this time.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

Fiscal Stress Monitoring System

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

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

The reports of the State Comptroller for the five most recent available fiscal years of the Town are as follows:

<u>Fiscal Year Ended</u>	<u>Stress Designation</u>	<u>Fiscal Score</u>
2017	No Designation	3.3%
2016	No Designation	6.7%
2015	No Designation	16.3%
2014	No Designation	12.9%
2013	No Designation	6.7%

The Fiscal Score for fiscal year ending December 31, 2018 has not been calculated as of the date of this Official Statement.

Source: Website of the Office of the New York State Comptroller. Reference to website implies no warranty of accuracy of information therein.

Other Information

The statutory authority for the power to spend money for the object or purpose, or to accomplish the object or purpose, for which the Bonds and Notes are to be issued is the Town Law and the Local Finance Law.

The Town is in compliance with the procedure for the validation of the Bonds provided in Title 6 of Article 2 of the Local Finance Law. The Town is in the process of complying with the procedure for validation of the Notes provided for in Title 6 of Article 2 of the Local Finance Law.

No principal or interest upon any obligation of the Town is past due.

The fiscal year of the Town is the calendar year.

Except for as shown under "STATUS OF INDEBTEDNESS – Estimated Overlapping Indebtedness", this Official Statement does not include the financial data of any political subdivision having power to levy taxes within the Town.

TAX INFORMATION

Valuations

<u>Years Ending December 31st:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Assessment Roll Year:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Assessed Valuation	\$ 118,005,809	\$ 117,511,910	\$ 117,367,791	\$ 117,255,920	\$ 116,015,574
State Equalization Rate	4.60%	4.27%	4.38%	4.32%	4.32%
Full Valuation	\$2,565,343,674	\$2,752,035,363	\$2,679,629,932	\$2,714,257,407	\$2,685,545,694

Source: Town officials.

Tax Rate Per \$1,000 (Assessed)

<u>Years Ending December 31st:</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
<u>Assessment Roll Year:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Inside Villages	\$ 40.434	\$ 43.538	\$ 44.557	\$ 45.329	\$ 45.4971
Outside Villages	107.298	108.630	109.082	110.190	110.969
Fire District Contracts:					
Westover Fire	64.736	41.557	34.741	34.799	44.105
Union Center Fire	25.729	26.011	26.587	28.181	31.035
Choconut Fire	61.027	62.562	65.004	61.771	62.520
East Maine Fire	25.144	25.260	58.665	52.140	57.562

Tax Collection Procedure

Town real property taxes are levied annually on January 1 and become a lien on that date. Taxes are collected during the period January 1, to January 31, at face value and from February 1, to April 1, with interest added. The Town utilizes Broome County Real Property Tax Service for the collection of all real estate taxes for Town purposes. The County distributes the collected tax money to the Town Supervisor. The final payment from the County reconciles to the Town tax warrant to assure the Town of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

Tax Collection Record

<u>Years Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Total Tax Levy	\$ 9,673,079	\$10,042,463	\$10,200,385	\$ 10,267,994	\$ 10,389,451
Uncollected ⁽¹⁾	0	0	0	0	0
% Collected	100%	100%	100%	100%	100%

⁽¹⁾ The Town receives any unpaid taxes from the County; see “Tax Collection Procedure” herein.

Source: Town officials.

Ten Largest Taxpayers – 2018 Assessment Roll for 2019 Town Tax Roll

<u>Name</u>	<u>Type</u>	<u>Taxable Full Valuation</u>
NYSEG	Public Utility	\$ 134,261,111
Oakdale Mall II, LLC	Shopping Mall	67,286,505 ⁽¹⁾
Huron Real Estate, Assoc, LLC	Manufacturing	47,069,444
Glencott Realty Corp	Manufacturing	28,432,801 ⁽²⁾
Feinberg Ridge Assoc & Jeffery Feinberg	Apartment Complexes	20,363,426
Wegman’s Enterprizes & Food Markets	Retail Grocer	10,213,055
602 Partners LLC	Apartment Complexes	9,953,981
JMI	Office/Light Industrial	9,809,470
JCTC Holdings	Neighborhood Shopping Center	9,809,259 ⁽³⁾
Norfolk Southern Corporation	Railroad	9,168,727

The ten taxpayers, listed above, have a total full valuation of \$346,367,779, which represents 12.9% of the taxable full market value of the Town.

⁽¹⁾ Oakdale Mall II filed a tax certiorari claim in 2016, which is pending.

⁽²⁾ Glencott Realty filed a tax certiorari claim in 2015, which is pending.

⁽³⁾ JCTC Holdings filed a tax certiorari claim in 2016, which is pending.

Source: Town officials.

Additional Tax Information

Real property in the Town is assessed by the Town.

Veterans' and Senior Citizens' exemptions are offered to those who qualify.

The assessment roll of the Town is constituted approximately as follows: 90% Residential and 10% Industrial/Commercial.

The total property tax bill of a \$100,000 fair market value residential property located in the Town is approximately \$4,321 including County, Town, Fire and School District taxes as follows:

<u>Municipality</u>	<u>Tax Rate per Assessment</u>	<u>Total Tax</u>
Broome County	\$ 174.08/\$1,000	\$ 752
Town of Union	110.97/\$1,000	479
Endwell Fire District #1	37.58/\$1,000	162
Union-Endicott S.D.	677.75/\$1,000	2,928

TAX LEVY LIMITATION LAW

On June 24, 2011, Chapter 97 of the Laws of 2011 was signed into law by the Governor (the "Tax Levy Limitation Law"). The Tax Levy Limitation Law applies to virtually all local governments, including school districts (with the exception of New York City, Yonkers, Syracuse, Rochester and Buffalo, the latter four of which are indirectly affected by applicability to their respective city). It also applies to independent special districts and to town and county improvement districts as part of their parent municipalities tax levies.

The Tax Levy Limitation Law restricts, among other things, the amount of real property taxes (including assessments of certain special improvement districts) that may be levied by or on behalf of a municipality in a particular year, beginning with fiscal years commencing on or after January 1, 2012. It expires on June 15, 2020 unless extended. Pursuant to the Tax Levy Limitation Law, the tax levy of a municipality cannot increase by more than the lesser of (i) two percent (2%) or (ii) the annual increase in the consumer price index ("CPI"), over the amount of the prior year's tax levy. Certain adjustments would be permitted for taxable real property full valuation increases due to changes in physical or quantity growth in the real property base as defined in Section 1220 of the Real Property Tax Law. A municipality may exceed the tax levy limitation for the coming fiscal year only if the governing body of such municipality first enacts, by at least a sixty percent vote of the total voting strength of the board, a local law (resolution in the case of fire districts and certain special districts) to override such limitation for such coming fiscal year only. There are exceptions to the tax levy limitation provided in the Tax Levy Limitation Law, including expenditures made on account of certain tort settlements and certain increases in the average actuarial contribution rates of the New York State and Local Employees' Retirement System, the Police and Fire Retirement System, and the Teachers' Retirement System. Municipalities are also permitted to carry forward a certain portion of their unused levy limitation from a prior year. Each municipality prior to adoption of each fiscal year budget must submit for review to the State Comptroller any information that is necessary in the calculation of its tax levy for each fiscal year.

The Tax Levy Limitation Law does not contain an exception from the levy limitation for the payment of debt service on either outstanding general obligation debt of municipalities or such debt incurred after the effective date of the Tax Levy Limitation Law (June 24, 2011).

While the Tax Levy Limitation Law may constrict an issuer's power to levy real property taxes for the payment of debt service on debt contracted after the effective date of said Tax Levy Limitation Law, it is clear that no statute is able (1) to limit an issuer's pledge of its faith and credit to the payment of any of its general obligation indebtedness or (2) to limit an issuer's levy of real property taxes to pay debt service on general obligation debt contracted prior to the effective date of the Tax Levy Limitation Law. Whether the Constitution grants a municipality authority to treat debt service payments as a constitutional exception to such statutory tax levy limitation outside of any statutorily determined tax levy amount is not clear.

Real Property Tax Rebate

Chapter 59 of the Laws of 2014 ("Chapter 59") included provisions which provides a refundable personal income tax credit to real property taxpayers in school districts and certain municipal units of government. The credit is a tax relief program that reimburses qualifying New York State homeowners for increases in local property taxes on their primary residences. The eligibility of real property taxpayers for the tax credit in each year depends on such jurisdiction's compliance with the provisions of the Tax Cap Law. The affected jurisdictions include counties, cities (other than any city with a population of one million or more and its counties), towns, villages, school districts (other than the dependent school districts of New York City, Buffalo,

Rochester, Syracuse and Yonkers, the latter four of which are indirectly affected by applicability to their respective city) and independent special districts.

Certain additional restrictions on the amount of the personal income tax credit are set forth in Chapter 59 in order for the tax cap imposed by the Tax Cap Law to qualify as one which will provide the tax credit benefit to such real property taxpayers. The refundable personal income tax credit amount is increased in the second year if compliance occurs in both taxable years. Municipalities, school districts and independent special districts must provide certification of compliance with the requirements of the new provisions to certain State officials in order to render their real property taxpayers eligible for the real property tax rebate. The New York State Department of Taxation and Finance will determine each homeowner's eligibility, calculate the amount of the credit and send the credit to the homeowner.

For the second taxable year of the program being 2015-16 for school districts and 2016 for other municipal units of government, the property tax rebate for real property taxpayers was additionally contingent upon adoption by the school district or municipal unit of a State approved "shared services and government efficiency plan" which demonstrates three year savings and efficiencies of at least one percent of the combined 2014 levy of participating municipalities in each of the years 2017, 2018 and 2019 from shared services, cooperation agreements and/or mergers or efficiencies. The State will also be required to consider past shared services arrangements or government efficiency programs to be deemed applicable in demonstrating the targeted savings. There is no requirement that these efficiencies are to be used to reduce future tax levies. Should the savings targeted not be met by a school district or municipal unit of government there is no authority granted for the State to withhold State aid due to each respective entity.

This tax credit will be made available in municipalities that reduce or hold steady their property tax levy. The tax credit payable will be equal to the allowable tax levy growth factor for that year, including adjustments for inflation, economic growth, pensions, PILOTS, etc. as determined by the New York State Department of Taxation and Finance.

This initiative is currently a two-year temporary initiative.

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

STATUS OF INDEBTEDNESS

Constitutional Requirements

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

Purpose and Pledge. Subject to certain enumerated exceptions, the Town 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 Town may contract indebtedness only for a Town 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; unless substantially level or declining debt service is utilized, no installment may be more than fifty per centum in excess of the smallest prior installment. The Town is required to provide an annual appropriation for the payment of interest due during the year on its indebtedness and for the amounts required in such year for amortization and redemption of its serial bonds and such required annual installments on its notes.

Debt Limit. The Town has the power to contract indebtedness for any Town purpose so long as the principal amount thereof, subject to certain limited exceptions, shall not exceed seven per centum of the average full valuation of taxable real estate of the Town and subject to certain enumerated exclusions and deductions such as water and certain sewer facilities and cash or appropriations for current debt service. The constitutional method for determining full valuation is by taking the assessed valuation of taxable real estate as shown upon the latest completed assessment roll and dividing the same by the equalization rate as determined by the State Office of Real Property Services. The State Legislature is required to prescribe

the manner by which such ratio shall be determined. Average full valuation is determined by taking the sum of the full valuation of the last completed assessment roll and the four preceding assessment rolls and dividing such sum by five.

Pursuant to Article VIII of the State Constitution and Title 9 of Article 2 of the Local Finance Law, the debt limit of the Town is calculated by taking 7% of the latest five-year average of the full valuation of all taxable real property.

Statutory Procedure

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

Pursuant to the Local Finance Law, the Town authorizes the issuance of bonds by the adoption of a bond resolution, approved by at least two-thirds of the members of the Town Board, the finance board of the Town. Customarily, the Town Board has delegated to the Supervisor, as chief fiscal officer of the Town, the power to authorize and sell bond anticipation notes in anticipation of authorized bonds.

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

- (1) Such obligations are authorized for a purpose for which the Town is not authorized to expend money, or
- (2) There has not been substantial compliance with the provisions of law which should have been complied with in the authorization of such obligations and an action contesting such validity, is commenced within twenty days after the date of such publication or,
- (3) Such obligations are authorized in violation of the provisions of the Constitution.

Except on rare occasions the Town complies with this estoppel procedure. It is a procedure that is recommended by Bond Counsel, but it is not an absolute legal requirement.

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) restrictions relating to the period of probable usefulness with respect thereto.

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 of such notes and provided, generally, 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 Outstanding Indebtedness" herein).

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

Debt Outstanding End of Fiscal Year

<u>Fiscal Year Ending December 31:</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Bonds	\$ 1,995,000	\$ 3,521,693	\$ 2,760,000	\$ 4,399,480	\$ 3,755,000
Bond Anticipation Notes	3,896,485	2,890,797	4,532,632	4,159,472	5,458,779
Equipment Leases	<u>6,118</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Debt Outstanding	<u>\$ 5,897,603</u>	<u>\$ 6,412,490</u>	<u>\$ 7,292,632</u>	<u>\$ 8,558,952</u>	<u>\$ 9,213,779</u>

Details of Outstanding Indebtedness

The following table sets forth the indebtedness of the Town evidenced by bonds and notes as of January 30, 2019.

	<u>Maturity</u>	<u>Amount</u>
<u>Bonds</u>	2019-2030	\$ 3,590,000
<u>Bond Anticipation Notes</u>		
Various Purposes	February 28, 2019	<u>5,458,779</u> ⁽¹⁾
	Total Debt Outstanding	<u>\$ 9,048,779</u>

⁽¹⁾ To be redeemed at maturity with proceeds of the Bonds and Notes, together with \$549,365 available funds of the Town.

Debt Statement Summary

Summary of Indebtedness, Debt Limit and Net Debt-Contracting Margin as of January 30, 2019:

Five-Year Average Full Valuation of Taxable Real Property	<u>\$ 2,679,362,414</u>
Debt Limit 7% thereof.....	187,555,369

Inclusions:

Bonds.....	\$ 3,590,000	
Bond Anticipation Notes	<u>5,458,779</u>	
Total Inclusions.....		\$ 9,048,779

Exclusions:

Water Debt ⁽¹⁾	\$ 214,220	
Sewer Indebtedness ⁽²⁾	0	
Appropriations ⁽³⁾	<u>987,185</u>	
Total Exclusions.....		<u>\$ 1,201,405</u>

Total Net Indebtedness	<u>\$ 7,847,374</u>
Net Debt-Contracting Margin.....	<u>\$ 179,707,995</u>
The percent of debt contracting power exhausted is	4.18%

Note: The issuance of the Bond and Notes will increase the Total Net-Indebtedness of the Town by \$1,458,851. The above table does not include installment purchase debt, which does count toward the debt limit.

⁽¹⁾ Excluded pursuant to Section 124.10 of the Local Finance Law.

⁽²⁾ Excluded pursuant to Section 136 of the Local Finance Law.

⁽³⁾ Appropriations are excluded pursuant to Section 136.00 of the Local Finance Law.

Bonded Debt Service

A schedule of Bonded Debt Service may be found in the Appendices to this Official Statement.

Cash Flow Borrowings

The Town has not found it necessary to borrow revenue or tax anticipation notes in the recent past and does not anticipate having to borrow such in the foreseeable future.

Installment Purchase Obligations

The New York Power Authority (“NYPA”) has been working with municipalities throughout the State to improve energy efficiency in connection with the State’s BuildSmart NY initiative. The Town had asked the NYPA to assist with financing an energy efficiency project at its facilities. The project included the replacement of existing high-pressure sodium, mercury vapor, and metal halide fixtures and installation of new energy efficient LED fixtures. In June 2017 the Town had entered into a Customer Installation Commitment (installment purchase contract) with the NYPA for the project which was completed September 2018 at a final cost of \$3,673,075. The project is expected to generate annual energy savings of \$189,001, maintenance savings of \$155,394, and annual CO2 savings of 1,355 tons. The installment purchase contract is amortized over 10 years with 120 monthly payments of \$32,867.85 at an annual interest rate of 1.43% for a total interest cost of \$271,066. The payments began on February 1, 2019 with a repayment end date of January 1, 2029. The remaining principal balance outstanding as of January 30, 2019 is \$3,673,075.

Authorized but Unissued Items

The Town has the following projects authorized at this time:

- Town Refuse Garage at an estimated cost of \$3,011,000.

Estimated Overlapping Indebtedness

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

<u>Municipality</u>	<u>Status of Debt as of</u>	<u>Gross Indebtedness</u> ⁽¹⁾	<u>Estimated Exclusions</u>	<u>Net Indebtedness</u>	<u>Town Share</u>	<u>Applicable Indebtedness</u>
County of:						
Broome	11/6/2018 ⁽⁴⁾	\$ 128,230,000	\$ -	\$ 128,230,000	26.11%	\$ 33,480,853
School District:						
Maine-Endwell CSD	12/17/2018 ⁽⁴⁾	68,927,639	60,587,395 ⁽³⁾	8,340,244	21.70%	1,809,781
Union-Endicott CSD	12/17/2018 ⁽⁴⁾	44,892,400	38,158,540 ⁽³⁾	6,733,860	47.87%	3,223,461
Johnson City CSD	12/13/2018 ⁽⁴⁾	48,514,384	43,177,802 ⁽³⁾	5,336,582	32.94%	1,757,998
Village:						
Endicott	11/27/2018 ⁽⁴⁾	9,357,000	450,000 ⁽²⁾	8,907,000	100.00%	8,907,000
Johnson City	11/28/2018 ⁽⁴⁾	106,378,884	89,379,330 ⁽²⁾	16,999,554	100.00%	16,999,554
Fire District:						
Endwell	6/27/2018 ⁽⁴⁾	2,700,000	30,000 ⁽²⁾	2,670,000	100.00%	2,670,000
West Corners	12/31/2016 ⁽⁵⁾	242,100	- ⁽²⁾	242,100	100.00%	242,100
West Endicott	12/31/2016 ⁽⁵⁾	129,600	- ⁽²⁾	129,600	100.00%	129,600
Total:						<u>\$ 69,220,347</u>

Notes:

⁽¹⁾ Outstanding bonds and bond anticipation notes. Not adjusted to include subsequent bond or note sales, if any

⁽²⁾ Water and sewer debt and appropriations.

⁽³⁾ Estimated State building aid based on current aid ratio.

Sources of information:

⁽⁴⁾ Most recent available official statement of the municipality obtained from EMMA.

⁽⁵⁾ Most recent available State Comptroller’s Special Report for the respective fiscal year end.

Debt Ratios

The following table sets forth certain ratios relating to the Town's indebtedness as of January 30, 2019.

	<u>Amount</u>	<u>Per Capita</u> ^(a)	<u>Percentage of Full Value</u> ^(b)
Net Indebtedness (see "Debt Statement Summary")	\$ 7,847,374	\$ 145.23	0.29%
Net Indebtedness Plus Net Overlapping Indebtedness ^(c)	77,067,721	1,426.31	2.87%

(a) The 2017 estimated population of the Town is 54,033. (See "Population Trends" herein.)

(b) The Town's total full valuation of taxable real property for the 2018 assessment roll is \$2,685,545,694. (See "TAX INFORMATION" herein.)

(c) The Town's estimated applicable share of net underlying indebtedness is \$69,220,347. (See "Estimated Overlapping Indebtedness" herein.)

SPECIAL PROVISIONS AFFECTING REMEDIES UPON DEFAULT

General Municipal Law Contract Creditors' Provision. Each Bond and Note when duly issued and paid for will constitute a contract between the Town and the holder thereof. Under current law, provision is made for contract creditors of the Town to enforce payments upon such contracts, if necessary, through court action. Section 3-a of the General Municipal Law provides, subject to exceptions not pertinent, that the rate of interest to be paid by the Town upon any judgment or accrued claim against it on an amount adjudged due to a creditor shall not exceed nine per centum per annum from the date due to the date of payment. This provision might be construed to have application to the holders of the Bonds and Notes in the event of a default in the payment of the principal of and interest on the Bonds and Notes.

Execution/Attachment of Municipal Property. 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 certain funds or the proceeds of a tax levy. In accordance with the general rule with respect to municipalities, judgments against the Town may not be enforced by levy and execution against property owned by the Town.

Authority to File for Municipal Bankruptcy. The Federal Bankruptcy Code allows public bodies, such as the Town, 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 or its emergency control board to file a petition under any provision of Federal bankruptcy law for the composition or adjustment of municipal indebtedness.

The State has consented that any municipality in the State may file a petition with the United States District Court or court of bankruptcy under any provision of the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness. Subject to such State consent, under the United States Constitution, Congress has jurisdiction over such matters and has enacted amendments to the existing federal bankruptcy statute, being Chapter 9 thereof, generally to the effect and with the purpose of affording municipal corporations, under certain circumstances, with easier access to judicially approved adjustment of debt including judicial control over identifiable and unidentifiable creditors.

No current state law purports to create any priority for holders of the Bonds and Notes should the Town be under the jurisdiction of any court, pursuant to the laws of the United States, now or hereafter in effect, for the composition or adjustment of municipal indebtedness.

The rights of the owners of Bonds and Notes to receive interest and principal from the Town could be adversely affected by the restructuring of the Town's debt under Chapter 9 of the Federal Bankruptcy Code. No assurance can be given that any priority of holders of debt obligations issued by the Town (including the Bonds and Notes) to payment from monies retained in any debt service fund or from other cash resources would be recognized if a petition were filed by or on behalf of the Town under the Federal Bankruptcy Code or pursuant to other subsequently enacted laws relating to creditors' rights; such monies might, under such circumstances, be paid to satisfy the claims of all creditors generally.

Under the Federal Bankruptcy Code, a petition may be filed in the 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 Federal Bankruptcy Code also requires that a plan be filed for the adjustment of the municipality's debt, which may modify or alter the rights of creditors and which could be secured. Any plan of adjustment confirmed by the court must be approved by the requisite number of creditors. If confirmed by the bankruptcy court, the plan would be binding upon all creditors affected by it.

State Debt Moratorium Law. There are separate State law provisions regarding debt service moratoriums enacted into law in 1975.

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 obligations.

As a result of the Court of Appeals decision in Flushing National Bank v. Municipal Assistance Corporation for the City of New York, 40 N.Y.2d 731 (1976), the constitutionality of that portion of Title 6-A of Article 2 of the Local Finance Law described below enacted at the 1975 Extraordinary Session of the State legislature authorizing any county, city, town or village with respect to which the State has declared a financial emergency to petition the State Supreme Court to stay the enforcement against such municipality of any claim for payment relating to any contract, debt or obligation of the municipality during the emergency period, is subject to doubt. In any event, no such emergency has been declared with respect to the City.

Right of Municipality or State to Declare a Municipal Financial Emergency and Stay Claims Under State Debt Moratorium Law. The State Legislature is authorized to declare by special act that a state of financial emergency exists in any county, city, town or village. (The provision does not by its terms apply to school districts or fire districts.) In addition, the State Legislature may authorize by special act establishment of an "emergency financial control board" for any county, city, town or village upon determination that such a state of financial emergency exists. Thereafter, unless such special act provides otherwise, a voluntary petition to stay claims may be filed by any such municipality (or by its emergency financial control board in the event said board requests the municipality to petition and the municipality fails to do so within five days thereafter). A petition filed in supreme court in county in which the municipality is located in accordance with the requirements of Title 6-A of the Local Finance Law ("Title 6-A") effectively prohibits the doing of any act for ninety days in the payment of claims, against the municipality including payment of debt service on outstanding indebtedness.

This includes staying the commencement or continuation of any court proceedings seeking payment of debt service due, the assessment, levy or collection of taxes by or for the municipality or the application of any funds, property, receivables or revenues of the municipality to the payment of debt service. The stay can be vacated under certain circumstances with provisions for the payment of amounts due or overdue upon a demand for payment in accordance with the statutory provisions set forth therein. The filing of a petition may be accompanied with a proposed repayment plan which upon court order approving the plan, may extend any stay in the payment of claims against the municipality for such "additional period of time as is required to carry out fully all the terms and provisions of the plan with respect to those creditors who accept the plan or any benefits thereunder." Court approval is conditioned, after a hearing, upon certain findings as provided in Title 6-A.

A proposed plan can be modified prior to court approval or disapproval. After approval, modification is not permissible without court order after a hearing. If not approved, the proposed plan must be amended within ten days or else the stay is vacated and claims including debt service due or overdue must be paid. It is at the discretion of the court to permit additional filings of amended plans and continuation of any stay during such time. A stay may be vacated or modified by the court upon motion of any creditor if the court finds after a hearing, that the municipality has failed to comply with a material provision of an accepted repayment plan or that due to a "material change in circumstances" the repayment plan is no longer in compliance with statutory requirements.

Once an approved repayment plan has been completed, the court, after a hearing upon motion of any creditor, or a motion of the municipality or its emergency financial control board, will enter an order vacating any stay then in effect and enjoining of creditors who accepted the plan or any benefits thereunder from commencing or continuing any court action, proceeding or other act described in Title 6-A relating to any debt included in the plan.

Title 6-A requires notice to all creditors of each material step in the proceedings. Court determinations adverse to the municipality or its financial emergency control board are appealable as of right to the appellate division in the judicial department in which the court is located and thereafter, if necessary, to the Court of Appeals. Such appeals stay the judgment or appealed from and all other actions, special proceedings or acts within the scope of Section 85.30 of Title 6-A pending the hearing and determination of the appeals.

Whether Title 6-A is valid under the Constitutional provisions regarding the payment of debt service is not known. However, based upon the decision in the Flushing National Bank case described above, its validity is subject to doubt.

While the State Legislature has from time to time adopted legislation in response to a municipal fiscal emergency and established public benefit corporations with a broad range of financial control and oversight powers to oversee such municipalities, generally such legislation has provided that the provisions of Title 6-A are not applicable during any period of time that such a public benefit corporation has outstanding indebtedness issued on behalf of such municipality.

Fiscal Stress and State Emergency Financial Control Boards. Pursuant to Article IX Section 2(b)(2) of the State Constitution, any local government in the State may request the intervention of the State in its “property, affairs and government” by a two-thirds vote of the total membership of its legislative body or on request of its chief executive officer concurred in by a majority of such membership. This has resulted in the adoption of special acts for the establishment of public benefit corporations with varying degrees of authority to control the finances (including debt issuance) of the cities of Buffalo, Troy and Yonkers and the County of Nassau. The specific authority, powers and composition of the financial control boards established by these acts varies based upon circumstances and needs. Generally, the State legislature has granted such boards the power to approve or disapprove budget and financial plans and to issue debt on behalf of the municipality, as well as to impose wage and/or hiring freezes and approve collective bargaining agreements in certain cases. Implementation is left to the discretion of the board of the public benefit corporation. Such a State financial control board was first established for New York City in 1975. In addition, on a certificate of necessity of the governor reciting facts which in the judgment of governor constitute an emergency requiring enactment of such laws, with the concurrences of two-thirds of the members elected in each house of the State legislature the State is authorized to intervene in the “property, affairs and governments” of local government units. This occurred in the case of the County of Erie in 2005. The authority of the State to intervene in the financial affairs of local government is further supported by Article VIII, Section 12 of the Constitution which declares it to be the duty of the State legislature to restrict, subject to other provisions of the Constitution, the power of taxation, assessment, borrowing money and contracting indebtedness and loaning the credit of counties, cities, towns and villages so as to prevent abuses in taxation and assessment and in contracting indebtedness by them.

In 2013, the State established a new state advisory board to assist counties, cities, towns and villages in financial distress. The Financial Restructuring Board for Local Governments (the “FRB”), is authorized to conduct a comprehensive review of the finances and operations of any such municipality deemed by the FRB to be fiscally eligible for its services upon request by resolution of the municipal legislative body and concurrence of its chief executive. The FRB is authorized to make recommendations for, but cannot compel improvement of fiscal stability, management and delivery of municipal services, including shared services opportunities and is authorized to offer grants and/or loans of up to \$5,000,000 through a Local Government Performance and Efficiency Program to undertake certain recommendations. If a municipality agrees to undertake the FRB recommendations, it will be automatically bound to fulfill the terms in order to receive the aid.

The FRB is also authorized to serve as an alternative arbitration panel for binding arbitration.

Although from time to time, there have been proposals for the creation of a statewide financial control board with broad authority over local governments in the State, the FRB does not have emergency financial control board powers to intervene such as the public benefit corporations established by special acts as described above.

Several municipalities in the State are presently working with the FRB. The Town has not requested FRB assistance nor does it reasonably expect to do so in the foreseeable future. School districts and fire districts are not eligible for FRB assistance.

Constitutional Non-Appropriation Provision. There is in the Constitution of the State, Article VIII, Section 2, the following provision relating to the annual appropriation of monies for the payment of due principal of and interest on indebtedness of every county, city, town, village and school district in the State: “If at any time the respective appropriating authorities shall fail to make such appropriations, a sufficient sum shall be set apart from the first revenues thereafter received and shall be applied to such purposes. The fiscal officer of any county, city, town, village or school district may be required to set aside and apply such revenues as aforesaid at the suit of any holder of obligations issued for any such indebtedness.” This constitutes a specific non-exclusive constitutional remedy against a defaulting municipality or school district; however, it does not apply in a context in which monies have been appropriated for debt service but the appropriating authorities decline to use such monies to pay debt service. However, Article VIII, Section 2 of the Constitution of the State also provides that the fiscal officer of any county, city, town, village or school district may be required to set apart and apply such revenues at the suit of any holder of any obligations of indebtedness issued with the pledge of the faith of the credit of such political subdivision. See “General Municipal Law Contract Creditors’ Provision” herein.

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

Default Litigation. In prior years, certain events and legislation affecting a holder’s remedies upon 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 political subdivisions of the State require the exercise by the State or its political subdivisions of emergency and police powers to assure the continuation of essential public services prior to the payment of debt service. See “Nature of Obligation” and “State Debt Moratorium Law” herein.

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

DISCLOSURE COMPLIANCE

In order to assist the purchasers in complying with Rule 15c2-12 promulgated by the Securities and Exchange Commission under the Securities Exchange Act of 1934, as amended (“Rule 15c2-12”), the Town will enter into a Continuing Disclosure Undertaking, descriptions of which are attached hereto as “APPENDIX – C, CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS” and “APPENDIX – D, MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES”.

Historical Continuing Disclosure Compliance

Prior to fiscal year ending December 31, 2014, the Town has historically been an under \$10,000,000 small issuer. The Town has availed itself of the exemptions and exceptions permitted by the Rule in those years.

The Town has complied with all previous Undertakings in all material respects pursuant to the Rule within the past five years.

MARKET AND RISK FACTORS

There are various forms of risk associated with investing in the Bonds and Notes. The following is a discussion of certain events that could affect the risk of investing in the Bonds and Notes. In addition to the events cited herein, there are other potential risk factors that an 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 investment risk.

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

The Town is dependent in part on financial assistance from the State. However, if the State should experience difficulty in borrowing funds in anticipation of the receipt of State taxes and revenues in order to pay State aid to municipalities and school districts in the State, including the Town, in any year, the Town may be affected by a delay, until sufficient taxes have been received by the State to make State aid payments to the Town. In some years, the Town has received delayed payments of State aid which resulted from the State’s delay in adopting its budget and appropriating State aid to municipalities and school districts, and consequent delay in State borrowing to finance such appropriations. (See also “THE TOWN - State Aid”).

There are a number of general factors which could have a detrimental effect on the ability of the Town to continue to generate revenues, particularly property taxes. For instance, the termination of a major commercial enterprise or an unexpected increase in tax certiorari proceedings could result in a significant reduction in the assessed valuation of taxable real property in the Town. Unforeseen developments could also result in substantial increases in Town expenditures, thus placing strain on the Town’s financial condition. These factors may have an effect on the market price of the Bonds and Notes.

If a holder elects to sell his investment prior to its scheduled maturity date, market access or price risk may be incurred. If and when a holder of any of the Bonds and Notes should elect to sell a Note prior to its maturity, there can be no assurance that a market shall have been established, maintained and be in existence for the purchase and sale of any of the Bonds and Notes. Recent global financial crises have included limited periods of significant disruption. In addition, the price and principal value of the Bonds and Notes is dependent on the prevailing level of interest rates; if interest rates rise, the price of a bond or note will decline, causing the bondholder or noteholder to incur a potential capital loss if such bond or note is sold prior to its maturity.

Amendments to U.S. Internal Revenue Code could reduce or eliminate the favorable tax treatment granted to municipal debt, including the Bonds and Notes and other debt issued by the Town. Any such future legislation would have an adverse effect on the market value of the Bonds and Notes (See “TAX MATTERS” herein).

The Tax Levy Limitation Law, which imposes a tax levy limitation upon municipalities, school districts and fire districts in the State, including the Town and continuing technical and constitutional issues raised by its enactment and implementation could have an impact upon the finances and operations of the Town and hence upon the market price of the Bonds and Notes. See “TAX LEVY LIMITATION LAW” herein.

The Town, like many other public and private entities, relies on technology to conduct its operations. As a recipient and provider of personal, private, or sensitive information, the Town faces multiple cyber threats including, but not limited to, hacking, viruses, malware and other attacks on computer and other sensitive digital networks and systems. No assurances can be given that such security and operational control measures implemented would be completely successful to guard against cyber threats and attacks. The results of any such attack could impact business operations and/or damage Town digital networks and systems and the costs of remedying any such damage could be substantial. The Town does have a cyber insurance policy in place to help mitigate the costs of an occurrence of such event.

TAX MATTERS

In the opinion of Orrick, Herrington & Sutcliffe LLP (“Bond Counsel”), based upon an analysis of existing laws, regulations, rulings, and court decisions, and assuming, among other matters, the accuracy of certain representations and compliance with certain covenants, interest on the Bonds and Notes is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986 (the “Code”) and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Bond Counsel is of the further opinion that interest on the Bonds and Notes is not a specific preference item for purposes of the federal alternative minimum tax. A complete copy of the proposed forms of opinions of Bond Counsel is set forth in “APPENDIX – E & F”.

The Code imposes various restrictions, conditions and requirements relating to the exclusion from gross income for federal income tax purposes of interest on obligations such as the Bonds and Notes. The Town has covenanted to comply with certain restrictions designed to insure that interest on the Bonds and Notes will not be included in federal gross income. Failure to comply with these covenants may result in interest on the Bonds and Notes being included in gross income for federal income tax purposes possibly from the date of original issuance of the Bonds and Notes. The opinion of Bond Counsel assumes compliance with these covenants. Bond Counsel has not undertaken to determine (or to inform any person) whether any actions taken (or not taken) or events occurring (or not occurring) or any other matters coming to the attention of Bond Counsel after the date of issuance of the Bonds and Notes may adversely affect the value of, or the tax status of interest on, the Bonds and Notes. Accordingly, the opinion of Bond Counsel is not intended to and may not be relied upon in connection with any such actions, events or matters.

Certain requirements and procedures contained or referred to in the Arbitrage Certificate, and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Bonds and Notes) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

Although Bond Counsel is of the opinion that interest on the Bonds and Notes is excluded from gross income for federal income tax purposes and is exempt from income taxes imposed by the State of New York or any political subdivision thereof (including The City of New York), the ownership or disposition of, or the amount, accrual or receipt of interest on, the Bonds and Notes may otherwise affect an Owner’s federal or state tax liability. The nature and extent of these other tax consequences will depend upon the particular tax status of the Owner or the Owner’s other items of income or deduction. Bond Counsel expresses no opinion regarding any such other tax consequences.

Future legislative proposals, if enacted into law, clarification of the Code or court decisions may cause interest on the Bonds and Notes to be subject, directly or indirectly, to federal income taxation or to be subject to or exempted from state income taxation, or otherwise prevent Beneficial Owners from realizing the full current benefit of the tax status of such interest. For example, legislative proposals have been made in recent years that would limit the exclusion from gross income of interest on obligations like the Bonds and Notes to some extent for taxpayers who are individuals and whose income is subject to higher marginal income tax rates. Other proposals have been made that could significantly reduce the benefit of, or otherwise affect, the exclusion from gross income of interest on obligations like the Bonds and Notes. The introduction or enactment of any such legislative proposals, clarification of the Code or court decisions may also affect, perhaps significantly, the market price for, or marketability of, the Bonds and Notes. Prospective purchasers of the Bonds and Notes should consult their own tax advisors regarding any pending or proposed federal or state tax legislation, regulations or litigation, and regarding the impact of future legislation, regulations or litigation, as to which Bond Counsel expresses no opinion.

LEGAL MATTERS

The legality of the authorization and issuance of the Bonds and Notes is covered by the approving legal opinion of Bond Counsel. The proposed Forms of Bond Counsel’s opinions are attached hereto at “APPENDIX – E & F”.

LITIGATION

The Town is subject to a number of lawsuits in the ordinary conduct of its affairs. The Town does not believe, however, that such suits, individually or in the aggregate, are likely to have a material adverse effect on the financial condition of the Town.

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 Town, threatened against or affecting the Town to restrain or enjoin the issuance, sale or delivery of the Bonds and Notes or the levy and collection of taxes or assessments to pay same, or in any way contesting or affecting the validity of the Bonds and Notes or any proceedings or authority of the Town taken with respect to the authorization, issuance or sale of the Bonds and Notes or contesting the corporate existence or boundaries of the Town.

MUNICIPAL ADVISOR

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

CUSIP IDENTIFICATION NUMBERS

It is anticipated that CUSIP (an acronym that refers to Committee on Uniform Security Identification Procedures) identification numbers will be printed on the Bonds and Notes. All expenses in relation to the printing of CUSIP numbers on the Bonds and Notes will be paid for by the County provided, however; the County assumes no responsibility for any CUSIP Service Bureau charge or other charge that may be imposed for the assignment of such numbers.

RATINGS

The Notes are not rated. Subject to the approval of the Town, the purchaser(s) of the Notes may have a rating completed after the sale at the expense of the purchaser(s), including any fees to be incurred by the Town, as such rating action may require the filing of a material event notification to EMMA.

Moody's Investors Service ("Moody's") has assigned their rating of "Aa2" to the Bonds. No application was made to any other rating agency for the purpose of obtaining an additional rating on the Bonds. This rating reflects only the view of Moody's and any desired explanation of the significance of such rating should be obtained from Moody's Investors Service, 7 World Trade Center at 250 Greenwich Street, New York, NY 10007, Phone: (212) 553-0038, Fax: (212) 553-1390.

Generally, rating agencies base their ratings on the information and materials furnished to it and on investigations, studies and assumptions by the respective rating agency. 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 the rating of the Bonds may have an adverse effect on the market price of the Bonds.

MISCELLANEOUS

Statements in the Official Statement, and the documents included by specific reference, that are not historical facts are “forward-looking statements”, within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended, and as defined in the Private Securities Litigation Reform Act of 1995, which involve a number of risks and uncertainties, and which are based on the Town management’s beliefs as well as assumptions made by, and information currently available to, the Town 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 Town’s files with the repositories. When used in Town documents or oral presentation, the words “anticipate”, “believe”, “intend”, “plan”, “forsee”, “likely”, “estimate”, “expect”, “objective”, “projection”, “forecast”, “goal”, “will”, or “should”, or similar words or phrases are intended to identify forward-looking statements.

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

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

Concurrently with the delivery of the Bonds and Notes will furnish a certificate to the effect that as of the date of the Official Statement, the Official Statement did not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements herein, in the light of the circumstances under which they were made, not misleading, subject to limitation as to information in the Official Statement obtained from sources other than the Town as to which no representation can be made.

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

Orrick, Herrington & Sutcliffe LLP, New York, New York, Bond Counsel to the Town, expresses no opinion as to the accuracy or completeness of information in any documents prepared by or on behalf of the Town for use in connection with the offer and sale of the Bonds and Notes, including but not limited to, the financial or statistical information in this Official Statement.

The Town hereby disclaims any obligation to update developments of the various risk factors or to announce publicly any revision to any of the forward-looking statements contained herein or to make corrections to reflect future events or developments except to the extent required by Rule 15c2-12 promulgated by the Securities and Exchange Commission.

Fiscal Advisors & Marketing, Inc. may place a copy of this Official Statement on its website at www.fiscaladvisors.com. Unless this Official Statement specifically indicates otherwise, no statement on such website is included by specific reference or constitutes a part of this Official Statement. Fiscal Advisors & Marketing, 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 Town nor Fiscal Advisors & Marketing, Inc. assumes any liability or responsibility for errors or omissions on such website. Further, Fiscal Advisors & Marketing, Inc. and the Town 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. Fiscal Advisors & Marketing, Inc. and the Town also assumes no liability or responsibility for any errors or omissions or for any updates to dated website information.

The Town’s contact information is as follows: Ms. Laura J. Lindsley, Town Comptroller, Town Hall, 3111 E. Main St., Endwell, NY 13760, Phone: (607) 786-2931, Telefax: (607) 786-2998, email: llindsley@townofunion.com

TOWN OF UNION

Dated: February 4, 2019

RICHARD A. MATERESE
Town Supervisor

GENERAL FUND

Balance Sheets

Fiscal Years Ending December 31:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<u>ASSETS</u>					
Cash and Investments - Unrestricted	\$ 5,573,690	\$ 5,355,790	\$ 4,198,891	\$ 4,393,685	\$ 3,059,506
Cash and Investments - Restricted	-	-	1,201,984	1,167,797	1,189,431
Investments - Unrestricted	-	-	-	-	1,556,000
Temporary Investments	31,014	31,014	-	-	-
Due from Other Funds	958,325	1,356,338	883,949	761,448	1,345,568
Due from State and Federal Governments	106,717	156,600	122,074	106,717	106,717
Due from Other Governments	1,470,314	1,534,449	1,571,401	1,582,176	1,766,150
Other Receivables, net	345,337	251,399	178,571	226,350	241,215
Prepaid Expenses	211,022	259,255	278,636	306,513	350,259
TOTAL ASSETS	<u>\$ 8,696,419</u>	<u>\$ 8,944,845</u>	<u>\$ 8,435,506</u>	<u>\$ 8,544,686</u>	<u>\$ 9,614,846</u>
<u>LIABILITIES AND FUND EQUITY</u>					
Accounts Payable	\$ 241,028	\$ 312,595	\$ 214,258	\$ 243,725	\$ 311,390
Accrued Liabilities	70,649	97,212	42,266	49,269	81,738
Due to Other Funds	640,575	697,512	675,292	671,450	922,383
Compensated Absences	126,135	119,530	131,301	144,125	138,235
Due to Other Governments	1,349	-	1,069	427	19,549
Other Liabilities	67,538	70,610	96,443	79,624	83,040
Overpayments	-	-	99	-	-
Deferred Revenues	97,717	97,751	96,577	96,577	97,860
TOTAL LIABILITIES	<u>1,244,991</u>	<u>1,395,210</u>	<u>1,257,305</u>	<u>1,285,197</u>	<u>1,654,195</u>
<u>FUND EQUITY</u>					
Nonspendable	\$ 211,022	\$ 259,255	\$ 278,636	\$ 306,513	\$ 350,259
Restricted	1,342,735	1,250,866	1,201,984	1,167,796	1,189,431
Assigned	1,054,661	1,409,687	1,043,808	934,315	921,166
Unassigned	4,843,010	4,629,827	4,653,773	4,850,865	5,499,795
TOTAL FUND EQUITY	<u>7,451,428</u>	<u>7,549,635</u>	<u>7,178,201</u>	<u>7,259,489</u>	<u>7,960,651</u>
TOTAL LIABILITIES and FUND EQUITY	<u>\$ 8,696,419</u>	<u>\$ 8,944,845</u>	<u>\$ 8,435,506</u>	<u>\$ 8,544,686</u>	<u>\$ 9,614,846</u>

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance

Fiscal Years Ending December 31:	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
REVENUES					
Real Property Taxes	\$ 3,460,085	\$ 3,606,036	\$ 3,717,208	\$ 4,079,725	\$ 4,113,397
Real Property Tax Items	48,296	50,245	57,693	48,300	54,601
Non Property Tax Items	6,169,696	6,325,430	6,380,434	6,528,263	7,013,617
Departmental Income	165,647	157,149	182,508	175,387	171,259
Intergovernmental Charges	210,103	218,237	251,250	236,929	242,136
Use of Money & Property	35,753	48,121	53,752	52,586	66,250
Licenses and Permits	104,322	84,472	122,412	82,433	130,422
Fines and Forfeitures	205,817	184,826	156,369	141,062	167,088
Sale of Property and Compensation for Loss	58,457	69,148	63,271	9,877	38,381
Miscellaneous	294,584	21,424	8,621	10,909	1,334
Interfund Revenues	36,775	51,710	46,766	42,878	42,211
Revenues from State Sources	896,407	712,726	700,702	707,257	682,082
Revenues from Federal Sources	-	-	-	5,312	-
Total Revenues	<u>\$ 11,685,942</u>	<u>\$ 11,529,524</u>	<u>\$ 11,740,986</u>	<u>\$ 12,120,918</u>	<u>\$ 12,722,778</u>
EXPENDITURES					
General Government Support	\$ 2,081,780	\$ 2,058,728	\$ 2,171,552	\$ 2,135,725	\$ 2,073,258
Public Safety	530,151	522,864	498,263	526,486	508,562
Health	3,500	3,500	3,567	3,500	2,087
Transportation	795,234	794,499	804,485	802,067	705,801
Economic Assistance and Opportunity	1,890	1,850	2,049	3,640	2,567
Culture and Recreation	290,768	269,169	268,175	250,196	248,712
Home and Community Services	1,824,638	1,794,119	1,978,062	1,782,603	1,831,515
Employee Benefits	3,096,074	3,266,170	3,669,390	3,733,304	3,673,483
Debt Service	552,236	482,081	460,331	491,589	433,594
Total Expenditures	<u>\$ 9,176,271</u>	<u>\$ 9,192,980</u>	<u>\$ 9,855,874</u>	<u>\$ 9,729,110</u>	<u>\$ 9,479,579</u>
Excess of Revenues Over (Under) Expenditures	<u>2,509,671</u>	<u>2,336,544</u>	<u>1,885,112</u>	<u>2,391,808</u>	<u>3,243,199</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	-
Appropriated Reserve	-	-	-	-	-
Operating Transfers Out	(2,211,289)	(2,238,337)	(2,256,546)	(2,310,520)	(2,542,037)
Other Budgetary Purposes	-	-	-	-	-
Total Other Financing	<u>(2,211,289)</u>	<u>(2,238,337)</u>	<u>(2,256,546)</u>	<u>(2,310,520)</u>	<u>(2,542,037)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>298,382</u>	<u>98,207</u>	<u>(371,434)</u>	<u>81,288</u>	<u>701,162</u>
FUND BALANCE					
Fund Balance - Beginning of Year	7,153,046	7,451,428	7,549,635	7,178,201	7,259,489
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ 7,451,428</u>	<u>\$ 7,549,635</u>	<u>\$ 7,178,201</u>	<u>\$ 7,259,489</u>	<u>\$ 7,960,651</u>

Source: Audited financial reports of the Town. This Appendix is not itself audited.

GENERAL FUND

Revenues, Expenditures and Changes in Fund Balance - Budget and Actual

Fiscal Years Ending December 31:	2017			2018	2019
	Adopted Budget	Modified Budget	Audited Actual	Adopted Budget	Adopted Budget
REVENUES					
Real Property Taxes	\$ 4,113,392	\$ 4,113,392	\$ 4,113,397	\$ 4,118,030	\$ 4,282,231
Real Property Tax Items	57,900	57,900	54,601	60,000	57,800
Non-Property Tax Items	6,640,000	6,777,714	7,013,617	6,645,000	6,920,000
Departmental Income	168,500	168,500	171,259	167,500	158,000
Intergovernmental Charges	225,000	225,000	242,136	250,000	250,213
Use of Money & Property	53,900	53,900	66,250	54,400	65,800
Licenses and Permits	75,150	75,150	130,422	75,150	75,150
Fines and Forfeitures	135,000	135,000	167,088	150,000	175,000
Sale of Property and Compensation for Loss	15,000	16,107	38,381	25,000	5,000
Miscellaneous	-	-	1,334	-	-
Interfund Revenues	40,000	40,000	42,211	58,614	26,852
Revenues from State Sources	655,000	655,000	682,082	665,000	655,000
Revenues from Federal Sources	10,000	10,000	-	-	10,000
Total Revenues	<u>\$ 12,188,842</u>	<u>\$ 12,327,663</u>	<u>\$ 12,722,778</u>	<u>\$ 12,268,694</u>	<u>\$ 12,681,046</u>
EXPENDITURES					
General Government Support	\$ 2,555,338	\$ 2,533,992	\$ 2,073,258	\$ 2,577,629	\$ 2,612,258
Public Safety	542,849	542,849	508,562	563,052	573,373
Health	3,500	3,500	2,087	-	-
Transportation	813,091	846,929	705,801	825,648	670,954
Economic Assistance and Opportunity	2,600	2,680	2,567	2,600	2,600
Culture and Recreation	292,894	296,954	248,712	309,371	344,193
Home and Community Services	1,989,418	1,976,443	1,831,515	2,018,453	2,197,851
Employee Benefits	4,095,558	4,086,019	3,673,483	3,884,078	3,813,080
Debt Service	437,594	437,595	433,594	621,863	939,181
Total Expenditures	<u>\$ 10,732,842</u>	<u>\$ 10,726,961</u>	<u>\$ 9,479,579</u>	<u>\$ 10,802,694</u>	<u>\$ 11,153,490</u>
Excess of Revenues Over (Under) Expenditures	<u>1,456,000</u>	<u>1,600,702</u>	<u>3,243,199</u>	<u>1,466,000</u>	<u>1,527,556</u>
Other Financing Sources (Uses):					
Operating Transfers In	-	-	-	-	43,157
Appropriated Reserve	-	-	-	-	-
Operating Transfers Out	(2,356,000)	(2,542,037)	(2,542,037)	(2,366,000)	(2,470,713)
Other budgetary purposes	-	-	-	-	-
Total Other Financing	<u>(2,356,000)</u>	<u>(2,542,037)</u>	<u>(2,542,037)</u>	<u>(2,366,000)</u>	<u>(2,427,556)</u>
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	<u>(900,000)</u>	<u>(941,335)</u>	<u>701,162</u>	<u>(900,000)</u>	<u>(900,000)</u>
FUND BALANCE					
Fund Balance - Beginning of Year	-	-	7,259,489	-	-
Appropriated Reserves	900,000	941,335	-	900,000	900,000
Prior Period Adjustments (net)	-	-	-	-	-
Fund Balance - End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 7,960,651</u>	<u>\$ -</u>	<u>\$ -</u>

Source: 2017 Audited financial report and 2018 and 2019 adopted budgets (unaudited) of the Town.

APPENDIX - B
Town of Union

BONDED DEBT SERVICE

Fiscal Year Ending December 31st	Excluding the Bonds			Principal of this Issue	Principal of all Issues
	Principal	Interest	Total		
2019	\$ 620,000	\$ 78,631	\$ 698,631	\$ -	\$ 620,000
2020	600,000	63,269	663,269	235,355	835,355
2021	360,000	52,156	412,156	230,000	590,000
2022	310,000	45,681	355,681	220,000	530,000
2023	275,000	39,831	314,831	210,000	485,000
2024	280,000	34,281	314,281	200,000	480,000
2025	265,000	28,706	293,706	200,000	465,000
2026	245,000	23,244	268,244	200,000	445,000
2027	255,000	17,438	272,438	165,000	420,000
2028	255,000	10,978	265,978	165,000	420,000
2029	185,000	5,263	190,263	165,000	350,000
2030	105,000	1,444	106,444	165,000	270,000
2031	-	-	-	160,000	160,000
2032	-	-	-	80,000	80,000
2033	-	-	-	15,000	15,000
2034	-	-	-	15,000	15,000
TOTALS	\$ 3,755,000	\$ 400,922	\$ 4,155,922	\$ 2,425,355	\$ 6,180,355

CURRENT BONDS OUTSTANDING

Fiscal Year Ending Dec 31st	2005 Refunding of 1996 Bonds			2010 Public Improvements		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 165,000	\$ 9,469	\$ 174,469	\$ 60,000	\$ 3,325	\$ 63,325
2020	170,000	3,188	173,188	65,000	1,138	66,138
TOTALS	\$ 335,000	\$ 12,656	\$ 347,656	\$ 125,000	\$ 4,463	\$ 129,463

Fiscal Year Ending Dec 31st	2010 Public Improvements			2015 Various Purposes		
	Principal	Interest	Total	Principal	Interest	Total
2019	\$ 20,000	\$ 200	\$ 20,200	\$ 180,000	\$ 26,500	\$ 206,500
2020	-	-	-	175,000	23,175	198,175
2021	-	-	-	180,000	19,625	199,625
2022	-	-	-	135,000	16,475	151,475
2023	-	-	-	100,000	14,125	114,125
2024	-	-	-	100,000	12,125	112,125
2025	-	-	-	100,000	10,000	110,000
2026	-	-	-	95,000	7,688	102,688
2027	-	-	-	100,000	5,125	105,125
2028	-	-	-	100,000	2,250	102,250
2029	-	-	-	25,000	375	25,375
TOTALS	\$ 20,000	\$ 200	\$ 20,200	\$ 1,290,000	\$ 137,463	\$ 1,427,463

Fiscal Year Ending Dec 31st	2017 Public Improvements		
	Principal	Interest	Total
2019	\$ 195,000	\$ 39,138	\$ 234,138
2020	190,000	35,769	225,769
2021	180,000	32,531	212,531
2022	175,000	29,206	204,206
2023	175,000	25,706	200,706
2024	180,000	22,156	202,156
2025	165,000	18,706	183,706
2026	150,000	15,556	165,556
2027	155,000	12,313	167,313
2028	155,000	8,728	163,728
2029	160,000	4,888	164,888
2030	105,000	1,444	106,444
TOTALS	\$ 1,985,000	\$ 246,141	\$ 2,231,141

CONTINUING DISCLOSURE UNDERTAKING WITH RESPECT TO THE BONDS

In accordance with the requirements of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “Commission”), the Town has agreed to provide, or cause to be provided,

- (i) to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, during each fiscal year in which the Bonds are outstanding, (i) certain annual financial information and operating data for the preceding fiscal year in a form generally consistent with the information contained or cross-referenced in the Final Official Statement dated February 13, 2019 of the Town relating to the Bonds under the headings “THE TOWN”, “TAX INFORMATION”, “STATUS OF INDEBTEDNESS”, “LITIGATION” and all Appendices (other than “Appendix – C, D, E & F” and any related to bond insurance) by the end of the sixth month following the end of each succeeding fiscal year, commencing with the fiscal year ending December 31, 2018, and (ii) a copy of the audited financial statement, if any, (prepared in accordance with accounting principles generally accepted in the United States of America in effect at the time of the audit) for the preceding fiscal year, commencing with the fiscal year ending December 31, 2018; such audit, if any, will be so provided on or prior to the later of either the end of the sixth month of each such succeeding fiscal year or, if an audited financial statement is not available at that time, within sixty days following receipt by the Town of its audited financial statement for the preceding fiscal year, but, in any event, not later than the last business day of each such succeeding fiscal year; and provided further, in the event that the audited financial statement for any fiscal year is not available by the end of the sixth month following the end of any such succeeding fiscal year, unaudited financial statements in the form provided to the State, if available, will be provided no later than said date; provided however, that provision of unaudited financial statements in any year shall be further conditioned upon a determination by the Town of whether such provision is compliant with the requirements of federal securities laws including Rule 10b-5 of the Securities Exchange Act of 1934 and Rule 17(a)(2) of the Securities Act of 1933;
- (ii) within 10 business days after the occurrence of such event, notice of the occurrence of any of the following events with respect to the Bonds, to EMMA or any other entity designated or authorized by the 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 of 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 event of the Town;
 - (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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.
 - (o) incurrence of a financial obligation of the Town, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and

- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

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

With respect to event (d) the Town does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Bonds.

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

With respect to events (o) and (p), the term "financial obligation" means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term "financial obligation" shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

- (iii) in a timely manner, to EMMA or any other entity designated or authorized by the Commission to receive reports pursuant to the Rule, notice of its failure to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, on or before the date specified.

The Town reserves the right to terminate its obligations to provide the aforescribed annual financial information and operating data and such audited financial statement, if any, and notices of material events, as set forth above, if and when the Town no longer remains an obligated person with respect to the Bonds within the meaning of the Rule. The Town 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 Town's obligations under its continuing disclosure undertaking and any failure by the Town 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 Town 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 Town, provided that, the Town agrees that any such modification will be done in a manner consistent with the Rule.

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

MATERIAL EVENT NOTICES WITH RESPECT TO THE NOTES

In accordance with the provisions of Rule 15c2-12, as the same may be amended or officially interpreted from time to time (the “Rule”), promulgated by the Securities and Exchange Commission (the “SEC”) pursuant to the Securities Exchange Act of 1934, the Town has agreed to provide or cause to be provided, in a timely manner not in excess of ten (10) business days after the occurrence of the event, during the period in which the Notes are outstanding, to the Electronic Municipal Market Access (“EMMA”) system of the Municipal Securities Rulemaking Board (“MSRB”) or any other entity designated or authorized by the SEC to receive reports pursuant to the Rule, notice of the occurrence of any of the following events with respect to the Notes:

- (a) principal and interest payment delinquencies
- (b) non-payment related defaults, if material
- (c) unscheduled draws on debt service reserves reflecting financial difficulties
- (d) in the case of credit enhancement, if any, provided in connection with the issuance of the Notes, 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 Notes, or other material events affecting the tax status of the Notes
- (g) modifications to rights of Noteholders, if material
- (h) note calls, if material and tender offers
- (i) defeasances
- (j) release, substitution, or sale of property securing repayment of the Notes
- (k) rating changes
- (l) bankruptcy, insolvency, receivership or similar event of the Town
- (m) the consummation of a merger, consolidation, or acquisition involving the Town or the sale of all or substantially all of the assets of the Town, 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
- (n) appointment of a successor or additional trustee or the change of name of a trustee, if material
- (o) incurrence of a financial obligation of the School District, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Town, any of which affect security holders, if material; and
- (p) default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Town, any of which reflect financial difficulties.

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

With respect to event (d) the Town does not undertake to provide any notice with respect to credit enhancement added after the primary offering of the Notes.

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

With respect to events (o) and (p), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” shall not include municipal securities as to which a final official statement has been provided to the Municipal Securities Rulemaking Board consistent with the Rule.

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

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

The Town 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 Town; provided that the Town agrees that any such modification will be done in a manner consistent with the Rule.

An “Undertaking to Provide Notice of Material Events” to this effect shall be provided to the purchaser(s) at closing.

FORM OF BOND COUNSEL'S OPINION - BONDS

February 27, 2019

Town of Union,
County of Broome,
State of New York

Re: Town of Union, Broome County, New York
\$2,425,355 Public Improvement (Serial) Bonds, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of an issue of \$2,425,355 Public Improvement (Serial) Bonds, 2019 (the "Obligations"), of the Town of Union, Broome County, New York (the "Obligor"), dated February 27, 2019, initially issued in registered form in denominations such that one bond shall be issued for each maturity of bonds in such amounts as hereinafter set forth, bearing interest at the rate of ____ hundredths per centum (____%) per annum as to bonds maturing in ____, payable on February 15, 2020 and semi-annually thereafter on August 15 and February 15, and maturing in the amount of \$____ on February 15, 2020, \$____ on February 15, 2021, \$____ on February 15, 2022, \$____ on February 15, 2023, \$____ on February 15, 2024, \$____ on February 15, 2025, \$____ on February 15, 2026, \$____ on February 15, 2027, \$____ on February 15, 2028, \$____ on February 15, 2029, \$____ on February 15, 2030, \$____ on February 15, 2031, \$____ on February 15, 2032, \$____ on February 15, 2033 and \$____ on February 15, 2034.

The Obligations maturing on or before February 15, 2026 shall not be subject to redemption prior to maturity. The Obligations maturing on or after February 15, 2027 shall be subject to redemption prior to maturity as a whole or in part (and by lot if less than all of a maturity is to be redeemed) at the option of the Town on February 15, 2026 or on any date thereafter at par, plus accrued interest to the date of redemption.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligations that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligations not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligations and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligations to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligations and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligations, including the form of the Obligations. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligations 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 Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligations and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligations: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.
- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligations; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligations is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligations.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligations) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligations has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligations to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligations and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligations has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions 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 Obligor, together with other legally available sources of revenue, if any, will be sufficient to enable the Obligor to pay the principal of or interest on the Obligations as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligations for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligations, 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.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

FORM OF BOND COUNSEL'S OPINION - NOTES

February 27, 2019

Town of Union,
County of Broome,
State of New York

Re: Town of Union, Broome County, New York
\$4,492,275 Bond Anticipation Notes, 2019

Ladies and Gentlemen:

We have been requested to render our opinion as to the validity of \$4,492,275 Bond Anticipation Notes, 2019 (the "Obligation"), of the County of Broome, New York (the "Obligor"), dated February 27, 2019, numbered 1, of the denomination of \$_____, bearing interest at the rate of ____% per annum, payable at maturity, and maturing February 27, 2020.

We have examined:

- (1) the Constitution and statutes of the State of New York;
- (2) the Internal Revenue Code of 1986, including particularly Sections 103 and 141 through 150 thereof, and the applicable regulations of the United States Treasury Department promulgated thereunder (collectively, the "Code");
- (3) an arbitrage certificate executed on behalf of the Obligor which includes, among other things, covenants, relating to compliance with the Code, with the owners of the Obligation that the Obligor will, among other things, (i) take all actions on its part necessary to cause interest on the Obligation not to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, restricting, to the extent necessary, the yield on investments made with the proceeds of the Obligation and investment earnings thereon, making required payments to the Federal government, if any, and maintaining books and records in a specified manner, where appropriate, and (ii) refrain from taking any action which would cause interest on the Obligation to be includable in the gross income of the owners thereof for Federal income tax purposes, including, without limitation, refraining from spending the proceeds of the Obligation and investment earnings thereon on certain specified purposes (the "Arbitrage Certificate"); and
- (4) a certificate executed on behalf of the Obligor which includes, among other things, a statement that compliance with such covenants is not prohibited by, or violative of, any provision of local or special law, regulation or resolution applicable to the Obligor.

We also have examined a certified copy of proceedings of the finance board of the Obligor and other proofs authorizing and relating to the issuance of the Obligation, including the form of the Obligation. In rendering the opinions expressed herein we have assumed (i) the accuracy and truthfulness of all public records, documents and proceedings, including factual information, expectations and statements contained therein, examined by us which have been executed or certified by public officials acting within the scope of their official capacities, and have not verified the accuracy or truthfulness thereof, and (ii) compliance by the Obligor with the covenants contained in the Arbitrage Certificate. We also have assumed the genuineness of the signatures appearing upon such public records, documents and proceedings and the certifications thereof.

In our opinion:

- (a) The Obligation has been authorized and issued in accordance with the Constitution and statutes of the State of New York and constitutes a valid and legally binding general obligation of the Obligor, all the taxable real property within which is subject to the levy of ad valorem taxes to pay the Obligation and interest thereon, subject to applicable statutory limitations; provided, however, that the enforceability (but not the validity) of the Obligation: (i) may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights, and (ii) may be subject to the exercise of judicial discretion in appropriate cases.

- (b) The Obligor has the power to comply with its covenants with respect to compliance with the Code as such covenants relate to the Obligation; provided, however, that the enforceability (but not the validity) of such covenants may be limited by any applicable bankruptcy, insolvency or other law now existing or hereafter enacted by said State or the Federal government affecting the enforcement of creditors' rights.
- (c) Interest on the Obligation is excluded from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, and is exempt from personal income taxes imposed by the State of New York and any political subdivision thereof (including The City of New York). Interest on the Obligations is not a specific preference item for purposes of the federal alternative minimum tax. We express no opinion regarding other tax consequences related to the ownership or disposition of, or the amount, accrual or receipt of interest on, the Obligation.

Certain agreements, requirements and procedures contained or referred to in the Arbitrage Certificate and other relevant documents may be changed and certain actions (including, without limitation, economic defeasance of the Obligation) may be taken or omitted under the circumstances and subject to the terms and conditions set forth in such documents.

The opinions expressed herein are based on an analysis of existing laws, regulations, rulings and court decisions and cover certain matters not directly addressed by such authorities. Such opinions may be affected by actions taken or omitted or events occurring after the date hereof. Accordingly, this opinion is not intended to, and may not, be relied upon in connection with any such actions, events or matters. Our engagement with respect to the Obligation has concluded with their issuance, and we disclaim any obligation to update this opinion. We have assumed, without undertaking to verify, the accuracy of the factual matters represented, warranted or certified in the documents. Furthermore, we have assumed compliance with all covenants and agreements contained in the Arbitrage Certificate, including without limitation covenants and agreements compliance with which is necessary to assure that future actions, omissions or events will not cause interest on the Obligation to be included in gross income for federal income tax purposes. We call attention to the fact that the rights and obligations under the Obligation and the Arbitrage Certificate and their enforceability may be subject to bankruptcy, insolvency, reorganization, arrangement, fraudulent conveyance, moratorium or other laws relating to or affecting creditors' rights, to the application of equitable principles, to the exercise of judicial discretion in appropriate cases and to the limitations on legal remedies against municipal corporations such as the Obligor in the State of New York. We express no opinion with respect to any indemnification, contribution, penalty, choice of law, choice of forum, choice of venue, or waiver provisions contained in the foregoing documents.

The scope of our engagement in relation to the issuance of the Obligation has extended solely to the examination of the facts and law incident to rendering the opinions expressed herein. Such opinions are not intended and should not be construed to express or imply any conclusion that the amount of revenues or moneys of the Obligor legally available will be sufficient to enable the Obligor to pay the principal of or interest on the Obligation as the same respectively become due and payable. Reference should be made to the Official Statement prepared by the Obligor in relation to the Obligation for factual information which, in the judgment of the Obligor, could materially affect the ability of the Obligor to pay such principal and interest. While we have participated in the preparation of such Official Statement, we have not verified the accuracy, completeness or fairness of the factual information contained therein and, accordingly, we express no opinion as to whether the Obligor, in connection with the sale of the Obligation, 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.

Very truly yours,

/s/ ORRICK, HERRINGTON & SUTCLIFFE LLP

TOWN OF UNION

AUDITED FINANCIAL REPORT

Fiscal Year Ended December 31, 2017

Such Audited Financial Statement and opinion were prepared as of date thereof and have not been reviewed and/or updated in connection with the preparation and dissemination of this Official Statement.

TOWN OF UNION

Endwell, New York

FINANCIAL REPORT

December 31, 2017



TOWN OF UNION

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INDEPENDENT AUDITOR'S REPORT

Town Board
Town of Union
Endwell, New York

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Union (the Town) as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Town of Union Local Development Corporation, a discretely presented component unit, which represents 100% of total assets, net position, and revenues of aggregate discretely presented component units. Those statements of the Town of Union Local Development Corporation were audited by other auditors whose report, issued in accordance with auditing standards generally accepted in the United States of America, have been furnished to us and our opinion, insofar as it relates to the amounts included in the Town of Union Local Development Corporation, is based on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Union, as of December 31, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information and the Schedules of Funding Progress, Town's Contributions - NYSLRS Pension Plan, and the Town's Proportionate Share of Net Pension Liability, and the Notes to Required Supplementary Information, on pages 4-4o and 44-51 be presented to supplement the basic 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 basic 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 basic financial statements, and other knowledge we obtained during our audit of the basic 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Town of Union's basic financial statements. The schedule of expenditures of federal awards (SEFA) is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance), and is not a required part of the financial statements. The Financial Data Schedules (FDS), prepared and submitted to the U.S. Department of Housing and Urban Development Real Estate Assessment Center (REAC), are presented for purposes of additional analysis as required by REAC and are also not a required part of the financial statements. The SEFA and the FDS are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the SEFA and the FDS are fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated August 21, 2018 on our consideration of the Town of Union's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Town of Union's internal control over financial reporting and compliance.

Respectfully Submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
August 21, 2018

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Our discussion and analysis of the Town of Union's (the Town) financial performance provides an overview of the Town's financial activities for the fiscal year ended December 31, 2017. Please read it in conjunction with the Town's financial statements, which begin on page 5.

FINANCIAL HIGHLIGHTS

General Overview

- Total governmental fund assets of \$20.9 were comparable to \$17.6 million in the prior year. Total liabilities and deferred inflows increased by \$5.0 million to \$14.3 million. Operating results were a negative \$1.7 million compared to a negative \$1.0 million one year ago. Included in the operating results are proceeds from obligations of \$2.6 million and premiums of obligations of \$421 thousand for the current year compared to \$320 thousand and \$0, respectively, for the prior year. (The operating results for property tax supported funds controlled by the Town realized a \$1.3 million current year excess compared to a prior year \$468 thousand increase). The operating results for the Town's two general funds were an excess of \$439 thousand in the full-town and a \$262 thousand operating excess in the part-town.

Cash on Hand

- At year-end 2017, cash and investments on hand increased by \$696 thousand to \$12.4 million. Cash use from expenditures was above revenues by \$3.2 million and was increased by the net changes in other assets and/or short term/other liabilities that caused a "source" of cash totaling \$3.9 million.

Governmental Funds - Fund Balance

- At December 31, 2017, the total combined fund balance for the Town's governmental funds was \$6.6 million - a decrease of \$1.7 million.
- The Town's fund balance classifications are non-spendable, restricted, assigned and unassigned. At year-end 2017, non-spendable increased \$223 thousand to \$596 thousand, restricted decreased by \$50 thousand to \$2.5 million, assigned increased by \$463 thousand to \$4.6 million and unassigned decreased \$2.3 million to a \$1.1 million deficit, of which \$6.0 million will be eliminated in the capital fund when short-term borrowing is converted to long-term financing.
- At year-end 2017, "capital reserves" in the operating funds remained at \$1.7 million. A \$10 thousand sewer maintenance fee from Broome County was added to the reserve for future maintenance expenditures. During the year, the Town earned \$1 thousand in interest. These reserves, which are fiscally responsible, have been established based on perceived future needs.

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Governmental Funds - Revenue & Expenditures

- Revenues increased by \$2.5 million or 11.2% to \$25.1 million in 2017 and continue to be influenced by non-recurring sources such as state and federal grants.
- Expenditures increased by \$5.5 million or 22.9% to \$29.4 million in 2017. The increase reflects expenditures relating to state and federal grants, and capital outlays.

Debt Obligations

- The Town's debt obligations increased \$4.5 million to \$11.8 million in 2017. Debt payments applied to principal amounted to \$956 thousand. Additional long-term liabilities totaled \$16.4 million in Compensated Absences, Other Post Employment Benefit obligations, and NYS Retirement System Obligations.

Statements of Net Position & Activities

- On a *governmental wide basis*, the assets and deferred outflows of resources of the primary government of the Town exceeded liabilities and deferred inflows of resources at the close of 2017 by \$10.2 million (net position).
- On a *government-wide* basis, the Town's primary government total net position decreased by \$712 thousand in 2017.

USING THIS ANNUAL REPORT

This annual report consists of a series of basic financial statements. The Statement of Net Position and the Statement of Activities (on pages 5 and 6-6a) provide information about the Town as a whole and present a longer-term view of the Town's finances.

Governmental Fund financial statements start on page 7. For Governmental Activities, these statements tell how these services were financed in the short-term, as well as what remains for future spending. Governmental Fund financial statements also report the Town's operations in greater detail than the Government-wide financial statements by providing information about the Town's most significant funds. The remaining statements provide financial information about activities for which the Town acts solely as a trustee or agent for the benefit of those outside the Government. Following these statements are notes that provide additional information that is essential to a full understanding of the data provided in the financial statements.

In addition to the basic financial statements, the annual report contains other information in the form of budgetary comparison schedules for major budgeted funds (including the general fund and part-town highway fund), the Schedule of Funding Progress for other postemployment benefits, the Schedule of Town's Contributions - NYSLRS Pension Plan, and the Schedule of the Town's Proportionate Share of the Net Pension Liability.

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Reporting the Town as a Whole

Our analysis of the Town as a whole begins on page 5, with the Government-wide financial statements. The Statement of Net Position and the Statement of Activities report information about the Town as a whole and about its activities in a way that helps answer the question of whether the Town, as a whole, is better off or worse off, as a result of the year's activities. These statements include *all* assets and liabilities using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account, regardless of when the cash is received or paid.

These two statements report the Town's net position and changes therein. One can think of the Town's net position, the difference between assets and liabilities, as one way to measure the Town's financial health, or financial position. Over time, increases or decreases in the Town's net position is one indicator of whether its financial health is improving or deteriorating. One will need to consider other non-financial factors, however, such as changes in the Town's property tax base and the condition of the Town's infrastructure, to assess the overall health of the Town.

In the Statement of Net Position and the Statement of Activities, all of the Town's activities, which are governmental in nature, are reported in one column, including public safety, public health, economic assistance and opportunity, transportation, home and community services, culture and recreation, and general administration. Property and sales taxes, and State and Federal grants finance most of these activities.

Reporting the Town's Most Significant Funds

Governmental Fund Financial Statements

Analysis of the Town's Major Funds begins on page 7. The Governmental Fund financial statements provide detailed information about the most significant funds - not the Town as a whole. Some funds are required to be established by State law. However, management establishes many other funds to help it control and manage money for particular purposes or to show it is meeting legal responsibilities for using certain taxes and grants.

Governmental Funds: All of the Town's services are reported in the Governmental Funds, which focus on how money flows into and out of those funds, and the balances left at year end that are available for spending. These funds are reported using *modified accrual accounting*, which measures cash and all other financial assets that can be readily converted to cash. The Governmental Fund financial statements provide a detailed short-term view of the Town's general governmental operations and the basic services they provide. Governmental Fund information helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the Town's programs. The relationship (or differences) between Governmental *Activities* (reported in the Government-wide statements) and Governmental *Funds* is explained in a reconciliation following the Governmental Fund financial statements.

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

The Town as Trustee: The Town is the trustee, or fiduciary, for other assets that are held on behalf of others. All of the Town's fiduciary activities are reported in a separate Statement of Fiduciary Net Position on page 11.

We exclude these activities from the Town's other financial statements because the Town cannot use these assets to finance its operations. The Town is responsible for ensuring assets reported in this fund are used for their intended purposes.

THE TOWN AS A WHOLE

The Town's *combined* net position for the fiscal year ended December 31, 2017 decreased from \$10.9 million to \$10.2 million. A portion of the Town's net assets, which total \$10.3 million or 101.5%, reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure) less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Town'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 by other sources, as the capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the Town's net position, totaling \$4.1 million or 40.2%, represents resources that are subject to external restrictions on how they may be used, and are reported as restricted net position. This restricted portion of net position includes Community Development Block Grant (CDBG) and Section 8 programs. The remaining category of total net position is unrestricted net position (deficit) which totals \$(4.3) million.

Our analysis below focuses on the net position (Figure 1), and changes in net position (Figure 2), of the Town's Governmental Activities.

Figure 1 - Net Position

	Governmental Activities		Dollar Change	Percent Change
	2016	2017	2016-2017	2016-2017
Current assets	\$ 12,513,138	\$ 14,853,490	\$ 2,340,352	\$ 18.7%
Capital assets, net	16,970,351	21,091,558	4,121,207	24.3%
Other noncurrent assets	3,712,566	3,856,995	144,429	3.9%
Total Assets	33,196,055	39,802,043	6,605,988	19.9%
Total Deferred Outflows of Resources	2,825,967	1,379,201	(1,446,766)	(51.2%)
Current liabilities	6,359,380	10,755,728	4,396,348	69.1%
Noncurrent liabilities	18,371,295	19,920,713	1,549,418	8.4%
Total Liabilities	24,730,675	30,676,441	5,945,766	24.0%
Total Deferred Inflows of Resources	373,035	298,066	(74,969)	(20.1%)
Net investment in capital assets	10,708,834	10,354,802	(354,032)	(3.3%)
Restricted	4,129,375	4,103,609	(25,766)	(0.6%)
Unrestricted	(3,919,897)	(4,251,674)	(331,777)	(8.5%)
Total Net Position	\$ 10,918,312	\$ 10,206,737	\$ (711,575)	\$ (6.5%)

Total assets increased \$6.6 million to \$39.8 million at year-end 2017. Capital assets are reported net of depreciation in the Statement of Net Position and were recorded at \$21.1 million at year-end.

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Total liabilities increased \$5.9 million to \$30.7 million. Accounts payable increased \$908 thousand to \$1.5 million. A portion of the liability increase was attributable to \$3.3 million in new debt with the New York Power Authority, \$1.6 million increase in bonds payable, \$1.2 million increase in other postemployment benefits liability, offset by a \$1.2 million decrease in the net pension liability.

Figure 2 demonstrates the operations of the Town's activities.

**Figure 2
Changes in Net Position**

	Governmental Activities		Dollar Change 2016-2017	Percent Change 2016-2017
	2016	2017		
REVENUES				
Program Revenues:				
Charges for services	\$ 1,270,174	\$ 1,294,880	\$ 24,706	1.9%
Operating grants and contributions	2,175,348	2,579,314	403,966	18.6%
Capital grants	994,787	2,951,215	1,956,428	196.7%
General Revenues:				
Property taxes and tax items	10,355,542	10,425,194	69,652	0.7%
Sales and other taxes	6,528,263	7,013,617	485,354	7.4%
State sources	705,486	677,681	(27,805)	(3.9%)
Use of money and property	67,713	81,922	14,209	21.0%
Other	(145,881)	(212,800)	(66,919)	(45.9%)
Total Revenues	\$ 21,951,432	\$ 24,811,023	\$ 2,859,591	13.0%
PROGRAM EXPENSES				
General government	\$ 4,064,918	\$ 3,930,543	\$ (134,375)	(3.3%)
Public safety	1,766,740	1,719,779	(46,961)	(2.7%)
Public health	288,320	273,043	(15,277)	(5.3%)
Transportation	6,368,971	6,785,434	416,463	6.5%
Economic assistance and opportunity	81,106	90,114	9,008	11.1%
Culture and recreation	3,838,152	3,672,447	(165,705)	(4.3%)
Home and community services	7,558,414	8,875,256	1,316,842	17.4%
Interest on long-term debt	129,932	175,982	46,050	35.4%
Total Expenses	\$ 24,096,553	\$ 25,522,598	\$ 1,426,045	5.9%
CHANGE IN NET POSITION	\$ (2,145,121)	\$ (711,575)	\$ 1,433,546	66.8%

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

The change in net position for fiscal year 2017 amounted to a decrease of \$712 thousand. In reconciling the net change in fund balance for governmental funds to the change in net position of governmental activities, the Town recognizes various revenues and expenditures differently in the Statement of Activities. The recognition of these differences reconciles a decrease in fund balance on a governmental basis of \$1.7 million to a decrease of \$712 thousand reported in the Statement of Net Position. The major revenue or expenditure recognition reconciling adjustments are summarized as follows:

- Capital Outlay - \$7.1 million is recognized as an “expense” in the Governmental Funds; a “capital asset” in the Statement of Activities, thus resulting in an “increase” in net position,
- Depreciation and Book Value of Disposed Assets - \$3.0 million is recognized as an “expense” in the Statement of Activities; not recognized in the Governmental Funds, thus resulting in a “decrease” in net position,
- Principal Payments on Indebtedness - \$956 thousand is recognized as an “expense” within the Governmental Funds; reduces the “debt liability” in the Statement of Net Position, thus resulting in an “increase” in net position,
- Proceeds of obligations, and premiums on obligations - \$2.6 million is recognized as other financing sources in the Governmental Funds, but increases the “debt liability” in the Statement of Net Position,
- Repayment and/or Amortization of Loans Receivables - \$158 thousand is recognized as a “decrease” in net position, due to the timing of repayment of loans in the Special Grant Fund, and increase in unavailable revenues in the Balance Sheet - Governmental Funds.
- Deferred Inflows and Outflows of Resources, and Net Pension Liability - \$168 thousand is recognized as an “increase” in net position, due to timing of payments,
- Other Postemployment Benefits - \$1.2 million is recognized as an expense in the Statement of Activities; not recognized in the Governmental Funds, thus resulting in a “decrease” in net position.

A schedule pertaining to these and other reconciling adjustments is found in the financial report section.

A review of significant revenue/expense categories in Figure 2 - Changes in Net Position is explained as follows:

Revenues

- Charges for Services - increase of \$25 thousand or 1.9% to \$1.3 million related primarily to changes in program participation.

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

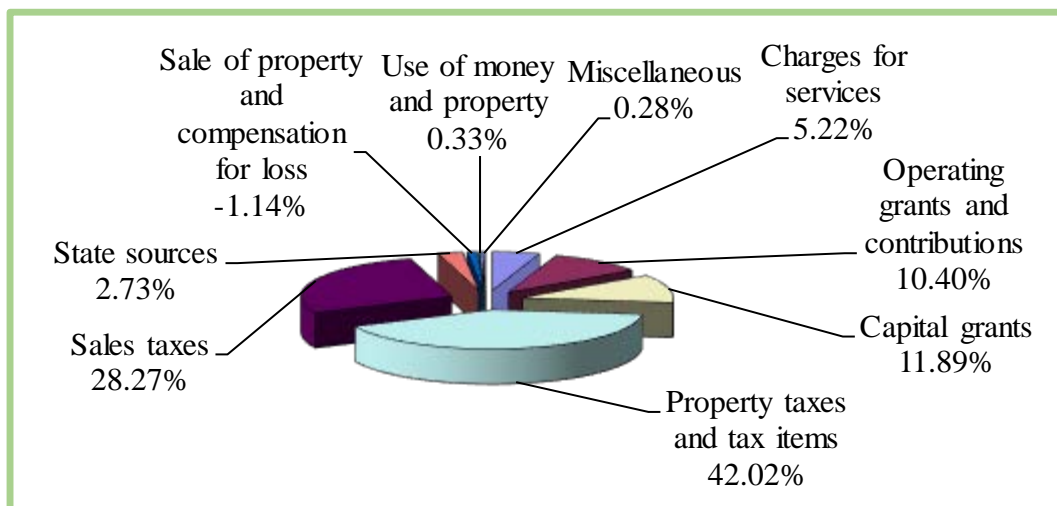
- Operating Grants - increase of \$404 thousand or 18.6% to \$2.6 million due to decreased home and community grants.
- Capital Grants - increase of \$2.0 million or 196.7% to \$3.0 million due to increased state and federal home and community grants.
- Sales and Other Taxes - increase of \$485 thousand or 7.4% due to increased sales tax allocations from Broome County.

Expenses

- General Government - decrease of \$134 thousand or 3.3% to \$3.9 million related to employee benefits allocated.
- Transportation - increase of \$416 thousand or 6.5% to \$6.8 million due to capitalized expenditures in the prior year.
- Culture and Recreation - decrease of \$166 thousand or 4.3% to \$3.7 million due to decreased employees benefit allocations.
- Home and Community Services - increase of \$1.3 million or 17.4% to \$8.9 million related to increased home and community grants.

Figures 3 and 4 show the sources of revenue for 2017 and 2016.

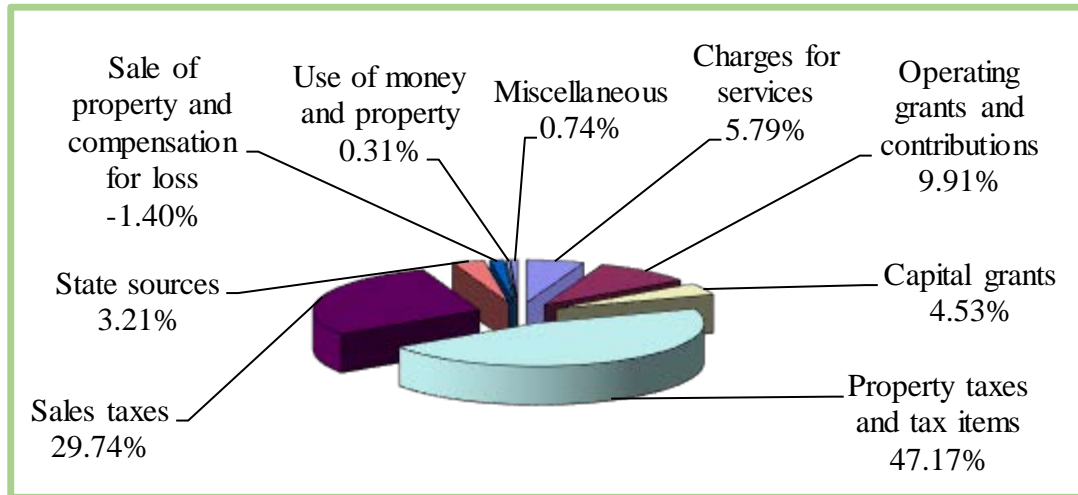
***Figure 3
Revenues by Source
2017***



TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

***Figure 4
Revenues by Source
2016***



The cost of all Governmental Activities this year was \$25,522,598. However, as shown in the Statement of Activities, the amount that was ultimately financed for these activities through Town property and payments in lieu of taxes was \$18,697,189, because some of the cost was paid by those who directly benefited from the programs or by other governments and organizations that subsidized certain programs with grants and contributions. Overall, the Town's governmental program revenues, including fees for services and grants, were \$6,825,409. The Town paid for the remaining "public benefit" portion of Governmental Activities with \$17,985,614 in taxes and other revenues, such as interest and general entitlements. These revenues include property taxes, real property tax items, nonproperty tax items and interest earnings/rental fees. Property taxes and nonproperty tax items represent \$10.4 million (58.0%) and \$7.0 million (39.0%), respectively.

The total cost and revenue comparison of the Governmental Activities for each of the Town's largest programs follows. Note that the Town's home and community service activities, which provide water and sewer services, include debt service costs in their fee structures. Because debt service costs are not expenses of this function, the excess revenue generated by these activities is used to make debt principal and interest payments. The difference between the cost and revenue shows the financial burden that was placed on the Town's taxpayers by each of these functions.

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Figure 5
Program Cost and Revenue Comparison
Governmental Activities - 2017

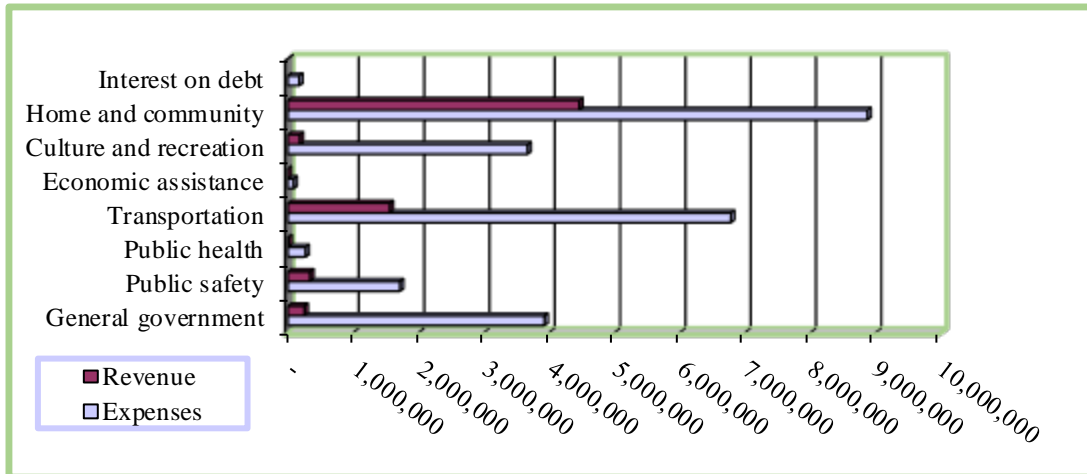
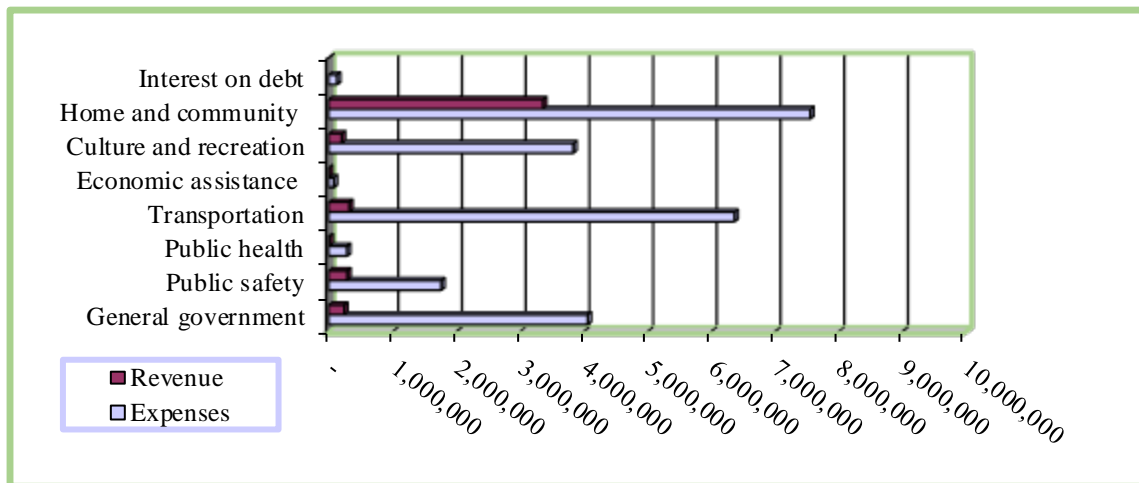


Figure 6
Program Cost and Revenue Comparison
Governmental Activities - 2016



TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

THE TOWN'S FUNDS

The Town's Governmental Funds reported a combined fund balance of \$6,642,572 at December 31, 2017, a fiscal year decrease of \$(1,711,462). Fund balances showing significant increases include \$701 thousand in the General Fund, \$445 thousand in the Part-town Highway Fund, \$107 thousand in the Non-Major Funds. The funds experiencing decreases in fund balance include the Capital Fund, which decreased \$2.9 million, and a \$55 thousand decrease in the Special Grant Fund. A summary of the Major Funds fund balances and total of Non-Major Funds fund balances are shown below:

*Figure 7
Governmental Funds
Fund Balances at Year Ending*

	2016	2017	Dollar Change 2016 - 2017	Percent Change 2016 - 2017
Major Funds:				
General Fund	\$ 7,259,489	\$ 7,960,651	\$ 701,162	9.7%
Special Revenue Funds:				
Part-town Highway Fund	2,773,403	3,218,338	444,935	16.0%
Special Grant Fund	363,848	308,757	(55,091)	(15.1%)
Capital Projects Fund	(3,094,574)	(6,004,454)	(2,909,880)	(94.0%)
Non-Major Funds	1,051,868	1,159,280	107,412	10.2%
Totals	\$ 8,354,034	\$ 6,642,572	\$ (1,711,462)	(20.5%)

A summary of the Major Funds results are as follows:

General Fund - Full-town and Part-town

Balance Sheet

Total assets for these funds increased \$1.1 million to \$9.6 million at fiscal year-end December 31, 2017. The fund's cash and investment balances increased \$243 thousand to \$5.8 million. The fund's primary "source" of cash and investments resulted from revenues and other financing sources exceeding expenditures and other financing uses by \$701 thousand.

The \$701 thousand surplus increased fund equity to \$8.0 million. The segments of fund balance are - non-spendable, restricted, assigned and unassigned. The change in each of the segments is as follows:

- Non-spendable - increased \$44 thousand to \$350 thousand,
- Restricted - increased of \$22 thousand holding at \$1.2 million,
- Assigned - decreased \$13 thousand to \$921 thousand and
- Unassigned - increased of \$649 thousand to \$5.5 million

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Operations - Revenue and Expenditures

The General Fund Full-town and Part-town revenues exceeded expenditures by \$701 thousand, which was \$620 thousand above the fund's prior year surplus of \$81 thousand.

The fund's revenues in 2017 were \$12.7 million - \$602 thousand or 5.0% above the prior year. The major changes in revenues are reported as follows:

- \$40 thousand increase in property taxes and property tax items.
- \$485 thousand increase in non-property tax items,
- \$48 thousand increase in licenses and permits and
- \$29 thousand increase in sale of property and compensation.

Total expenditures in the funds decreased \$250 thousand to \$9.5 million. The major changes in expenditures are reported as follows:

- \$62 thousand decrease in general government,
- \$18 thousand decrease in public safety,
- \$96 thousand decrease in transportation,
- \$49 thousand increase in home and community,
- \$60 thousand decrease in benefits and,
- \$58 thousand decrease in debt.

Debt Outstanding & Debt Payments

Total debt applicable to the fund amounted to \$3.2 million at year-end – an increase of \$755 thousand compared to prior year. New debt amounted to \$1.2 million in 2017. The annual debt service requirement in the fund decreased \$58 thousand to \$434 thousand.

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Highway Fund

Balance Sheet

The fund's total assets increased \$435 thousand or 13.67% to \$3.6 million at year-end 2017. The fund's cash and investment balance increased \$288 thousand to \$2.7 million due primarily to revenues exceeding expenditures by \$445 thousand. The fund balance totaled \$3.2 million and is comprised of non-spendable of \$164 thousand, restricted of \$1.0 million and assigned of \$2.1 million. The restricted portion consists of \$875 thousand in capital reserves and \$126 thousand in employee benefit reserves. The assigned portion includes \$994 thousand in appropriated and \$1.1 million in unused fund balance.

Operations - Revenue and Expenditures

Total fund revenues remained consistent at a total \$2.8 million. The fund's revenues are primarily centered in real property taxes/tax items totaling \$2.3 million, which was consistent with the prior year. The fund accounting includes inter-fund revenue, which is a transfer of 38% of sales tax receipts from the General Fund. This inter-fund revenue amounted to \$2.5 million in 2017, which was a \$183 thousand increase.

Total expenditures at year end decreased \$74 thousand to \$4.9 million, which was consistent with the prior year. The significant expenditure change occurred in employee benefits with a \$61 thousand decrease.

Debt Outstanding & Debt Payments

Total debt applicable to the fund was \$4.6 million at year-end - an increase of \$536 thousand compared to prior year. Additional debt amounted to \$995 thousand in 2017. The fund's annual debt service requirement decreased \$13 thousand to \$456 thousand.

Special Grants Fund

Description

The Special Grants Fund includes the Town's programs associated with the Community Development Block Grant (CDBG) including the disaster recovery program (CDBG-DR) and Section 8 Housing Choice Voucher Program (Rental Assistance). These programs are under the Department of Housing and Urban Development (HUD), but guided under sections of the Code of Federal Regulations. In order to control and manage spendable resources of these two programs, the Town maintains two separate operating funds.

Balance Sheet

Total assets remained consistent at \$2.2 million at fiscal year-end 2017. The fund's year-end cash balance decreased by \$185 thousand to \$375 thousand at fiscal year-end - Housing Voucher fund decreased \$167 thousand and Community Development fund decreased \$18 thousand. The Special Grant's fund balance ended the year at \$309 a \$56 thousand decrease (the fund balance in the Housing Voucher Fund decreased by \$41 thousand to \$24 thousand; CDBG fund decreased \$15 thousand to \$285 thousand). Loans receivable were \$1.6 million - non-cash deferred loan amortization amounted to \$105 thousand, principal cash payments totaled \$39 thousand and new loans amounted to \$169 thousand. The change in loans receivable caused a corresponding change in the deferred revenue liability.

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Operations Revenue and Expenditures

The operating results for the Housing Voucher and CDBG were a \$41 thousand and \$15 thousand deficit, respectively. The Special Grant Fund revenues were at \$3.9 million, which was \$1.3 million increase from the prior year, which was mostly accounted for by the disaster recovery funding. Therefore, the revenues in the Housing Voucher and CDBG funds were reported at \$1.5 million and \$2.4 million, respectively. Housing Voucher decreased \$77 thousand and CDBG increased by \$1.2 million. The Special Grant fund's revenue is nearly 100% centered in Federal Aid, which is provided to the Town based on the HUD specified spending programs.

In 2017, the Special Grant Fund expenditures increased \$1.2 million to \$4.0 million. The Housing Voucher fund total expenditures remained consistent with the prior year. The Community Development Fund expenditures increased \$1.2 million to \$2.5 million for the year. The CDBG changes were in the following:

- capital improvements - increase of \$368 thousand to \$691 thousand (\$201 thousand "increase" for village & town parks and other public works improvements, and \$167 thousand "increase" in non-public capital improvements, which includes first time home buyer and home improvements),
- public services - increase of \$23 thousand to \$143 thousand for the year,
- administration costs - increased \$42 thousand to \$244 thousand, and
- emergency disaster - increase of \$791 thousand to \$1.4 million for flood recovery.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

At the end of 2017, the Town reported \$21,091,558 invested in a broad range of capital assets, which include buildings, machinery, equipment, roads and other infrastructure improvements reported net of accumulated depreciation totaling \$28,173,762. This represents a net increase of \$4.1 million including additions of \$7,146,192, depreciation expense of \$2,589,446, and the book value of disposed assets of \$435,539.

*Figure 8
Capital Assets at Historical Cost*

	Governmental Activities		Dollar Change	Dollar Change
	2016	2017	2016 - 2017	2016 - 2017
Land	\$ 1,004,094	\$ 1,006,094	\$ 2,000	0.2%
Construction-in-progress	184,497	3,995,565	3,811,068	2065.7%
Buildings	1,067,077	1,140,295	73,218	6.9%
Improvements	1,690,049	1,444,795	(245,254)	(14.5%)
Machinery and equipment	2,212,684	2,526,344	313,660	14.2%
Infrastructure	10,811,950	10,978,465	166,515	1.5%
Totals	\$ 16,970,351	\$ 21,091,558	\$ 4,121,207	24.3%

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Total Indebtedness

Debt (bonds, notes, and installment purchase debt), which is considered a liability of Governmental Activities, increased by \$4.5 million to \$11.8 million, as shown in Figure 9. The \$8.6 million of bonds and notes is subject to the constitutional debt limit and represents 3.99% of the Town's statutory debt limit.

Figure 9
Total Indebtedness at Year Ending December 31,

	Governmental Activities		Dollar Change	Percent Change
	2016	2017	2016 - 2017	2016 - 2017
Serial bonds	\$ 2,760,000	\$ 4,399,480	\$ 1,639,480	59.4%
Bond anticipation notes	4,532,632	4,159,472	(373,160)	(8.2%)
Revenue anticipation notes	-	3,257,825	3,257,825	100.0%
Totals	\$ 7,292,632	\$ 11,816,777	\$ 4,524,145	62.0%

Other Long-term Liabilities

Accrued compensated absences decreased \$9 thousand to \$653 thousand, while other postemployment benefits increased by \$1.2 million to \$14.3 million. The net pension liability proportionate share decreased \$1.2 million to \$1.4 million. The total other long-term liabilities was \$16.4 million as of December 31, 2017.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The following is a summary of currently known facts, decisions, or conditions expected to have a significant effect on the Government's financial position.

THE 2018 BUDGET

The total budgeted tax rate (excluding individual fire districts) was \$109.955030 per thousand of assessed value. This tax rate results in a 1.0% increase from the prior year; the four preceding years were 2.8%, 3.6%, 1.5%, and 0.3% respectively. Taxable assessments for the 2018 budget year decreased 0.10% for the year. Assessment change over the four prior years was -5.00%, -0.30, -0.42%, and -.012% respectively.

The 2018 budget continued to be structurally dependent upon appropriating fund balance. The level of fund balance appropriated was \$2.1 million. The Town's major revenue source, which is non-property tax items (sales tax and franchise fees), was budgeted at \$6.6 million. Operating revenues were budgeted at \$780 thousand compared to \$731 thousand in the 2017 budget. The use of money and property increased with a budget of \$58 thousand - an increase of \$1 thousand.

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

Total appropriations in the 2018 budget amounted to \$20.4 million, which was \$372 thousand above the prior year. A breakdown of appropriation categories are as follows:

- salaries - \$5.0 million; decrease of \$134 thousand,
- equipment & capital - \$668 thousand; increase of \$264 thousand,
- operating - \$7.5 million; increase of \$247 thousand,
- contingency - \$132 thousand - no change
- employee benefits - \$5.8 million; decrease of \$278 thousand,
- debt payments - \$1.3 million; increase of \$263 thousand.

FUTURE CONSIDERATIONS AND EXPECTATIONS

The 2017 financial results continue to be reviewed as to operating results and the resulting impact on fund balances. Concern continues to be directed toward the Full-town General Fund, in which 2017 revenue had exceeded expenditures by \$439,306 in 2017. The reason for the continued concern is illustrated by the following five-year trend in operating results. The Part-town General Fund balance, which is still considered favorable, needs to be managed over the next three to four years.

<u>Fiscal Year</u>	<u>General Full-town</u>	<u>General Part-town</u>
2013	\$ 35,936	\$ 262,447
2014	(339,011)	437,218
2015	(343,957)	(27,477)
2016	108,842	(27,554)
2017	436,309	261,856

As to appropriating fund balance into future annual budgets, management recognized the concern in the "full-town" General Fund reducing that fund balance to \$200,000 and realizes the "full-town" General Fund balance is presently not salvageable without future and higher than normal tax rate increases.

The Town of Union's financial position, which historically has been favorable, is challenged by economic conditions, lack of taxable assessment growth, mandates and regulations. Despite the continued financial economic pressures, the Town of Union has complied with the Tax Levy Limitation Law since its inception from 2012. This law restricts, among other things, the amount of real property taxes that may be levied in a particular year to no more that the lesser of two (2%) or the annual increase in the consumer price index (CPI) over the amount of the prior year's tax levy.

The New York State Comptroller developed a Fiscal Stress Monitoring System (FSMS) to provide independent, objectively measured and quantified information regarding the various levels of fiscal stress under which school districts and municipalities operate. Entities that do not accumulate the number of points to place them in a stress category are classified as "no designation". The Town of Union has received the category of "no designation" for the past four years; however, the Town is expected to receive continued financial economic pressures from fluctuations in revenues and increasing expenses.

TOWN OF UNION

MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2017

2018 and thereafter

These expectations present a conflicting dilemma in meeting taxpayer expectations for services and tax rates. Although the Town's fund balance remains comparably favorable, the trend and the deficit results are a growing concern. Although the 2018 results can't presently be ascertained, there is the potential for deficits in both of the aforementioned funds. Management's intention is to manage fund balance levels, thus maintaining fiscally responsible levels into the future.

As to the level of capital expenditures, the Town annually reviews departmental capital expenditures and makes a decision relative to appropriating or financing. Additions to fixed assets totaled \$6.9 million in 2017 - from \$3.1 million one year ago. The additions include the construction in progress of a Town wide LED street lighting project, which will provide improved energy efficient lighting. However, the additions do not completely address the continued concerns regarding upcoming requirements to repair and replace aging infra-structure. These infra-structure concerns include curbs & gutters, sidewalks, highway improvements, storm drainage, sanitary sewers and culverts. In the last four years, the Town has either budgeted or financed infra-structure improvements totaling \$1.9 million, \$2.0 million, \$2.4 million, and \$2.5 million. The Town recognizes additional resources will have to be devoted to infra-structure preventive maintenance and capital improvements in the future.

Request for Information

This discussion is designed to provide a general overview of the Town's finances. Questions concerning any information provided in this report or requests for additional information should be addressed to the Comptroller, Town of Union, 3111 East Main Street, Endwell, New York 13760.

TOWN OF UNION

STATEMENT OF NET POSITION DECEMBER 31, 2017

	Governmental Activities	Local Development Corporation
ASSETS		
Current Assets		
Cash and cash equivalents - Unrestricted	\$ 7,741,016	\$ 1,314,711
Investments - Unrestricted	2,273,000	
Due from state and federal governments	979,828	
Due from other governments	1,785,462	
Other receivables	1,380,535	4,720
Prepaid expenses	595,801	3,415
Loans receivable, current portion	97,848	188,704
Total Current Assets	14,853,490	1,511,550
Noncurrent Assets		
Loans receivable, net of current portion	1,460,119	964,011
Investments - Unrestricted	100,000	
Cash and cash equivalents - Restricted	2,296,876	
Capital assets, nondepreciable	5,001,659	
Capital assets, depreciable, net of accumulated depreciation	16,089,899	
Total Noncurrent Assets	24,948,553	964,011
Total Assets	39,802,043	2,475,561
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charges on defeased debt	22,500	
Pensions	1,356,701	
Total Deferred Outflows of Resources	1,379,201	
LIABILITIES		
Current Liabilities		
Accounts payable	1,507,324	1,593
Accrued liabilities	157,516	1,564
Other liabilities	265,786	
Interest payable	109,023	
Retained percentages	229,646	
Overpayments	217,632	
Unearned revenue	5,000	
Bond anticipation notes payable	4,159,472	
Revenue anticipation notes payable	3,257,825	
Current portion of long-term liabilities:		
Bonds payable	644,480	
Compensated absences	202,024	2,286
Total Current Liabilities	10,755,728	5,443
Long-term Liabilities		
Bonds payable	3,755,000	
Compensated absences	451,190	27,589
Other postemployment benefits liability	14,293,805	
Net pension liability - Proportionate share	1,420,718	
Total Long-term Liabilities	19,920,713	27,589
Total Liabilities	30,676,441	33,032
DEFERRED INFLOWS OF RESOURCES		
Pensions	298,066	
Total Deferred Inflows of Resources	298,066	
NET POSITION		
Net investment in capital assets	10,354,802	
Restricted	4,103,609	2,440,213
Unrestricted	(4,251,674)	2,316
Total Net Position	\$ 10,206,737	\$ 2,442,529

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF UNION

STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

		Program Revenues	
	Expenses	Charges for Services	Operating Grants and Contributions
FUNCTIONS/PROGRAMS			
Primary Government			
Governmental Activities:			
General governmental support	\$ 3,930,543	\$ 231,937	\$
Public safety	1,719,779	343,267	
Public health	273,043	11,690	
Transportation	6,785,434		
Economic assistance and opportunity	90,114		
Culture and recreation	3,672,447	184,701	
Home and community services	8,875,256	523,285	2,579,314
Interest on debt	175,982		
Total	\$ 25,522,598	\$ 1,294,880	\$ 2,579,314
Component Unit			
Local Development Corporation	\$ 135,762	\$ -	\$ 109,227

GENERAL REVENUES

Real property taxes
Real property tax items
Nonproperty tax items
State sources
Use of money and property
Miscellaneous local sources
Sale of property and compensation for loss

Total General Revenues

Change in Net Position

Net Position - Beginning of Year

Net Position - End of Year

See Independent Auditor's Report and Notes to Financial Statements

Program Revenues	Net (Expense) Revenue and Changes in Net Position	
	Primary	
Capital	Government	Local
Grants and	Total	Development
Contributions	Government	Corporation
\$ 25,000	\$ (3,673,606)	\$
	(1,376,512)	
	(261,353)	
1,563,925	(5,221,509)	
12	(90,102)	
	(3,487,746)	
1,362,278	(4,410,379)	
	(175,982)	
\$ 2,951,215	(18,697,189)	-
\$ -		(26,535)
	10,267,994	
	157,200	
	7,013,617	
	677,681	
	81,922	21,339
	70,087	3,655
	(282,887)	
	17,985,614	24,994
	(711,575)	(1,541)
	10,918,312	2,444,070
\$ 10,206,737	\$ 2,442,529	

TOWN OF UNION

BALANCE SHEET GOVERNMENTAL FUNDS DECEMBER 31, 2017

	Major Funds	
	General Fund	Special Revenue Funds
		Part-town Highway Fund
ASSETS		
Cash and cash equivalents - Unrestricted	\$ 3,059,506	\$ 1,280,881
Cash and cash equivalents - Restricted	1,189,431	1,000,733
Investments - Unrestricted	1,556,000	460,000
Due from other funds	1,345,568	645,023
Due from state and federal governments	106,717	
Due from other governments	1,766,150	16,400
Other receivables, net	241,215	49,146
Prepaid expenses	350,259	163,649
Loans receivable, net		
Total Assets	\$ 9,614,846	\$ 3,615,832
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
Liabilities		
Accounts payable	\$ 311,390	\$ 128,228
Accrued liabilities	81,738	59,501
Due to other governments	19,549	
Due to other funds	922,383	
Compensated absences	138,235	40,857
Bond anticipation notes payable		
Revenue anticipation notes payable		
Interest payable		
Overpayments and collections in advance		
Other liabilities	83,040	152,508
Unearned revenue		
Total Liabilities	1,556,335	381,094
Deferred Inflows of Resources		
Unavailable revenue	97,860	16,400
Total Deferred Inflows of Resources	97,860	16,400
Fund Balances		
Nonspendable	350,259	163,649
Restricted	1,189,431	1,000,733
Assigned	921,166	2,053,956
Unassigned	5,499,795	
Total Fund Balances (Deficit)	7,960,651	3,218,338
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,614,846	\$ 3,615,832

See Independent Auditor's Report and Notes to Financial Statements

Major Funds			
Special Revenue		Total	
Funds		Non-Major	Total
Special	Capital	Governmental	Governmental
Grant Fund	Projects	Funds	Funds
\$ 325,296	\$ 1,582,795	\$ 1,492,538	\$ 7,741,016
49,224		57,488	2,296,876
	55,000	302,000	2,373,000
50,532	185,810	8,420	2,235,353
217,323	655,788		979,828
		2,912	1,785,462
34	607,102	483,038	1,380,535
10,767		71,126	595,801
1,557,967			1,557,967
\$ 2,211,143	\$ 3,086,495	\$ 2,417,522	\$ 20,945,838

\$ 221,642	\$ 698,762	\$ 147,302	\$ 1,507,324
5,042		11,235	157,516
			19,549
100,000	610,573	602,397	2,235,353
9,795		13,137	202,024
	4,159,472		4,159,472
	3,257,825		3,257,825
	39,923	383	40,306
	157,942	59,690	217,632
2,940	5,160	2,589	246,237
5,000			5,000
344,419	8,929,657	836,733	12,048,238
1,557,967	161,292	421,509	2,255,028
1,557,967	161,292	421,509	2,255,028
10,767		71,126	595,801
297,990		57,488	2,545,642
		1,613,906	4,589,028
	(6,004,454)	(583,240)	(1,087,899)
308,757	(6,004,454)	1,159,280	6,642,572
\$ 2,211,143	\$ 3,086,495	\$ 2,417,522	\$ 20,945,838

TOWN OF UNION

RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO THE STATEMENT OF NET POSITION DECEMBER 31, 2017

Total Governmental Fund Balances **\$ 6,642,572**

Amounts reported for Governmental Activities in the Statement of Net Position are different because:

Capital assets, net of accumulated depreciation used in Governmental Activities are not financial resources and, therefore, are not reported in the funds.

Capital assets at historical cost	\$ 49,265,320	
Less accumulated depreciation	<u>(28,173,762)</u>	21,091,558

The Town's proportion of the collective net pension liability is not reported in the funds.

Net pension liability - Proportionate share	(1,420,718)
---	-------------

Deferred outflows of resources represent a consumption of net position that applies to future periods and, therefore, is not reported in the Governmental Funds. Deferred inflows of resources represents an acquisition of net position that applies to future periods and, therefore, is not reported in the Governmental Funds.

Deferred inflows - Pension	\$ (298,066)	
Deferred outflows - Pension	<u>1,356,701</u>	1,058,635

Certain accrued expenses reported in the Statement of Net Position do not require the use of current financial resources and, therefore, are not reported as liabilities in Governmental Funds.

Accrued interest payable	\$ (68,717)	
Retained percentages	(229,646)	
Compensated absences	(451,190)	
Other postemployment benefits liability	(14,293,805)	
Bonds payable	(4,399,480)	
Deferred charges on defeased debt	<u>22,500</u>	(19,420,338)

Deferred inflows of resources in the Balance Sheet is comprised of loan balances and other receivables not deferred in the Statement of Net Position.

<u>2,255,028</u>

Net Position of Governmental Activities **\$ 10,206,737**

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF UNION

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS FOR THE YEAR ENDED DECEMBER 31, 2017

	Major Funds	
	General Fund	Special Revenue Funds
		Part-town Highway Fund
REVENUES		
Real property taxes	\$ 4,113,397	\$ 2,280,176
Real property tax items	54,601	34,981
Nonproperty tax items	7,013,617	
Departmental income	171,259	
Intergovernmental charges	242,136	
Use of money and property	66,250	8,415
Licenses and permits	130,422	17,500
Fines and forfeitures	167,088	
Sale of property and compensation for loss	38,381	109,502
Miscellaneous local sources	1,334	
Interfund revenues	42,211	
State sources	682,082	357,132
Federal sources		
Total Revenues	12,722,778	2,807,706
EXPENDITURES		
Current:		
General governmental support	2,073,258	
Public safety	508,562	
Public health	2,087	
Transportation	705,801	3,283,218
Economic assistance and opportunity	2,567	
Culture and recreation	248,712	
Home and community services	1,831,515	
Employee benefits	3,673,483	1,116,919
Debt service:		
Principal	392,836	398,895
Interest	40,758	57,453
Capital outlay		
Total Expenditures	9,479,579	4,856,485
Excess of Revenues (Expenditures)	3,243,199	(2,048,779)
OTHER FINANCING SOURCES (USES)		
Proceeds of obligations		
BANs redeemed from appropriations		
Interfund transfers in		2,493,714
Interfund transfers (out)	(2,542,037)	
Total Other Financing (Uses) Sources	(2,542,037)	2,493,714
Net Changes in Fund Balances	701,162	444,935
Fund Balances (Deficit), Beginning of Year	7,259,489	2,773,403
Fund Balances (Deficit), End of Year	\$ 7,960,651	\$ 3,218,338

See Independent Auditor's Report and Notes to Financial Statements

Major Funds			
Special Revenue		Total	Total
Funds		Non-Major	Governmental
Special	Capital	Governmental	Governmental
Grant	Projects	Funds	Funds
\$	\$	\$	\$
		3,874,421	10,267,994
		67,618	157,200
			7,013,617
		539,397	710,656
			242,136
605	2,975	3,677	81,922
			147,922
			167,088
1,534		3,235	152,652
50	39,899	28,816	70,099
			42,211
	24,570		1,063,784
3,912,681	1,070,931		4,983,612
3,914,870	1,138,375	4,517,164	25,100,893
			2,073,258
		705,147	1,213,709
		260,000	262,087
			3,989,019
87,547			90,114
		2,410,178	2,658,890
3,695,564		528,966	6,056,045
186,850		365,736	5,342,988
	35,902	128,027	955,660
	39,923	11,698	149,832
	6,615,893		6,615,893
3,969,961	6,691,718	4,409,752	29,407,495
(55,091)	(5,553,343)	107,412	(4,306,602)
	2,174,480		2,174,480
	420,660		420,660
	48,323		2,542,037
			(2,542,037)
-	2,643,463	-	2,595,140
(55,091)	(2,909,880)	107,412	(1,711,462)
363,848	(3,094,574)	1,051,868	8,354,034
\$ 308,757	\$ (6,004,454)	\$ 1,159,280	\$ 6,642,572

TOWN OF UNION

RECONCILIATION OF GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES FOR THE YEAR ENDED DECEMBER 31, 2017

Net Change in Fund Balances - Total Governmental Funds **\$ (1,711,462)**

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental Funds report capital outlay as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlay exceeded depreciation expense and disposals in the current period.

Capital outlay	\$ 7,146,192	
Depreciation expense	(2,589,446)	
Book value of disposed assets	<u>(435,539)</u>	4,121,207

Changes in the Town's proportionate share of net pension liabilities have no effect on current financial resources and therefore are not reported in the Governmental Funds. In addition, changes in the Town's deferred outflows and deferred inflows related to pensions do not affect current financial resources and are also not reported in the Governmental Funds.

Deferred outflows of resources	\$ (1,439,266)	
Deferred inflows of resources	74,969	
Net pension liability - proportionate share	<u>1,196,654</u>	(167,643)

Bond proceeds provide current financial resources to Governmental Funds, but issuing debt increases long-term liabilities in the Statement of Net Position. Repayment of bond principal is an expenditure in the Governmental Funds, but the repayment reduces long-term liabilities in the Statement of Net Position. This is excess of bond principal paid during the year over new debt issued:

Bond principal payments	\$ 955,660	
BANs redeemed	(420,660)	
New debt issuances	<u>(2,174,480)</u>	(1,639,480)

Revenues deferred in the funds for loan payments are not deferred in the Statement of Activities. This is the change in deferred revenues for the year. 157,671

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in Governmental Funds.

This is the change in the following:

Accrued interest payable and premium on obligations	\$ (18,650)	
Compensated absences	(2,334)	
Deferred charges on refunding of debt	(7,500)	
Retainage payable	(229,646)	
Other postemployment benefits liability	<u>(1,213,738)</u>	(1,471,868)

Change in Net Position of Governmental Activities **\$ (711,575)**

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF UNION

STATEMENT OF FIDUCIARY NET POSITION FIDUCIARY FUNDS DECEMBER 31, 2017

	Agency Funds
ASSETS	
Cash and cash equivalents - Unrestricted	\$ <u>33,806</u>
Other assets	<u>6,373</u>
Total Assets	\$ <u>40,179</u>
 LIABILITIES	
Agency liabilities	\$ <u>40,179</u>
Total Liabilities	\$ <u>40,179</u>

See Independent Auditor's Report and Notes to Financial Statements

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies**

The basic financial statements of the Town of Union (the Town) 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 Town's accounting policies are described below.

Financial Reporting Entity

The Town is located in the County of Broome, New York, and as of the 2000 Federal census has a population of approximately 56,298; the Villages of Johnson City and Endicott are wholly located within the Town. The Town, which was established in 1791, is governed by Town Law, other general municipal laws of the State of New York, and various local laws. The Town Board is the legislative body responsible for overall operations, the Town Supervisor serves as Chief Executive Officer and as Chief Fiscal Officer.

The following basic services are provided: public safety, transportation (streets and highway), culture and recreation, home and community services, public improvements, and general administration. Town parks are operated and maintained in a separate tax district known as the Town of Union Park District, which encompasses that area of the Town outside the villages. The Town has two full-town districts for ambulance and library services. The Ambulance District funds the operating budgets for the Union Volunteer Emergency Squad. The Library District funds the operating budgets for the George F. Johnson and Your Home libraries located in the Villages of Endicott and Johnson City, respectively. Water and sewer service in the area of the Town outside the villages is provided as a part-town function.

Street lighting is provided by the Town in 11 separate areas of the Town called lighting districts. It is funded by means of a tax on the real property situated within each district.

In four areas of the Town outside of the villages (Westover, Union Center, Choconut Center, and East Maine), the Town Board is responsible for fire protection. These areas are separate tax districts, called fire protection districts. Contracts entered into for providing fire protection within the fire protection districts are funded by means of a special ad valorem tax on the real property situated within each district. There are three other fire protection districts in areas of the Town outside of the villages (Endwell, West Corners, and West Endicott), which are excluded from the Town's reporting entity. Fire protection within the villages is the responsibility of the respective Village Boards.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

All Governmental Activities and functions performed for the Town are its direct responsibility. The basic financial statements include all funds of the primary government, which is the Town, organizations for which the primary government is financially accountable, and other organizational entities determined to be included in the Town's reporting entity in accordance with GASB Statement No. 14, "The Financial Reporting Entity," as amended by GASB Statement No. 39, "Determining Whether Certain Organizations are Component Units" and No. 61, "The Financial Reporting Entity: Omnibus."

The financial reporting entity consists of the following, as defined by GASB Statement No. 14, as amended by GASB Statement Nos. 39 and 61:

- The primary government, which is the Town.
- Organizations for which the primary government is financially accountable, and;
- Other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's basic financial statements to be misleading or incomplete.

Based on the criteria, the Town has one component unit required to be included in the reporting entity:

The Town of Union Local Development Corporation (LDC) is included in the financial statements as a discretely presented component unit. The LDC is a nonprofit corporation that provides economic development services to the Town. The LDC is fiscally dependent on the Town for its allocation of funds under the Federal Community Development Block Grant. Complete financial statements may be obtained from the LDC's Executive Director, Town of Union LDC, 3111 East Main Street, Endwell, New York 13760.

Basic Financial Statements

The Town's basic financial statements include both Government-wide (reporting the Town as a whole) and Governmental Fund financial statements (reporting the Town's Major Funds). The Government-wide and Governmental Fund financial statements categorize primary activities as governmental. The Town's general governmental support, public safety, public health, transportation, economic assistance and opportunity, culture and recreation, and home and community services are classified as Governmental Activities.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Government-wide Financial Statements

The Government-wide financial statements include a Statement of Net Position and a Statement of Activities. These statements present summaries of activities for the primary government (Governmental). Government-wide financial statements do not include the activities reported in the Fiduciary Funds. The focus of the Government-wide financial statements addresses the sustainability of the Town as an entity and the change in the Town's net position resulting from the current year's activities.

In the Government-wide Statement of Net Position, the Governmental Activities column is presented on a consolidated basis, and is reported on a full accrual, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. The Town's net position is reported in three parts - net investment in capital assets, restricted; and unrestricted. The Town first utilizes restricted resources to finance qualifying activities.

The Statement of Activities reports both the gross and net cost for each of the Town's functions or programs. Gross expenses are direct expenses, including depreciation, that are specifically associated with a service, program or department and are, therefore, clearly identifiable to a particular function. These expenses are offset by program revenues - charges paid by the recipients of the goods or services offered by the programs, grants, and contributions - that are restricted to meeting the program or capital requirements of a particular program. Revenues which are not classified as program revenues are presented as general revenues of the Town, with certain limited exceptions. The net cost represents the extent to which each function or program is self-financing or draws from the general revenues of the Town.

Indirect expenses, principally employee benefits, are allocated to functional areas in proportion to the payroll expended for those areas.

Governmental Fund Financial Statements

The financial transactions of the Town are reported in individual funds in the Governmental Fund financial statements. Each fund is accounted for by providing a separate set of self-balancing accounts that comprise its assets, liabilities, deferred inflows of resources, reserves, fund equity, revenues and expenditures or expenses. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain government functions or activities.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

The Town records its transactions in the funds described below:

Governmental Funds

Governmental Funds are those through which most governmental functions are financed. The acquisition, use, and balances of expendable financial resources, and the related liabilities are accounted for through Governmental Funds. The measurement focus of the Governmental Funds is based upon determination of financial position and changes in financial position under the modified accrual basis of accounting. The following are the Town's Governmental Funds:

Major Funds

- General Fund - Principal operating fund which includes all operations not required to be recorded in other funds. The Town's General Fund includes:
 - Town-wide Fund - Accounts for the operations and transactions which are a charge against the entire area of the Town.
 - Town Outside Village Fund - Accounts for transactions required by State statute to be a charge on the area of the Town outside the Villages of Endicott and Johnson City.
- Special Revenue Funds - Used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following two funds are major special revenue funds:
 - Part-town Highway Fund - Established pursuant to Highway Law, Section 141, to account for revenues and expenditures for highway purposes. Highway Law, Section 277 requires expenditures for repairs and improvements be financed by the area outside the village. Therefore, a town with a village must maintain two Highway Funds.
 - Special Grant Fund - Accounts for funds received from the U.S. Department of Housing and Urban Development for Community Development Block Grants, Rental Rehabilitation Housing Grants, Home Investments in Affordable Housing Programs, and Section 8 Housing Programs.
- Capital Projects Funds - Account for financial resources to be used for the acquisition, construction, or renovation of major capital facilities.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Non-Major Funds

- Special Revenue Funds - Used to account for the proceeds of specific revenue sources legally restricted to expenditures for specified purposes. The following funds are non-major special revenue funds:
 - Sewer Fund - Accounts for revenues derived from charges for sewer usage and the application of such revenues toward related operating expenses and debt retirement.
 - Special District Funds - Records transactions for special services to areas that encompass less than the whole Town. These include the Library Fund and Fire Protection Fund.
 - Town-wide Highway Fund - Accounts for revenues and expenditures for Town-wide highway activities.
 - Water Fund - Accounts for revenues derived from charges for water usage and the application of such revenues toward related operating expenses and debt retirement.
 - Miscellaneous Special Revenue Fund - Used to record revenues and expenditures relating to ambulance activities.
 - Park Fund - Accounts for revenues and expenditures associated with the Town's park system.

Fiduciary Fund Types

Fiduciary Fund types are used to account for assets held by the local government in a trustee or custodial capacity.

- Agency Funds - Account for money and/or property received and held in the capacity of trustee, custodian or agent.

Basis of Accounting/Measurement Focus

Basis of accounting refers to when revenues and expenditures and the related assets and liabilities are recognized in the accounts and reported in the basic financial statements. Basis of accounting relates to the timing of the measurements made, regardless of the measurement focus. Measurement focus is the determination of what is measured, i.e. expenditures or expenses.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Accrual Basis

The Government-wide financial statements are presented on an “economic resources” measurement focus and the accrual basis of accounting. Accordingly, all of the Town's assets, deferred outflows of resources and liabilities, including capital assets, as well as infrastructure assets and long-term liabilities, are included in the accompanying Statement of Net Position. The Statement of Activities presents changes in net position. Under the accrual basis of accounting, revenues are recognized when earned and expenses are recognized when incurred.

Modified Accrual Basis

The Governmental Fund financial statements are prepared using the modified accrual basis of accounting. Under this basis of accounting, revenues are recorded when measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Material revenues that are accrued include real property taxes, state and federal aid, sales tax, and certain user charges. The Town considers property tax receivables collected within 60 days after year end to be available and recognizes them as revenues of the current year. All other revenues that are deemed collectible within one year after year end are recognized as revenues in the current year. If expenditures are the prime factor for determining eligibility, revenues from federal and state grants are accrued when the expenditure is made.

Expenditures are recorded when incurred. The cost of capital assets is recognized as an expenditure when the asset is received. Exceptions to this general rule are 1) principal and interest on indebtedness are not recognized as an expenditure until due, and 2) compensated absences, such as vacation and sick leave, which vests or accumulates, are charged as an expenditure when paid.

Revenues

Substantially all governmental fund revenues are accrued.

Property Taxes

Town real property taxes are levied annually on January 1, and become a lien on that date. Taxes are collected during the period January 1, to January 31, at face value and from February 1, to April 1, with interest added. The Town Receiver of taxes collects all real estate taxes for Town and County purposes. The Town Receiver distributes the collected tax money to the Town Supervisor prior to distributing the balance collected to the County on May 1. The Town thereby is assured of 100% tax collection. Responsibility for the collection of unpaid taxes rests with the County. Uncollected tax liens are sold annually by the County.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Aid and Incentives for Municipalities (AIM) Program

The AIM program provides direct, unrestricted aid to cities, towns and villages throughout the state. The state will pay the Town throughout the year, normally in September. For the year ended December 31, 2017 the Town received AIM funding of \$305,209.

State Grants

The Town receives grants from the state and recognizes receivables and revenue when the applicable eligibility requirements including time requirements are met. State grants are normally paid on a reimbursement basis for which the Town has to first incur allowable costs under the applicable program to be reimbursed by the State. Grant monies received in advance of meeting eligibility requirements are recorded as unearned revenue by the Town until such eligibility requirements are met. State grants (NYSDOT grants) are subject to the state single audit act requirements and to audit by the state for compliance with grant requirements.

Federal Sources

The Town receives grants from the federal government, either through direct reimbursement or as a pass-through entity (such as the State) and recognizes receivables and revenue when the applicable eligibility requirements including time requirements are met. Federal grants are normally paid on a reimbursement basis for which the Town has to first incur allowable costs under the applicable program to be reimbursed through the grant. Grant monies received in advance of meeting the eligibility requirements are recorded as unearned revenue by the Town until such eligibility requirements are met. Federal grants are subject to single audit act requirements and to audit by the appropriate federal agency for compliance with grant requirements.

Cash and Cash Equivalents

For financial statement purposes, all highly liquid investments having maturities of three months or less are considered cash equivalents.

Investments

Investments are generally recorded at fair value, with the exception of the nonparticipating interest earning investment contracts which are recorded at cost.

Receivables

Amounts due from state and federal governments represent amounts owed to the Town to reimburse it for expenditures incurred pursuant to state and federal programs. Other receivables represent amounts owed to the Town, which include sewer rents, water rents, and assessments. No provision has been made for uncollectable accounts for amounts due from state and federal governments and other receivables, as it is believed that such amounts would be immaterial.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Prepaid Expenses

Prepaid expenses represent payments made by the Town for which benefits extend beyond year-end. The prepaid expenses for the year ended December 31, 2017 represent both payments to vendors and to the New York State Retirement system to reflect costs applicable to future accounting periods. Prepaid expense is reported as an asset on the Statement of Net Position and Balance Sheet using the consumption method.

Deferred Outflows and Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until then. The Town reports deferred outflows related to pensions in the Statement of Net Position. The types of deferred outflows related to pensions are described in Note 6. The Town also has deferred charges on defeased debt in the government-wide Statement of Net Position. A deferred charge on defeased debt results from the difference in the carrying value of the refunded debt and its recognition price. The amount is deferred and amortized over the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position and the Balance Sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The Town reports deferred inflows related to pensions in the Statement of Net Position. The types of deferred inflows related to pensions are described in Note 6. The government also has unavailable revenue, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, it is reported only in the governmental fund Balance Sheet. The governmental funds report unavailable revenues from loans receivable. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Capital Assets

All capital assets are valued at historical cost or estimated historical cost. Contributed assets are reported at fair market value as of the date received. Additions, improvements, and other capital outlay that significantly extend the useful life of an asset are capitalized. Other costs incurred for repairs and maintenance are expensed as incurred. Depreciation on all assets is provided on the straight-line basis over the estimated useful lives of the assets. Governmental capital assets purchased or acquired with an original cost of at least \$5,000 and having a useful life of greater than one year are capitalized.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Capital Assets - Continued

The estimated useful lives for governmental capital assets are as follows:

Buildings	30 years
Infrastructure	10-20 years
Improvements	10-20 years
Machinery and equipment	3-10 years

Insurance and Risk Management

The Town maintains insurance coverage for most risk including, but not limited to, property damage and personal injury liability. Judgments and claims are recorded when it is probable that an asset has been impaired or a liability has been incurred and the amount of loss can be reasonably estimated. No settlements exceeded insurance coverage in any of the past three years.

Vacation, Sick Leave, and Compensatory Absences

Full time employees earn from ten to 20 days of vacation leave per year depending upon length of employment. Employees may carry, to the next year, a maximum of ten days of unused vacation leave. Sick leave is earned at the rate of one day per month and may be accumulated up to a maximum of 225 days. Bereavement leave of up to three days may also be granted.

Upon termination from Town employment, employees are compensated for any unused vacation leave. Employees are entitled to a cash settlement equal to a maximum of 135 days of accrued sick leave at a salary rate ranging to 50% to 100% depending upon length of service. Employees with fewer than five years of service are not entitled to any accrued sick leave payment upon separation.

Equity Classifications - Government-wide Financial Statements

Equity is classified as net position and displayed in three components:

- Net Investment in Capital Assets - Consists of capital assets including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classifications - Government-wide Financial Statements - Continued

- Restricted - Consists of net resources with constraints placed on the use either by 1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or 2) law through constitutional provisions or enabling legislation.
- Unrestricted - Consists of all other net resources that do not meet the definition of “restricted” or “net investment in capital assets.”

Equity Classification - Governmental Fund Financial Statements

The Town follows GASB Statement No. 54, which changed the terminology and classification of fund balance to reflect spending constraints on resources, rather than availability for appropriation. This approach is intended to provide users more consistent and understandable information about a fund’s net resources.

Constraints are broken into five classifications: nonspendable, restricted, committed, assigned, and unassigned. These classifications serve to inform readers of the financial statements of the extent to which the government is bound to honor any constraints on specific purposes for which resources in a fund can be spent.

- Nonspendable - Consists of assets inherently nonspendable in the current period either because of their form or because they must be maintained intact; including prepaid items, inventories, long-term portions of loans receivable, financial assets held for resale, and endowment principal.
- Restricted - Consists of amounts subject to legal purpose restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments and enforced externally; or through constitutional provisions or enabling legislation. Most of the Town’s legally adopted reserves are reported here.
- Committed - Consists of amounts subject to a purpose constraint imposed by formal action of the government’s highest level of decision-making authority prior to the end of the fiscal year, and requires the same level of formal action to remove said constraint.
- Assigned - Consists of amounts subject to a purpose constraint representing an intended use established by the government’s highest level of decision-making authority, or their designated body or official. The purpose of the assignment must be narrower than the purpose of the General Fund. In funds other than the General Fund, assigned fund balance represents the residual amount of fund balance.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Equity Classification - Governmental Fund Financial Statements - Continued

- Unassigned - Represents the residual classification of the government's General Fund, and could report a surplus or deficit. In funds other than the General Fund, the unassigned classification should only be used to report a deficit balance resulting from overspending amounts restricted, committed, or assigned for specific purposes.

The Town Board has not adopted any resolutions to commit or assign fund balance. Currently, fund balances are assigned by the Comptroller for encumbrances and the Board, by resolution, approves fund balance appropriations for next year's budget. The Town applies expenditures against nonspendable fund balance, restricted fund balance, committed fund balance, assigned fund balance, and unassigned fund balance.

Interfund Activity

Interfund activity is reported as loans, services provided, reimbursements or transfers. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers.

Use of Estimates

The presentation of financial statements in conformity with the prescribed basis of accounting as applied to governmental units requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

New Accounting Standards

The Town adopted and implemented the following current Statements of the Governmental Accounting Standards Board (GASB) effective for the year ended December 31, 2017:

- GASB has issued Statement No. 73, "Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68," effective for the year ended December 31, 2017.
- GASB has issued Statement No. 80, "Blending Requirements for Certain Component Units - an amendment of GASB Statement No. 14," effective for the year ended December 31, 2017.
- GASB has issued Statement No. 81, "Irrevocable Split-Interest Agreements," effective for the year ended December 31, 2017.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Summary of Significant Accounting Policies - Continued**

Future Changes in Accounting Standards

- GASB has issued Statement No. 75, "Accounting and Financial Reporting for Postemployment Benefits Other than Pensions," effective for the year ending December 31, 2018. This statement replaces the requirements of Statements No. 45, "Accounting and Financial Reporting by Employers for Postemployment Benefits Other than Pensions," as amended, and No. 57, "OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans, for OPEB." Statement No. 74, "Financial Reporting for Postemployment Benefit Plans Other than Pension Plans," establishes new accounting and financial reporting requirements for OPEB plans, effective for the year ending December 31, 2018.
- GASB has issued Statement No. 82, "Pension Issues - an amendment of GASB Statements No. 67, No. 68, and No. 73," effective for the year ending December 31, 2018, except for the requirements of paragraph 7 in a circumstance in which an employer's pension liability is measured as of a date other than the employer's most recent fiscal year-end. In that circumstance, the requirements of paragraph 7 are effective for that employer in the first reporting period in which the measurement date of the pension liability is on or after June 15, 2017.
- GASB has issued Statement No. 83, "Certain Asset Retirement Obligations," effective for the year ending December 31, 2019.
- GASB has issued Statement No. 84, "Fiduciary Activities," effective for the year ending December 31, 2019.
- GASB has issued Statement No. 85, "Omnibus 2017," effective for the year ending December 31, 2018.
- GASB has issued Statement No. 86, "Certain Debt Extinguishment Issues," effective for the year ending December 31, 2018.
- GASB has issued Statement No. 87, "Leases," effective for the year ending December 31, 2020.
- GASB has issued Statement No. 88, "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements," effective for the year ending December 31, 2019.

The Town will evaluate the impact each of these pronouncements may have on its financial statements and will implement them as applicable and when material.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 2* Cash and Investments**

Cash

The Town's investment policies are governed by state statutes. In addition, the Town has its own written investment policy. The Town's monies must be deposited in Federal Deposit Insurance Corporation (FDIC) insured commercial banks or trust companies located within the State. Permissible investments include obligations of the U.S. Treasury and U.S. Agencies, repurchase agreements, and obligations of New York State or its localities.

Collateral is required for demand and time deposits and certificates of deposit at 105% of all deposits not covered by Federal Deposit Insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts.

The written investment policy requires repurchase agreements to be purchased from banks located within the state and that underlying securities must be obligations of the federal government. Underlying securities must have a market value of at least 105% of the cost of the repurchase agreement.

Custodial credit risk is the risk that in the event of a bank failure, the Town's deposits may not be returned to it. While the Town does not have a specific policy for custodial credit risk, New York State statutes govern the Town's investment policies, as discussed previously in these notes. GASB Statement No. 40 directs that deposits be disclosed as exposed to custodial credit risk if they are not covered by depository insurance, and the deposits are either uncollateralized or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the Town's name.

The Town's aggregate bank balances of \$12,276,459 are either insured or collateralized with securities held by the pledging financial institution in the Town's name.

The Town of Union Local Development Corporation (LDC) - At December 31, 2017, the entire balance of the LDC's deposits was covered by federal depository insurance or collateralized with securities held by the pledging financial institution's trust department or agent in the LDC's name.

Investments

Investments are generally recorded at fair value, with the exception of the nonparticipating interest earning investment contracts which are recorded at cost as the initial cost is fully guaranteed if the investment is held to maturity. The Town's credit policy on investments is to generally invest in insured or registered securities held by the Town or its agent in the Town's name, therefore having minimal custodial credit risk.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 2 Cash and Investments - Continued

Investments - Continued

A summary of investments as of December 31, 2017 is as follows:

	<u>Maturity Date</u>	<u>Cost</u>	<u>Unrealized Gain (Loss)</u>	<u>Market Value</u>
Unrestricted				
Certificates of deposit	8/26/2030	\$ 100,000	\$ (31,000)	\$ 69,000
United States Treasury Bills 1.097%	1/7/2018	1,041,000	-	1,041,000
United States Treasury Bills 1.070%	1/7/2018	<u>1,232,000</u>	<u>-</u>	<u>1,232,000</u>
Total		\$ <u>2,373,000</u>	\$ <u>(31,000)</u>	\$ <u>2,342,000</u>

Note 3 Restricted Cash

Restricted cash and cash equivalents, reported on the Government-wide financial statements consist of:

<u>Governmental Activity</u>	<u>Amount</u>
Workers Compensation	\$ 111,438
Employee Benefits	401,968
Capital Improvements	1,734,246
Community Development	<u>49,224</u>
Total	\$ <u>2,296,876</u>

Note 4 Receivables

State and Federal Receivable

The amount due from federal and state governments is \$979,828. The Town participates in a number of grant and assistance programs. These programs are subject to financial and compliance audits by the grantors or their representatives. Town management believes, based on its review of current activity and prior experience, the amount of disallowances resulting from these audits, if any, will not be significant to the Town's financial position or results of operations. Expenditures disallowed by completed audits relating to operating programs have been reflected as adjustments to revenues in the year the expenditure was determined to be unallowable, as such amounts have been immaterial in nature.

Due from Other Governments

The amount due from other governments is \$1,785,462. Of this amount \$1,697,429 is due from the County for the Town's share of the 4th quarter sales tax, and the remaining amounts consist of various amounts due from local Villages or the County.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 4* Receivables - Continued**

Other Receivables

Other receivables, reported on the Government-wide financial statements consists of:

	Description	Amount
General Fund	Town Clerk	\$ 27,683
	Town Courts	34,460
	Franchise Fees	114,972
	Property Maintenance to Taxes	7,384
	Streetlight Damage	18,469
	Due From Fiduciary Funds	28,056
	Other Reimbursements	10,191
Total General Fund		<u>241,215</u>
Part-town Highway Fund	Gasoline, Millings, and NYSEG	<u>49,146</u>
Special Grant Fund	Other Receivables	<u>34</u>
Capital Fund	Lighting Project	<u>607,102</u>
Non-Major Funds	Water Rents	58,999
	Sewer Rents	422,990
	Park Fees	1,049
Total Non-Major Funds		<u>483,038</u>
Total		\$ <u>1,380,535</u>

Receivables are shown gross with uncollectible amounts recognized under the direct write-off method. No allowance for uncollectible accounts has been provided as it is believed that such an allowance would not be material.

Loan Receivables

The Special Grant Fund loan receivable of \$1,557,967 represents economic development and housing loans made from federal funds. The Statement of Net Position reports an estimate of the amount that will be collected within one year of the financial statement date.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 5 Capital Assets

A summary of changes in capital assets at December 31, 2017 follows:

Governmental Activities	Balance at 12/31/2016	Additions	Disposals/Re- classifications	Balance at 12/31/2017
Non-depreciable Capital Assets:				
Land	\$ 1,004,094	\$ 2,000	\$	\$ 1,006,094
Construction in process	184,497	4,024,356	(213,288)	3,995,565
Total Non-depreciable Capital Assets	<u>1,188,591</u>	<u>4,026,356</u>	<u>(213,288)</u>	<u>5,001,659</u>
Depreciable Capital Assets:				
Buildings	6,670,465		213,288	6,883,753
Improvements	3,461,889			3,461,889
Machinery and equipment	10,294,857	1,466,163	(657,777)	11,103,243
Infrastructure	21,161,103	1,653,673		22,814,776
Total Depreciable Capital Assets	<u>41,588,314</u>	<u>3,119,836</u>	<u>(444,489)</u>	<u>44,263,661</u>
Total Historical Cost	<u>42,776,905</u>	<u>7,146,192</u>	<u>(657,777)</u>	<u>49,265,320</u>
Less Accumulated Depreciation:				
Buildings	(5,603,388)	(140,070)		(5,743,458)
Improvements	(1,771,840)	(245,254)		(2,017,094)
Machinery and equipment	(8,082,173)	(716,964)	222,238	(8,576,899)
Infrastructure	(10,349,153)	(1,487,158)		(11,836,311)
Total Accumulated Depreciation	<u>(25,806,554)</u>	<u>(2,589,446)</u>	<u>222,238</u>	<u>(28,173,762)</u>
Governmental Activities Capital Assets, Net	\$ <u>16,970,351</u>	\$ <u>4,556,746</u>	\$ <u>(435,539)</u>	\$ <u>21,091,558</u>

Depreciation expense was charged to functions as follows:

Governmental Activities	
General government support	\$ 52,185
Public safety	1,066
Public health	8,078
Transportation	1,955,627
Culture and recreation	234,519
Home and community services	<u>337,971</u>
Total	\$ <u>2,589,446</u>

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS)

Plan Descriptions and Benefits Provided

Employees' Retirement System (ERS)

The Town participates in the New York State and Local Employees' Retirement System (ERS). This is a cost-sharing multiple-employer retirement system. The System provides retirement benefits as well as death and disability benefits.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 6* Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

Employees' Retirement System (ERS) - Continued

The net position of the System is held in the New York State Common Retirement Fund (the Fund), which was established to hold all net assets and record changes in plan net position allocated to the System. The Comptroller of the State of New York serves as the trustee of the Fund and is the administrative head of the System. System benefits are established under the provisions of the New York State Retirement and Social Security Law (RSSL). Once a public employer elects to participate in the System, the election is irrevocable. The New York State Constitution provides that pension membership is a contractual relationship and plan benefits cannot be diminished or impaired. Benefits can be changed for future members only by enactment of a State statute. The Town also participates in the Public Employees' Group Life Insurance Plan (GLIP), which provides death benefits in the form of life insurance. The System is included in the State's financial report as a pension trust fund. That report, including information with regard to benefits provided, may be found at www.osc.state.ny.us/retire/publications/index.php or obtained by writing to the New York State and Local Retirement System, 110 State Street, Albany, New York 12244.

The System is noncontributory except for employees who joined after July 27, 1976, who contribute 3% of their salary for the first ten years of membership, and employees who joined on or after January 1, 2010 who generally contribute 3.0% to 3.5% of their salary for their entire length of service. In addition, employee contribution rates under Tier VI vary based on a sliding salary scale. The Comptroller annually certifies the actuarially determined rates expressly used in computing the employers' contributions based on salaries paid during the Systems' fiscal year ending March 31.

Summary of Significant Accounting Policies

The Systems' financial statements from which the Systems' fiduciary respective net position is determined are prepared using the accrual basis of accounting. Plan member contributions are recognized when due and the employer has a legal requirement to provide the contributions. Benefits and refunds are recognized when due and payable in accordance with the terms of the plan. Plan investments are reported at fair value. For detailed information on how investments are valued, please refer to the Systems' annual reports.

Contributions

Contributions for the current year and two preceding Plan years were equal to 100% of the contributions required, and were as follows:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
ERS	\$ 645,247	\$ 799,008	\$ 808,892

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

At December 31, 2017, the Town reported the following liability for its proportionate share of the net pension liability for the System. The net pension liability was measured as of March 31, 2017. The total pension liability used to calculate the net pension liability was determined by an actuarial valuation. The Town's proportionate share of the net pension liability was based on a projection of the Town's long-term share of contributions to the System relative to the projected contributions of all participating members, actuarially determined. This information was derived from a report provided to the Town by the ERS System.

	<u>ERS</u>
Actuarial valuation date	4/1/2016
Net pension liability	\$ 9,396,223,126
Town's proportionate share of the Plan's total net pension liability	1,420,718
Town's share of the Plan's total net pension liability	0.0151201%

For the year ended December 31, 2017, the Town recognized pension expense of \$806,425 for ERS in the financial statements. At December 31, 2017 the Town's reported deferred outflows of resources and deferred inflows of resources related to the pensions from the following sources:

	<u>ERS</u>
Deferred Outflows of Resources:	
Differences between expected and actual experience	\$ 35,602
Changes of assumptions	485,369
Net differences between projected and actual earnings on pension plan investments	283,775
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	74,485
County's contributions subsequent to the measurement date	477,470
Total	\$ <u>1,356,701</u>
Deferred Inflows of Resources:	
Differences between expected and actual experience	\$ 215,744
Changes in proportion and differences between the Town's contributions and proportionate share of contributions	82,322
Total	\$ <u>298,066</u>

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 6* Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

Pension Liabilities, Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions - Continued

Town contributions subsequent to the measurement date, reported as deferred outflows of resources, will be recognized as a reduction of the net pension liability in the year ended December 31, 2018. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended	ERS
2018	\$ 261,519
2019	261,519
2020	248,942
2021	(190,815)
2022	-
Thereafter	-

Actuarial Assumptions

The total pension liability as of the measurement date was determined by using an actuarial valuation as noted in the table below, with update procedures used to roll forward the total pension liability to the measurement date. The actuarial valuations used the following actuarial assumptions:

Significant actuarial assumptions used in the valuations were as follows:

	ERS
Measurement date	March 31, 2017
Actuarial valuation date	April 1, 2016
Investment rate of return	7.0%
Salary increases	3.8%
Cost of living	1.3%
Inflation rate	2.5%

Annuitant mortality rates are based on April 1, 2010 - March 31, 2015 System experience with adjustments for mortality improvements based on Society of Actuaries' Scale MP-2014.

The actuarial assumptions used in the April 1, 2016 valuation are based on the results of an actuarial experience study for the period April 1, 2010 - March 31, 2015.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 6* Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued**

Actuarial Assumptions - Continued

The long term rate of return on pension plan investments was determined using a building block method in which best estimate ranges of expected future real rates of return (expected returns net of investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long term expected rate of return by weighting the expected future real rates of return by each the target asset allocation percentage and by adding expected inflation. Best estimates of the arithmetic real rates of return for each major asset class included in the target asset allocation are summarized below:

	<u>NYSLRS</u>
Measurement date	March 31, 2017
Asset Type:	
Domestic equities	4.55%
International equities	6.35%
Real estate	5.80%
Private equity/Alternative investments	7.75%
Absolute return strategies	4.00%
Opportunistic portfolio	5.89%
Real assets	5.54%
Cash	-0.25%
Inflation-indexed bonds	1.50%
Mortgages and bonds	1.31%

Discount Rate

The discount rate used to calculate the total pension liability was 7.0%. The projection of cash flows used to determine the discount rate assumes that contributions from plan members will be made at the current contribution rates and contributions from employers will be made at statutorily required rates, actuarially. Based on the assumptions, the System's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 6 Pension Obligations - New York State and Local Employees' Retirement System (ERS) - Continued

Discount Rate - Continued

The following presents the Town's proportionate share of the net pension liability calculated using the discount rate of 7.0%, as well as what the Town's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower (6.0%) or 1-percentage point higher (8.0%) than the current rate:

ERS	1% Decrease (6.0%)	Current Assumption (7.0%)	1% Increase (8.0%)
Town's proportionate share of the net pension liability	\$ 4,537,491	\$ 1,420,718	\$ (1,214,508)

Pension Plan Fiduciary Net Position

The components of the current-year net pension liability of the employers as of the respective valuation dates were as follows:

	Dollars in Thousands
	ERS
Valuation date	March 31, 2017
Employers' total pension liability	\$ 177,400,586
Plan net position	(168,004,363)
Employers' net pension liability	\$ 9,396,223

Ratio of Plan Net Position to the Employers' Total Pension Liability	94.7%
--	-------

Payables to the Pension Plan

For ERS, employer contributions are paid annually based on the System's fiscal year which ends on March 31st. Accrued retirement contributions as of December 31, 2017 represent the projected employer contribution for the period of April 1, 2017 through December 31, 2017 based on estimated ERS wages multiplied by the employer's contribution rate, by tier. Accrued retirement contributions as of December 31, 2017 amounted to \$0.

Effect on Net Position

Changes in the net pension liability and deferred outflows and inflows of resources for the year ended December 31, 2017 resulted in the following effect on net position:

ERS	Beginning Balance	Change	Ending Balance
Net pension liability	\$ (2,617,372)	\$ 1,196,654	\$ (1,420,718)
Deferred outflows of resources	2,795,967	(1,439,266)	1,356,701
Deferred inflows of resources	(373,035)	74,969	(298,066)
Total	\$ (194,440)	\$ (167,643)	\$ (362,083)

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 7* Other Postemployment Benefits**

The Town Healthcare Plan (the Plan) is a single-employer defined benefit Healthcare Plan administered by the Town. The Plan provides medical, dental, and life insurance benefits to eligible retirees and their spouses. The Town assigns the authority to establish and amend benefit provisions to the Town Board. The Plan does not issue a stand-alone financial report.

The contribution requirements of Plan members and the Town are established and may be amended by the Town Board. The Town Board has negotiated several collective bargaining agreements, which include obligations of Plan members and the Town. The required contribution is based on projected pay-as-you-go financing requirements. For the year ended December 31, 2017, the Town contributed \$1,290,406 to the Plan for current premiums on behalf of 106 plan eligible retirees. Plan members receiving benefits may be required to contribute to the Plan depending on their collective bargaining unit.

The Town's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement No. 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities. The amortization period used to determine the initial actuarial accrued liability was a level period of 30 years and the remaining period used for this valuation is 20 years.

The following table shows the components of the Town's annual OPEB cost for the year, the amount actually contributed to the Plan, and changes in the Town's net OPEB obligation to the Plan:

Normal cost	\$ 721,209
Amortization of UAAL	2,040,269
Total Annual Required Contribution	<u>2,761,478</u>
Interest on net OPEB obligation	523,202
Adjustment to annual required contribution	<u>(724,384)</u>
Annual OPEB Cost (Expense)	2,560,296
Estimated contributions made on behalf retirees	<u>(1,346,558)</u>
Decrease in Net OPEB Obligation	1,213,738
Net OPEB Obligation - January 1, 2017	<u>13,080,067</u>
Net OPEB Obligation - December 31, 2017	<u><u>\$ 14,293,805</u></u>

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 7* Other Postemployment Benefits - Continued**

The Town's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2017 are as follows:

<u>Fiscal Year Ended</u>		<u>Annual OPEB Cost</u>		<u>Percentage of Cost Contributed</u>		<u>Net OPEB Obligation</u>
12/31/2017	\$	2,560,296		52.6%	\$	14,293,805
12/31/2016		2,973,686		45.2%		13,080,067
12/31/2015		2,861,255		41.7%		11,449,381

As of the January 1, 2017 valuation, the actuarial accrued liability for benefits was \$36,806,223; there are no assets legally segregated for the Plan. The covered payroll (annual payroll of active employees covered by the Plan) was \$4,096,726 and the ratio of the UAAL to the covered payroll was 898%.

Actuarial valuations of an ongoing Plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding funded status of the Plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

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

In the January 1, 2017 actuarial valuation, the entry age actuarial cost method was used. The actuarial assumptions included a 4.0% investment rate of return (net of administrative expenses), which is a rate of the expected long-term investment rate of return on the employer's own investments calculated based on the funded level of the plan at the valuation date and an annual healthcare cost trend rate of 9% initially, reduced to an ultimate rate of 5.0% until 2021. This rate includes a 2.5% payroll growth assumption. The actuarial value of assets was determined by using techniques that spread the effects of short-term volatility percentage in the market value of investments over a 30-year period.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 8 Short Term Debt

Revenue Anticipation Notes (RANs)

The Town may issue revenue anticipation notes (RANs), in anticipation of the receipt of revenues. These notes are recorded as a liability of the fund that will actually receive the proceeds from the issuance of the notes. The RANs represent a liability that will be extinguished by the use of expendable, available resources of the fund. The Town reported RANs for the year ended December 31, 2017 in anticipation of long term financing through New York State Power Authority for an LED Street Lighting Project agreement.

Bond Anticipation Notes (BANs)

Notes issued in anticipation of proceeds from the subsequent sale of bonds are recorded as current liabilities of the funds that will actually receive the proceeds from the issuance of the bonds. Such notes may be classified as long-term debt when (1) the intention is to refinance the debt on a long-term basis and (2) the intention can be substantiated through a post balance sheet issuance of long-term debt or by an acceptable financing agreement. State law requires that BANs issued for capital purposes be converted to long-term financing within five years after the original issue date. The Town issues BANs to finance capital improvements.

The following is a summary of the Town's short-term debt payable for the year ended December 31, 2017.

Description of Issue	Issue Date	Maturity Date	Interest Rate	Outstanding December 31, 2017
BANs	5/05/2017	5/05/2018	2.25%	\$ 4,159,472
RANs	6/21/2017	6/21/2018	0.00%	3,257,825
Total				\$ 7,417,297

Short-term debt activity for the year is summarized below:

	Beginning Balance	New Issues/ Additions	Maturities/ Payments	Ending Balance
BANs	\$ 4,532,632	\$ 4,159,472	\$ (4,532,632)	\$ 4,159,472
RANs	-	3,257,825		3,257,825
Total	\$ 4,532,632	\$ 7,417,297	\$ (4,532,632)	\$ 7,417,297

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 8 Short Term Debt - Continued

Interest paid on short-term debt during the year was:

Interest paid (expenditure)	\$ 87,063
Less interest accrued in the prior year	(35,330)
Add interest accrued in the current year	74,353
Less premium on 2017 BAN recorded in funds	<u>(35,648)</u>
Total	\$ <u>90,438</u>

Note 9 Long Term Debt

At December 31, 2017, the total outstanding indebtedness (bonds and BANs) of the Town aggregated \$11,816,777. Of this amount, \$7,306,971 was subject to the constitutional debt limit and represented 3.99% of its debt limit.

Serial Bonds and Notes

The Town borrows money in order to acquire land or equipment or construct buildings and improvements. This enables the cost of these capital assets to be borne by the present and future taxpayers receiving the benefit of the capital assets.

These long-term liabilities, which are full faith and credit debt of the local government, are recorded in the general Government-wide financial statements. The provision to be made in future budgets for capital indebtedness represents the amount exclusive of interest, authorized to be collected in future years from taxpayers and others for liquidation of the long-term liabilities.

Debt Maturity Schedule

The following is a summary of bonds outstanding at December 31, 2017, with corresponding maturity schedules:

Description of Issue	Original Date of Issue	Original Amount	Interest Rate	Date of Final Maturity	Balance December 31, 2017
Refunding bond	2/19/2005	\$ 2,070,000	2.25-3.75%	2/01/2020	\$ 495,000
Public improvement	5/25/2010	762,000	2.75-3.50%	4/15/2020	185,000
Public improvement	4/01/2013	660,440	1.25-2.00%	4/01/2018	40,000
Public improvement	5/07/2015	2,026,693	2.19%	4/15/2029	1,505,000
Public improvement	5/04/2017	2,174,480	1.75-2.75%	5/04/2030	<u>2,174,480</u>
Total					\$ <u>4,399,480</u>

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 9* Long Term Debt - Continued**

Interest paid on certain serial bonds varies from year to year, in accordance with the interest rates specified in the bond agreements.

On March 2, 2005 the Town issued \$2,070,000 general obligation bonds, with interest rates ranging between 3.25% and 3.75%. The Town issued the bonds to advance refund the \$1,950,000 of outstanding various general obligation bonds with interest rates ranging from 5.5% to 5.6%. The Town used the net proceeds along with other resources to purchase U.S. government securities. These securities were deposited in an irrevocable trust to provide for all future debt service on the refunded portion of the bonds. As a result, the \$1,950,000 in bonds is considered defeased and the liability has been removed from the financial statements. The outstanding principal of the defeased bonds was \$525,000 and the outstanding unamortized deferred charges on defeased debt was \$22,500 at December 31, 2017.

The following is a summary of maturing debt service requirements for general obligation bonds paid:

Year	Serial Bonds		Total
	Principal	Interest	
2018	\$ 644,480	\$ 113,426	\$ 757,906
2019	620,000	78,632	698,632
2020	600,000	63,270	663,270
2021	360,000	52,156	412,156
2022	310,000	45,681	355,681
2023-2027	1,320,000	143,499	1,463,499
2028-2030	545,000	17,685	562,685
Totals	\$ 4,399,480	\$ 514,349	\$ 4,913,829

Interest paid on long-term debt during the year was:

Interest paid (expenditure)	\$ 62,769
Less interest accrued in prior year	(15,339)
Add interest accrued in current year	34,670
Less premium on 2017 bonds	(4,056)
Plus deferred charges recognized in the current year	7,500
Total	\$ 85,544

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 9 Long Term Debt - Continued

Changes in Indebtedness

The following is a summary of changes in the Town's indebtedness for the year ended December 31, 2017.

Description	Balance January 1, 2017	New Issues/ Additions	Maturities/ Payments	Balance December 31, 2017	Amount Due Within One Year
Governmental Activities:					
General obligation bonds	\$ 2,760,000	\$ 2,174,480	\$ (535,000)	\$ 4,399,480	\$ 644,480
Deferred charges on defeased debt	(30,000)		7,500	(22,500)	(7,500)
Total Indebtedness	\$ 2,730,000	\$ 2,174,480	\$ (527,500)	\$ 4,376,980	\$ 636,980

Note 10 Other Non-Current Liabilities

In addition to the above long-term debt, the local government had the following non-current liabilities:

- Compensated Absences - Represents the liability for accumulated vacation, unused compensatory absences, and accumulated sick leave. The Town's General, Highway, Special Grant, and Park Funds liquidate this liability.
- Other Postemployment Benefit Liabilities - Represents the expected obligation for the postretirement health care benefits program. See Note 7 for further information.
- Net pension liability - Represents the Town's proportionate share of the expected obligation for the New York State Retirement System. See Note 6 for further information.

Changes in Noncurrent Liabilities

The following is a summary of changes in the Town's noncurrent liabilities for the year ended December 31, 2017.

Description	Balance January 1, 2017	New Issues/ Additions	Maturities/ Payments	Balance December 31, 2017	Amount Due Within One Year
Other Long-term Obligations:					
Compensated absences	\$ 661,902	\$	\$ (8,688)	\$ 653,214	\$ 202,024
Other postemployment benefit liabilities	13,080,067	2,560,296	(1,346,558)	14,293,805	
Net pension liability	2,617,372		(1,196,654)	1,420,718	
Total Other Long-term Obligations	\$ 16,359,341	\$ 2,560,296	\$ (2,551,900)	\$ 16,367,737	\$ 202,024

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 11 Interfund Receivables and Payables

During the course of normal operations, the Town has numerous transactions between funds including expenditures and transfers of resources primarily to provide services. The Governmental Funds financial statements generally reflect such transactions as transfers.

The Town also loans resources between funds for the purpose of mitigating the effects of transient cash flow issues. All interfund payables are expected to be repaid within one year.

Interfund receivable and payable balances at December 31, 2017 are as follows:

	Interfund Receivables	Interfund Payables	Interfund Revenue	Interfund Expense
General Fund	\$ 1,345,568	\$ 922,383	\$	\$ 2,542,037
Part-town Highway Fund	645,023		2,493,714	
Special Grant Fund	50,532	100,000		
Capital Projects Fund	185,810	610,573	48,323	
Non-Major Funds	8,420	602,397		
Total	\$ 2,235,353	\$ 2,235,353	\$ 2,542,037	\$ 2,542,037

Note 12 Stewardship, Compliance and Accountability

Deficit Fund Balance - Major Fund

At December 31, 2017, the Capital Projects Fund had a deficit unassigned fund balance of \$(6,004,454). This deficit is expected to be eliminated as short-term borrowing is converted to long-term financing.

Deficit Unassigned Fund Balance - Non-Major Funds

At December 31, 2017, the Sewer Fund had a deficit unassigned fund balance of \$(240,593). This deficit is the result of expenditures exceeding revenues in the current and prior years. The Town anticipates receiving \$379,524 in unavailable revenue at December 31, 2017. The Town plans to eliminate this deficit by continuing to monitor fees charged for sewer services compared to expenditures for the same services.

At December 31, 2017, the Water Fund had a deficit unassigned fund balance of \$(302,562). This deficit is the result of expenditures exceeding revenues in the current and prior years. The Town anticipates receiving \$41,985 in unavailable revenue at December 31, 2017. The Town plans to eliminate this deficit by continuing to monitor fees charged for water services compared to expenditures for the same services. A recommendation to increase to water rates is anticipated.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 12* Stewardship, Compliance and Accountability - Continued**

Deficit Unassigned Fund Balance - Non-Major Funds - Continued

At December 31, 2017, the Fire Protection Fund had a deficit unassigned fund balance of \$(40,085). This deficit is the result of \$49,337 in non-spendable fund balance resulting from allocation of New York State Retirement prepaid expenses to this fund, and is expected to be eliminated as prepaid expenses are converted to expenses.

***Note 13* Sales Tax Revenue**

A 4.00% sales tax is levied in the County of Broome, New York, under the general authority of Article 29 of the Tax Law. This tax is administered and collected by the State Tax Commission in the same manner as that relating to the state imposed 4% sales tax. Of the first 3% collected, the County retained 50% of 2017 total collections and the remaining 50% was divided among the Towns, Villages, and the City of Binghamton on the basis of population. This 50% distributed to the Towns, Villages and the City of Binghamton is subject to a 2.0% annual increase cap for 2017 with 30% of the excess sales tax collected above the standard 1.5% distribution distributed to the municipalities. The Town's share is divided and allocated between incorporated villages (located wholly or partially within the Town) and the area of the Town outside said villages, on the basis of population. In 2017, sales taxes apportioned to the Town aggregated \$6,562,406; of which \$1,697,429 remained receivable at December 31, 2017.

***Note 14* Fund Balance Detail**

Reconciliation Between Restricted Fund Balance and Restricted Net Position

Restricted fund balances and restricted net position differ because loan balances in the special grant fund are reported as unavailable revenue in the fund financial statements and as a portion of restricted net position, in the Statement of Net Position.

Restricted fund balance in the fund financial statements	\$ 2,545,642
Plus loans receivable balances	<u>1,557,967</u>
Restricted net position in the government-wide financial statements	\$ <u><u>4,103,609</u></u>

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 14 Fund Balance Detail - Continued

At December 31, 2017, nonspendable, restricted and assigned fund balance in the governmental funds were as follows:

	General Fund	Part-town Highway Fund	Special Grant Fund	Capital Projects Fund	Non-Major Funds
Nonspendable					
Prepaid expenses	\$ 350,259	\$ 163,649	\$ 10,767	\$	\$ 71,126
Total Nonspendable Fund Balance	\$ 350,259	\$ 163,649	\$ 10,767	\$	\$ 71,126
Restricted					
Capital reserve	\$ 852,605	\$ 875,028	\$	\$	\$ 6,613
Workers compensation reserve	41,085	53,616			16,737
Employee benefits reserve	295,741	72,089	49,224		34,138
Home and community services			248,766		-
Total Restricted Fund Balance	\$ 1,189,431	\$ 1,000,733	\$ 297,990	\$	\$ 57,488
Assigned					
Appropriated for next years budget	\$ 900,000	\$ 875,000	\$	\$	\$ 303,571
Encumbered for:					
General government	7,950				
Public safety	3,480				
Transportation	9,319	119,105			
Culture and recreation	417				2,335
Remaining Fund Balance		1,059,851			1,308,000
Total Assigned Fund Balance	\$ 921,166	\$ 2,053,956	\$ -	\$ -	\$ 1,613,906
Unassigned	\$ 5,499,795	\$	\$	\$ (6,004,454)	\$ (583,240)
Total Fund Balances	\$ 7,960,651	\$ 3,218,338	\$ 308,757	\$ (6,004,454)	\$ 1,159,280

Note 15 Emergency Services Agreement with Union Volunteer Emergency Squad, Inc.

The Town of Union Volunteer Emergency Squad, Inc. (UVES) entered into an agreement by virtue of Section 122 (B) of New York State General Municipal Law to provide general ambulance service for the purpose of treating and transporting sick and injured persons within its boundaries to an acute care hospital. UVES is designated by the Town as the primary 911 ambulance service to its licensed area. The Town authorizes and expects UVES, pursuant to law including State Comptroller Opinion 91-20 and the authority contained in General Municipal Law Section 122(b), to impose the fees or charges set forth by the Town Board upon recommendation by UVES.

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 16 Tax Abatements

For the year ended December 31, 2017, the Town was subject to property tax abatements negotiated by the Broome County Industrial Development Agency (BCIDA), Village of Johnson City and the Village of Endicott, New York (the Villages).

BCIDA enters into PILOT agreements with businesses within Broome County under New York State General Municipal Law 858. Economic development agreements entered into by BCIDA can include the abatement of county, local, and school district taxes. In this case, negotiated abatements have resulted in reductions of property taxes, which BCIDA administers as a temporary reduction in the assessed value of the property involved. The abatement agreements generally stipulate a percentage reduction of property taxes, but sometimes stipulate a dollar value reduction in lieu of a percentage reduction.

The Villages entered into a property tax abatement agreement with a local business under Chapter 535 of the 1971 Laws of New York State for the purpose of encouraging economic growth. Under the Act, localities may grant property tax abatements of up to 100% of a business' property tax bill for the purpose of attracting or retaining businesses within their jurisdictions. The abatements may be granted to any business located within or promising to relocate to the Town or Village.

Information relevant to disclosure of the program for the year ended December 31, 2017 is as follows:

	Taxable Assesed Value	Combined Tax Rates	Tax Value	PILOT Received	Taxes Abated
Broome County Industrial Development Agency					
Clover Communities	\$ 273,000	44.56	\$ 12,164	\$ 7,484	\$ 4,680
Country Valley Industries	112,900	44.56	5,031	3,773	1,258
Good Shepard Village	1,940,600	145.35	282,072	123,200	158,872
JHR Realty, Inc.	22,900	44.56	1,020	857	163
Millennium Pipeline Company, LLC	322,457	166.51	53,692	41,649	12,043
Gannett Satelitite Information Network, Inc.	213,600	44.56	9,517	7,992	1,525
Village of Johnson City					
SEPP Harry L. Apartments	76,860	44.56	3,425	1,980	1,445
Village of Endicott					
American Horizons Group, LLC	78,201	44.56	3,484	1,129	2,355
Total PILOT Agreements	\$ 3,040,518		\$ 370,406	\$ 188,064	\$ 182,342

TOWN OF UNION

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 17* Subsequent Events**

At December 31, 2017, BANs payable were \$4,159,472. In May 2018, the Town Board issued BANs in the amount of \$5,458,779. A portion of these BANs were used to re-issue BANs in the amount of \$4,159,472, after a BAN principal of \$441,081, was paid from appropriations leaving \$3,718,391 outstanding BANs which were reissued; and providing new monies of \$1,740,388 for capital improvements, public works improvements, street reconstruction, highway vehicles and improvements, and various vehicles and equipment.

***Note 18* Contingencies**

The Town participates in a number of federal and New York State grant and assistance programs. These programs are subject to financial and compliance audits by agencies of the state and federal governments. Such audits may result in disallowances and a request for return of funds to the state and/or federal governments. Based on past audits, the local government administration believes disallowances, if any, will be immaterial.

The Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; injuries to employees; errors and omissions; natural disasters, etc. These risks are covered by commercial insurance purchased from independent third parties. Settled claims for these risks have not exceeded commercial insurance coverage for the past three years.

TOWN OF UNION

BUDGETARY COMPARISON SCHEDULE GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	Original Budget	Final Budget	Actual	Encumbrances	Variance
REVENUES					
Real property taxes	\$ 4,113,392	\$ 4,113,392	\$ 4,113,397	\$	\$ 5
Real property tax items	57,900	57,900	54,601		(3,299)
Nonproperty tax items	6,640,000	6,777,714	7,013,617		235,903
Departmental income	168,500	168,500	171,259		2,759
Intergovernmental income	225,000	225,000	242,136		17,136
Use of money and property	53,900	53,900	66,250		12,350
Licenses and permits	75,150	75,150	130,422		55,272
Fines and forfeitures	135,000	135,000	167,088		32,088
Sale of property and compensation for loss	15,000	16,107	38,381		22,274
Miscellaneous local sources			1,334		1,334
State sources	655,000	655,000	682,082		27,082
Federal sources	10,000	10,000			(10,000)
Interfund revenues	40,000	40,000	42,211		2,211
Total Revenues	12,188,842	12,327,663	12,722,778	-	395,115
EXPENDITURES					
Current:					
General governmental support	2,555,338	2,533,992	2,073,258	7,950	452,784
Public safety	542,849	542,849	508,562	3,480	30,807
Public health	3,500	3,500	2,087		1,413
Transportation	813,090	846,929	705,801	9,319	131,809
Economic assistance and opportunity	2,600	2,680	2,567		113
Culture and recreation	295,394	296,954	248,712	417	47,825
Home and community services	1,986,918	1,976,443	1,831,515		144,928
Employee benefits	4,095,558	4,086,019	3,673,483		412,536
Debt service (principal and interest)	437,595	437,595	433,594		4,001
Total Expenditures	10,732,842	10,726,961	9,479,579	21,166	1,226,216
Excess of Revenues	1,456,000	1,600,702	3,243,199	(21,166)	1,621,331
OTHER FINANCING (USES)					
Interfund transfers (out)	(2,356,000)	(2,542,037)	(2,542,037)		-
Total Other Financing (Uses)	(2,356,000)	(2,542,037)	(2,542,037)		-
Excess of (Expenditures) and Other (Uses) over Revenues and Other Financing Sources	(900,000)	(941,335)	701,162	\$ (21,166)	\$ 1,621,331
Appropriated Fund Balance	900,000	941,335			
Net Increase	\$	\$	701,162		
Fund Balance, Beginning of Year			7,259,489		
Fund Balance, End of Year			\$ 7,960,651		

See Independent Auditor's Report and Notes to Required Supplementary Information

TOWN OF UNION

BUDGETARY COMPARISON SCHEDULE SPECIAL REVENUE FUND PART-TOWN HIGHWAY FUND FOR THE YEAR ENDED DECEMBER 31, 2017

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Encumbrances</u>	<u>Variance</u>
REVENUES					
Real property taxes	\$ 2,280,181	\$ 2,280,181	\$ 2,280,176	\$	\$ (5)
Real property tax items	36,900	36,900	34,981		(1,919)
Use of money and property	2,500	2,500	8,415		5,915
Licenses and permits	12,000	12,000	17,500		5,500
Sale of property and compensation for loss	20,000	105,432	109,502		4,070
State sources	250,000	250,000	357,132		107,132
Total Revenues	<u>2,601,581</u>	<u>2,687,013</u>	<u>2,807,706</u>	<u>-</u>	<u>120,693</u>
EXPENDITURES					
Current:					
Transportation	3,832,951	3,957,314	3,283,218	119,105	554,991
Employee benefits	1,543,282	1,543,282	1,116,919		426,363
Debt service (principal and interest)	456,348	456,348	456,348		-
Total Expenditures	<u>5,832,581</u>	<u>5,956,944</u>	<u>4,856,485</u>	<u>119,105</u>	<u>981,354</u>
Excess of (Expenditures)	<u>(3,231,000)</u>	<u>(3,269,931)</u>	<u>(2,048,779)</u>	<u>(119,105)</u>	<u>1,102,047</u>
OTHER FINANCING SOURCES					
Interfund transfers in	2,356,000	2,356,000	2,493,714		137,714
Total Other Financing Sources	<u>2,356,000</u>	<u>2,356,000</u>	<u>2,493,714</u>	<u>-</u>	<u>137,714</u>
Excess of (Expenditures) and Other (Uses) over Revenues and Other Financing Sources	<u>(875,000)</u>	<u>(913,931)</u>	<u>444,935</u>	<u>\$ (119,105)</u>	<u>\$ 1,239,761</u>
Appropriated Fund Balance	875,000	913,931			
Net Increase	<u>\$ -</u>	<u>\$ -</u>	<u>444,935</u>		
Fund Balance, Beginning of Year			2,773,403		
Fund Balance, End of Year			<u>\$ 3,218,338</u>		

See Independent Auditor's Report and Notes to Required Supplementary Information

TOWN OF UNION

SCHEDULE OF FUNDING PROGRESS FOR THE YEAR ENDED DECEMBER 31, 2017

Fiscal Year	Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL) - Entry Age	Unfunded AAL (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/2017	1/1/2017	\$ -	\$ 36,806,223	\$ 36,806,223	0.0%	\$ 4,096,726	898%
12/31/2016	1/1/2015	-	39,186,964	39,186,964	0.0%	4,021,328	974%
12/31/2015	1/1/2015	-	37,837,633	37,837,633	0.0%	4,352,278	869%
12/31/2014	1/1/2013	-	32,923,296	32,923,296	0.0%	4,005,890	822%
12/31/2013	1/1/2013	-	31,899,476	31,899,476	0.0%	4,090,289	780%

See Independent Auditor's Report and Notes to Required Supplementary Information

TOWN OF UNION

SCHEDULE OF TOWN'S CONTRIBUTIONS NYSLRS PENSION PLAN FOR THE LAST 10 FISCAL YEARS

	2017	2016	2015
Contractually required contribution	\$ <u>645,247</u>	\$ <u>799,008</u>	\$ <u>808,892</u>
Contributions in relation to the contractually required contribution	(645,247)	(799,008)	(808,892)
Contribution deficiency (excess)	-	-	-
Town's covered payroll	4,299,939	4,276,434	4,337,531
Contributions as a percentage of covered payroll	15.0%	18.7%	18.6%

See Independent Auditor's Report and Notes to Required Supplementary Information

2014	2013	2012	2011	2010	2009	2008
\$ 876,113	\$ 923,835	\$ 683,730	\$ 511,124	\$ 286,457	\$ 379,882	\$ 418,782
(876,113)	(923,835)	(683,730)	(511,124)	(286,457)	(379,882)	(418,782)
-	-	-	-	-	-	-
4,395,285	4,551,693	4,760,722	4,708,364	4,665,944	4,655,742	4,652,748
19.9%	20.3%	14.4%	10.9%	6.1%	8.2%	9.0%

TOWN OF UNION

SCHEDULE OF THE TOWN'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY NYSLRS PENSION PLAN FOR THE YEARS ENDED DECEMBER 31,

	2017	2016	2015
Town's proportion of the net pension liability	0.0151201%	0.0163076%	0.0173190%
Town's proportionate share of the net pension liability	\$ 1,420,718	\$ 2,617,372	\$ 585,078
Town's covered payroll during the measurement period	4,259,434	4,327,432	4,367,828
Town's proportionate share of the net pension liability as a percentage of its covered payroll	33.35%	60.48%	13.40%
Plan fiduciary net position as a percentage of the total pension liability	94.7%	90.7%	97.9%

See Independent Auditor's Report and Notes to Required Supplementary Information

TOWN OF UNION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 1* Budget Basis of Accounting**

Except as indicated below, budgets are adopted annually on a basis consistent with accounting principles generally accepted in the United States of America. Appropriations authorized for the current year are increased by the amount of encumbrances carried forward from the prior year. Encumbrances are not considered a disbursement in the financial plan or an expenditure in GAAP based financial statements. Encumbrances reserve a portion of the applicable appropriation for purchase orders, contracts, and other commitments not expended at year end, thereby ensuring that appropriations are not exceeded.

***Note 2* Budgetary Data**

Budget Policies - The budget policies are as follows:

- No later than September 30, a tentative budget is submitted by the budget officer to the Town Clerk to the Town Board for the fiscal year commencing the following January 1. The tentative budget includes proposed expenditures and the proposed means of financing for all funds, except for the Capital Projects Fund.
- After public hearings are conducted to obtain taxpayer comments, no later than November 20, the governing board adopts the budget.
- All modifications of the budget must be approved by the governing board.
- Budgetary controls for the Capital Projects Fund are established through resolutions establishing individual projects, which remain in effect for the life of the project. The capital projects accounted for in the capital projects fund are short-term (less than one year) projects.
- Budgetary controls for the Special Grant Fund are established in accordance with applicable grant agreements, which cover a period other than the Town's fiscal year.
- Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of monies are recorded for budgetary control purposes to reserve that portion of the applicable appropriations, is employed in the Governmental Funds. Encumbrances are reported as reservations of fund balances, as they do not constitute expenditures or liabilities. Expenditures for such commitments are recorded in the period in which the liability is incurred.

TOWN OF UNION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

Note 3 **Reconciliation of the Budget Basis to GAAP**

No adjustment is necessary to convert the excess of revenues and other sources over expenditures and other uses on the GAAP basis to the budget basis, as encumbrances are not added to actual expenditures, but are reported in a separate column.

Note 4 **Special Grant Fund**

The Special Grant Fund does not have a legally adopted budget. The budget is based on grant contracts.

Note 5 **Schedule of Funding Progress**

The Schedule of Funding Progress, presented as required supplementary information, presents multi-year trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Note 6 **Schedules of the Town's Proportionate Share of the Net Pension Liability**

The Schedules of the Town's Proportionate Share of the Net Pension Liability, required supplementary information, present three years of information. These schedules will present ten years of information as it becomes available from the pension plans.

Note 7 **Schedules of Town's Contributions - NYSLRS Pension Plans and Schedules of the Town's Proportionate Share of the Net Pension Liability**

NYSLRS

Changes in Benefit Terms

There were no significant legislative changes in benefits for the April 1, 2016 actuarial valuation.

Changes of Assumptions

There were changes in the economic (investment rate of return, inflation, COLA, and salary scales) and demographic (pensioner mortality and active member decrements) assumptions used in the April 1, 2016 actuarial valuation.

TOWN OF UNION

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION FOR THE YEAR ENDED DECEMBER 31, 2017

***Note 7* Schedules of Town's Contributions - NYSLRS Pension Plans and Schedules of the Town's Proportionate Share of the Net Pension Liability - Continued**

Methods and Assumptions Used in Calculations of Actuarially Determined Contributions

The April 1, 2016 actuarial valuation determines the employer rates for contributions payable in fiscal year 2017. The following actuarial methods and assumptions were used:

Actuarial cost method	The System is funded using the Aggregate Cost Method. All unfunded actuarial liabilities are evenly amortized (as a percentage of projected pay) over the remaining worker lifetimes of the valuation cohort.
Asset valuation period	5 year level smoothing of the difference between the actual gain and the expected gain using the assumed investment rate of return.
Inflation	2.5%
Salary scale	3.8% in ERS, indexed by service.
Investment rate of return	7.0% compounded annually, net of investment expenses, including inflation.
Cost of living adjustments	1.3% annually

**INDEPENDENT AUDITOR'S 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***

To the Town Board
Town of Union
Endwell, New York

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the Town of Union (the Town), as of and for the year ended December 31, 2017, and the related notes to the financial statements, which collectively comprise the Town's basic financial statements and have issued our report thereon dated August 21, 2018. Our report includes a reference to other auditors who audited the financial statements of the Town of Union Local Development Corporation (LDC), as described in our report on the Town's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

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

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

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

Compliance and Other Matters

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

Purpose of this Report

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

Respectfully Submitted,

A handwritten signature in dark ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
August 21, 2018

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY UNIFORM GUIDANCE**

Town Board
Town of Union
Endwell, New York

Report on Compliance for Each Major Federal Program

We have audited the Town of Union, (the Town) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Town's major federal programs for the year ended December 31, 2017. The Town's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

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

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

Opinion on Each Major Federal Program

In our opinion, the Town of Union complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended December 31, 2017.

Report on Internal Control Over Compliance

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

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

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

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

Respectfully Submitted,

A handwritten signature in black ink that reads "Insero & Co. CPAs, LLP". The signature is written in a cursive, flowing style.

Insero & Co. CPAs, LLP
Certified Public Accountants

Ithaca, New York
August 21, 2018

TOWN OF UNION

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Federal Grantor/Pass - Through Grantor Program Title	Federal CFDA #	Pass - Through Grantor #	Expenditures to Subrecipients	Expenditures
U.S. Department of Housing and Urban Development				
Direct:				
Community Development Block Grants - Entitlement Grants	14.218			\$ 2,453,639
Section 8 Housing Choice Vouchers	14.871			1,519,635
Passed through The Governor's Office of Storm Recovery:				
Community Development Block Grant Disaster Recovery Grants	14.269	(1)		<u>876,541</u>
Total U.S. Department of Housing and Urban Development				<u>4,849,815</u>
U.S. Department of Homeland Security				
Passed through NYS Division of Homeland Security and Emergency Services:				
Hazard Mitigation Grant	97.039	4020 DR-NY		<u>225,126</u>
Total U.S. Department of Homeland Security				<u>225,126</u>
U.S. Department of Transportation				
Passed through NYS Department of Transportation:				
Highway Planning and Construction	20.205	D035546		<u>51,225</u>
Total U.S. Department of Transportation				<u>51,225</u>
Total Expenditures of Federal Awards			\$ <u>-0-</u>	\$ <u>5,126,166</u>

(1) - Not available

See Independent Auditor's Report and Notes to Schedule of Expenditures of Federal Awards

TOWN OF UNION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS FOR THE YEAR ENDED DECEMBER 31, 2017

Note 1 **Basis of Presentation**

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

Note 2 **Basis of Accounting**

The basis of accounting varies by federal program consistent with the underlying regulations pertaining to each program. The information is presented in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). 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. These records are periodically reconciled to the general ledger which is the source of the basic financial statements.

Note 3 **Indirect Costs**

Indirect costs are included in the reported expenditures to the extent they are included in the federal financial reports used as the source for the data presented. The Town has elected not to use the 10% de minimus cost rate.

Note 4 **Matching Costs**

Matching costs, i.e., the Town's share of certain program costs, are not included in the reported expenditures.

Note 5 **Subrecipients**

No amounts were provided to subrecipients.

Note 6 **Other Disclosures**

No insurance is carried specifically to cover equipment purchased with federal awards. Any equipment purchased with federal awards has only a nominal value, and is covered by the Town's casualty insurance policies.

TOWN OF UNION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS FOR THE YEAR ENDED DECEMBER 31, 2017

Section I - Summary of Auditor's Results:

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Material weakness(es) identified? _____ yes ☒ no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? _____ yes ☒ none reported

Noncompliance material to financial statements noted? _____ yes ☒ no

Federal Awards

Internal control over major programs:

Material weakness(es) identified? _____ yes ☒ no

Significant deficiency(ies) identified that are not
considered to be material weakness(es)? _____ yes ☒ none reported

Type of auditor's report issued on compliance
for major programs: Unmodified

Any audit findings disclosed that are required to be reported
in accordance with paragraph 200.516(a) of Uniform Guidance? _____ yes ☒ no

Identification of major programs:

<u>CFDA Numbers</u>	<u>Name of Federal Program or Cluster</u>
<u>14.269</u>	<u>Community Development Block Grant Disaster Recovery Grants</u>
<u>14.218</u>	<u>Community Development Block Grants - Entitlement Grants</u>

Dollar threshold used to distinguish between
type A and type B Programs: \$ 750,000

Auditee qualified as low-risk? ☒ yes _____ no

Section II - Financial Statement Findings: None

Section III - Federal Award Findings and Questioned Costs: None